

An Incomplete Diagnosis*

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The Administration and Congress are understandably disturbed by the soaring costs of Medicare and Medicaid, the programs that provide health care for the aged and for others adjudged unable to pay medical and hospital bills. Costs of the programs have doubled since they went into effect four years ago.

At a Senate Finance Committee hearing, John G. Veneman, Under Secretary of Health, Education and Welfare, said "one of the problems we have had is the problem of greed," referring presumably to doctors and hospitals. There probably is something to that diagnosis, but as Mr. Veneman surely recognizes it is at best incomplete.

The key problem, the one responsible for most of the others, is that the Government vastly increased the demands on the health industry without anyone having the slightest assurance that the industry could handle the job. Since then, as the HEW official says, "we've learned rather dramatically that the ability to finance care doesn't guarantee the availability, adequacy or reasonableness of care."

In the hospitals the sudden surge of demand has led to shortages of staff, with resulting increased upward pressure on wages. Hospital workers often were poorly paid, but few hospitals were able to absorb the soaring payroll costs; all they could do was to try to pass them along in higher charges.

Some doctors probably have overcharged patients. Certainly those who formerly treated the indigent for little or nothing can now see no reason to do so. Doctors, hospitals and other segments of the industry, moreover, have by no means been exempt from the pressures of Governmentally engineered price inflation.

For years the supporters of Medicare and Medicaid argued that they were not steps toward nationalized medicine, but in practice they may be about to move the country another step along the way. Although Mr. Veneman talks of negotiating fee schedules with doctors and hospitals, he says that if negotiation doesn't work Federal ceilings will be imposed.

The situation, in short, is a sorry mess. And the sorriest part is that the health industry is in effect being blamed for the Government's own improvidence.

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