

If Kerr-Mills represented the triumph of the welfare approach to providing medical care to the aged, it was a triumph that was hollow indeed. Organized groups of senior citizens continued to support the principle of Social Security-based health insurance, providing specified benefits, even while Kerr-Mills was going into effect. To the elderly the question was simple: "Why should the aged citizens that have been forced into retirement have to accept welfare? They deserve independence, dignity, and respect that they have earned over the years."¹⁰

With the Democratic landslide in the elections of November 1964, the composition of the House of Representatives (and of the Ways and Means Committee) was changed in favor of compulsory hospital insurance. President Johnson at once called for action on the King-Anderson proposals—Medicare—as a first priority of business. Hospital insurance for the aged through Social Security appeared as the first bill on the calendar for both Senate and House in 1965 (S. 1 and H.R. 1 of the 89th Congress), and the proposals were incorporated into the over-all aims of the new Administration's program for a "Great Society." Hearings were held by House Ways and Means Committee in January and February 1965. While the AMA continued to claim that "we physicians care for the elderly and know their health needs better than anyone else" and that health insurance controlled by Washington was incompatible with "good medicine,"¹⁹ the tide was turning in favor of including compulsory hospital insurance as a benefit of Social Security.

Representatives Mills, King, Herlong, Byrnes, and Curtis were all members of the House Ways and Means Committee. Thus, the full range of points of view was present in the crucial Congressional committee, and the outcome of the debate over Medicare was by no means predictable. In the end, the bill reported out of the Committee was not one bill but a compendium of three originally separate, and in some respects competing, proposals. The Administration's proposals for hospital insurance for the aged, financed through the Social Security system, would provide basic inpatient and nursing home coverage for all those eligible for Social Security retirement benefits. As a second layer, there would be a system of federal subsidies to enable old people to buy into a voluntary program of insurance for their doctors' bills (the Byrnes proposal), with the federal government setting premiums and benefits but the administration of the scheme being funneled through insurance companies and nonprofit agencies. These two proposals were to become, respectively, parts A and B of Title XVIII of the Social Security Amendments of 1965. They provided the two interlocking parts of Medicare.²¹

At the same time, a third proposal was made to liberalize and extend the program of federal grants to states for the indigent and medically needy. This last proposal became Title XIX of the Social Security Amendments, popularly known as Medicaid. The different points of view over medical care financing were thereby brought together. In one fell swoop the elderly were offered compulsory hospital insurance through Social Security, subsidized voluntary health insurance for their medical bills, and

the expanded program of benefits under the rubric of "medical indigence," a program thereafter to be available on a more general basis. In terms of passage, this strange mixture, brewed by adept political alchemists, proved to be a brilliant political success. The revised proposals passed the House, survived hearings by the Senate Finance Committee, were voted with some modifications in the Senate, were further modified in conference committee, and Public Law 89-97 was signed by President Johnson, amid some flourish, on July 30, 1965.