

HillaryCare, Republican Style

by [Rep. Ron Paul, MD](#)

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In a late-night vote last week, the Republican congress managed to do what Hillary Clinton and Ted Kennedy tried to do ten years ago: take the next big step toward socialized medicine in America. More specifically, Congress voted for a huge expansion of Medicare that enriches pharmaceutical companies, fleeces taxpayers with billions in new spending, and forces millions of seniors to accept inferior drug coverage. Conservatives might ask themselves whether this is what they had in mind when the party of “limited government” gained control of the House, Senate, and White House.

Seniors have been terribly misled about this new Medicare scheme. The essence of the new plan is government control. Government will play an even greater role in deciding what drugs seniors get, how doctors and pharmacies are paid, how private medical information is distributed, and what drug companies benefit most. The plan moves America disastrously toward a complete government takeover of medicine.

In order to participate, seniors must choose between staying in traditional Medicare and joining an HMO/PPO organization. This means either a federal bureaucrat or a nominally private-sector bureaucrat will decide what drugs will be available. Both Medicare and HMO bureaucrats inevitably will be forced to control costs, because the demand for subsidized drugs will be unlimited. They will do so by rationing drugs, especially expensive drugs. Bureaucrats may even go so far as to forbid seniors from using their own money to buy Medicare-covered drugs, just as Medicare rules now prohibit use of private funds to buy unapproved health-care services.

Medicare bureaucrats also will seek to pay pharmacies as little as possible for drugs, just as they now pay doctors as little as possible for services. Many doctors refuse to take Medicare patients, and now many pharmacies might follow suit. So in addition to the inevitable drug

rationing, seniors will have fewer doctors and pharmacies to choose from.

The majority of seniors who like the private drug coverage they already have are the biggest losers in the new scheme. It provides a perverse incentive for private plans to dump seniors into the government plan, and some companies with large numbers of retirees have already announced their intention to do so. The Joint Economic Committee estimates that nearly 40% of private plans will stop providing prescription drug coverage because of the new Medicare plan. This number is sure to skyrocket as the cost of providing health care rises, and companies look to pass off the high costs of health care for their retired employees.

Pharmaceutical companies are the biggest winners under the new plan. Demand for drugs will rise, as our already overmedicated seniors will be happy to pass the cost off onto younger taxpayers. Large drug makers will become virtual partners with government, lobbying to make sure their drugs are part of the new system. Those drugs will continue to cost much more in the U.S. than foreign countries, despite efforts in the new bill to change federal rules prohibiting reimportation of drugs. The Department of Health and Human Services secretary already stated that he will never approve reimportation. Combine this lack of price competition with lengthy patents and protectionist FDA rules, and you have a perfect prescription for record pharmaceutical profits. The pharmaceutical industry reportedly spent \$135 million dollars in recent months lobbying for the new Medicare bill. This speaks volumes about how seriously they viewed the stakes involved.

Taxpayers certainly can't afford an expansion of Medicare. Economists estimate the new program will cost between 3 and 4 trillion dollars over time, all financed by payroll taxes. Even as the added drug coverage makes Medicare more expensive, more seniors than ever will be herded into the program. This new strain on taxpayers will be especially acute when the large Baby Boomer generation retires and younger workers are expected to pay the bills.

A better approach would utilize Medicare Medical Savings Accounts (MSAs) to provide flexibility and choice. Medicare monies could be placed in tax-free savings accounts and used by individual seniors as they see fit to buy prescription drugs, visit the doctor, or buy special services like mammograms. MSAs allow consumers to make their own choices by eliminating the federal middleman. But even this compromise approach means giving individuals control over tax dollars, which bureaucrats hate to do.



Drug rationing, fewer choices, bureaucracy, subsidies, and a declining quality of health care – these are the hallmarks of government medicine.

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