MEDICARE IS THE CUTTING-EDGE ISSUE

By Phyllis Schlafly May 25, 1995

The Republicans are missing the boat on Medicare. They have retreated to the typical "moderate" Republican posture of endorsing an expensive liberal social program while asserting that they just don't want to spend quite as much on it as the more "compassionate" Democrats. This is the same defensive strategy that kept Republicans the minority party from Herbert Hoover until the elections of 1994.

If both sides accept the same premises, the more consistent side wins any debate. If both Republicans and Democrats accept the proposition that Medicare should exist as an entitlement to health care for the elderly, regardless of wealth and income, then the Democrats will win the political debate because they favor a bigger, more expensive program than the Republicans.

After some early noises from Speaker Newt Gingrich about taking a fresh look at the entire Medicare program, Republicans are now presenting more of the same, with just smaller rates of increase in Medicare spending. The wolves have been waiting to pounce, and last week there was plenty of pouncing by the Demo crats, AARP, and hospital lobbyists.

What a missed opportunity for bold proposals on health care, and on the chance to educate the public about the root causes of the problem! Republican timidity on health care in 1995 will squander their tremendous 1994 election victory and lead to defeat in 1996.

Republicans should face the Medicare battle head on and ally themselves with working Americans who properly resent paying payroll taxes to support Medi care Part A.

Republicans should say: Americans, we got stuck with the Medicare pro gram because of our lousy system of employer-based health insurance. Your em ployer owns your health insurance, but there's no more reason for this than for your boss to own your auto or homeowner' s insurance.

At the end of World War II, Congress failed to repeal wage and price con trols promptly, and employers began to attract workers by offering employer-paid health insurance as a tax-free benefit. Because income and payroll taxes increased so much over the years, most Americans are now able to obtain private health

insurance only as a benefit of employment.

When workers retired, some had a retirement health plan from their employer, but many workers discovered that quitting their job meant quitting their health insurance. By the 1960s, the liberals convinced Congress to solve the problem with national health insurance for the elderly, that is, Medicare.

It's time for Republicans to talk straight to the American people and say that our employer-based system of health insurance is fundamentally flawed and has got to go. It's propped up by the unjust provisions of the tax code which permit health insurance to be bought with pre-tax dollars only by employers, and which allow this tax-free benefit to be enjoyed only by employees of companies that have a health plan.

The Medicare crisis can be solved only by privatizing retirement health insurance for the middle and upper classes, and leaving the taxpayers as the insurer of last resort for the poor. In order to privatize retirement health insurance, we must sever the link between employment and health insurance so employees can keep their health insurance regardless of which, if any, employer they work for, or even if they quit working, are laid off, or retire.

This means we must have tax fairness in the purchase of health insurance, allowing individuals or any group of persons to buy health insurance with pre-tax dollars, and also allowing us to save for the health expenses of retirement in tax sheltered Medical Savings Accounts (MSAs).

Apparently, the Republican leadership has fallen for the notion that Medicare can be fixed by raising deductibles and herding the elderly into cheaper HMOs. Their chief adviser on Medicare is HMO proponent Gail Wilensky, Ph.D., who ran Medicare during the Bush Administration and was Bush's top adviser on health care during his campaign against Clinton. We all know what happened to Bush.

General Gingrich and Field Commander Kasich are like those Roman generals who fought Hannibal and, although holding superior manpower, were defeated in battle because they fought on terrain chosen by Hannibal. The troops wiped out this time will be the freshmen Republican Congressmen who follow the party line that the solution to Medicare is managed care.

With middle-class workers losing their health insurance every time they are laid off, and with many workers resentful about employers forcing them into HMOs, Republicans have a short window of opportunity to slay the dragon of employer-based health insurance and set the wheels in motion to privatize Medicare.