

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE U. S.

393 Seventh Ave., New York 1, N. Y.

Ray M. Peterson

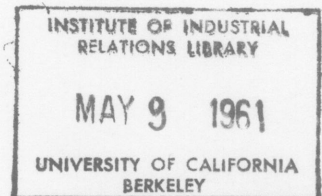
Vice President and Associate Actuary

(Same letter sent to members of Congress.)

[Letter to the Editor, New York Times, on the problem of
financing hospital and medical care for the aged]

May 4, 1960

The Editor
The New York Times
229 West 43rd St.
New York, N. Y.



Dear Sir:

The democratic process as a means of dealing with the major problems of a nation is on trial in the United States as never before.

An excellent illustration is the way in which we are tackling the problem of financing hospital and medical facilities for the people of the United States. It is truly frightening to witness this problem being approached solely from three points of view: (i) the highly emotional one symbolized by the belief that, just as no one votes against God or Mother, it is hazardous to vote in a way that may be interpreted as being cruel to a "Sick Grandmother", (ii) as a response to the great clamor, from a very vocal group of older persons who have been encouraged to believe that society, i.e., the government, has an obligation to take full care of their hospital and medical needs during their later years, and (iii) a cynical and "realistic" political opinion that the only way to get elected is to respond to these emotional and irresponsible pressures.

It is greatly disturbing to observe the almost complete absence of

- (a) a statesmanlike analysis that would seek to define clearly (i) the individual's responsibility, (ii) the employer's responsibility and, finally, (iii) society's responsibility,
- (b) recognition of the great probability that the enactment of anything like the Forand Bill would mark just the beginning of a monstrous health "insurance" program that would eventually encompass all forms of benefits for all the people,
- (c) awareness that, in the enactment of such legislation, the present generation of voters, including the existing old age segment, decides to provide benefits for itself for which its members pay a small part of the cost, or none and, by the same token, present non-voters and future generations are having a decision made for them which requires them to pay taxes during their entire working career in order that we may enjoy the benefits we have voted for ourselves, deprives them of the opportunity to choose how they will provide for their own income and medical care needs in old age and also impairs their capacity to save for other purposes such as for the education of their children, and
- (d) recognition of the probability as the nation grows in affluence, unless crippled by burdensome taxation, older generations of the future will have enjoyed greater capacity to take care of them-

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selves, provided their sense of self-reliance and self-respect will not have become numbed by unwise government programs.

I do recognize that health care for the aged is an important problem, that private insurance cannot do the whole job although it will do an increasingly effective job if it encounters no serious barriers and that there will always be "medically indigent" which society must find means of taking care of. However, the "shot-gun" approach of the Forand Bill is not the way to meet a problem for which a "rifle" approach is needed. As evidenced by the enclosed paper, the Social Security system is gravely misunderstood and has portentous potentials for growth that can create serious problems for future generations.

The constitutional authority for the Social Security legislation rests in the "general welfare" clause which the Solicitor-General has recently interpreted by pointing out that the Social Security system "must be viewed as a welfare instrumentby which public action, involving compulsion, is invoked to deal with a social problem--the lack of basic economic security of large segments of our society." It seems reasonable to me that any program enacted by government is not consonant with constitutional authority which initially and in its potential for future growth does more than fill-in the lack of basic economic security of large segments of our society. The dollar benefits of the social security system, so far, have been conceived as providing only a basic floor of protection. The potentials in the Forand Bill go far beyond such a concept and will also extend benefits to millions who now have hospital and surgical coverage.

What to do? This major problem should not be solved in the atmosphere of the coming political campaign. More facts are needed. I recommend you buy and study a recent book entitled "Ensuring Medical Care for the Aged," by Mortimer Spiegelman published by Richard D. Irwin, Inc., Homewood, Illinois. Here you will find facts and information of which most persons are unaware. After the 1960 elections, an eminently qualified study commission should be authorized by the Congress to give this problem all the intensive study it requires. There would then be some chance of reaching a solution that meets the needs within American traditions of self-reliance and also society's high moral sense of responsibility for the medically indigent. We are at a crossroads where the path taken is truly crucial.

It hardly does credit to our much-vaunted democratic processes and to our statesmanship to witness the scramble in Washington over health care for the aged where patched-up and ill-considered proposals are rife and "nobody is anybody" unless he has such a proposal.

Respectfully yours,

(Ray M. Peterson)

(Signed)