

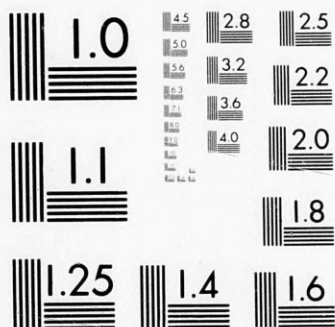
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NEW YORK TIMES ORAL HISTORY PROGRAM

COLUMBIA UNIVERSITY ORAL HISTORY COLLECTION,
PART IV
(1-219)

Microfilming Corporation of America
Sanford, North Carolina
1979

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NEW YORK TIMES ORAL HISTORY PROGRAM

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No. 164

Allen Pond

Social Security

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PREFACE TO THE MICROFORM

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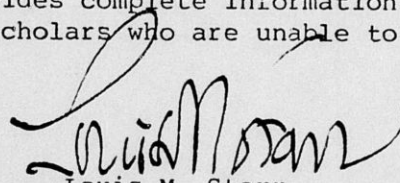
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October, 1979


Louis M. Starr
Director

SOCIAL SECURITY ADMINISTRATION PROJECT

Allen Pond

Oral History Research Office

Columbia University

1968

PREFACE

This memoir is the result of a series of tape-recorded interviews conducted for the Oral History Research Office

by **Peter A. Corning** with **M. Allen Pond**
in **Bethesda, Maryland** during **1966**.

Mr. Pond has read the transcript, and has made only minor corrections and emendations. The reader is asked to bear in mind, therefore, that he is reading a transcript of the spoken rather than the written word.

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Approved: _____

M. Allen Pond

Date: _____

20 December, 1967

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Interview # 1

Interview with Allen Pond
Washington, D. C.

by Peter A. Corning
February 17, 1966

Q: Can you recall how you first became involved with the issue of health insurance?

Pond: I had an academic interest in health insurance problems back in the late '40s. I had been a student and then a faculty member in the Yale department of public health under Professor Winslow, and he had gotten me interested in the field, although I'd had no specific activities ~~I carried on~~ ^{in the S. Jd} in the '30s and up until January of '42 when I came with the Public Health Service. I went back to New Haven in '46, ~~and 1948~~ ^{staying until '48,} and got mildly interested and some ^{additional} exposure. I came back into the Public Health Service, and for the first five years, starting in '48, I was assistant chief sanitary engineer and in the engineering business and had no occasion to be concerned, although I read some about it.

Dr
In 1953 in August I was detailed to work with ^{Dr} Chester Kiefer, who was special assistant for health and medical affairs to Mrs. Hobby. I went to the Secretary's office on a temporary detail that lasted ultimately for almost ten years. In the fall of 1953, when the Eisenhower administration began to plan its health legislative program for the legislative year 1954, I was asked to consider various approaches to the health insurance problem which could be carried out without getting a big commitment on the part of the federal government. ~~and I~~ ^I In reviewing earlier work, we came across the proposal that Congressman Wolverton of New Jersey had introduced into the House some years previously to establish a reinsurance program.

Q: Let me interrupt you at this point. First, this came, sort of to

fill in the scene here, subsequent to a very heated debate over the Wagner-Murray-Dingell proposal.

Pond:

~~Q~~/Yes, but quite a while after.

Q: That's right. But by that time the issue was dead.

Pond: For all practical purposes.

Q: Nonetheless, there was a recognition on the part of the Eisenhower administration that something more needed to be done in this area of paying for health costs.

Pond: I think there was a general feeling that unless there was substantial stimulation of the private health insurance business, not only that carried on by insurance companies but also by Blue Cross, Blue Shield and group practice prepayment plans, that there would not be the kind of universal coverage which would be necessary if some form of federal insurance wasn't to come into being. The reinsurance in its early stages idea had attractiveness/primarily because it could be designed to help spread the risk of covering poor risks. At that time insurance companies were loath to provide coverage for people who weren't in first-rate physical condition. They were quite reluctant. They'd had no experience at it really. They were quite reluctant to cover the aged or to cover people with disabilities. And the concept of the reinsurance plan was to try to make it possible for the government to set up a system that would protect the insurance companies and Blue Cross-Blue Shield plans against losses resulting from their

experimentation in new forms of coverage or in extended coverage.

Q: I wonder if you can recall now, or whether you were close enough to the discussions to know, how it was that the thinking evolved within the Department that it was necessary for the federal government to do something and that there was a recognition of the private insurance companies and voluntary insurance agencies would not do this without some sort of stimulus. Did this evolve as a result of a series of discussions or by consultation or advisory council...?

Pond: During the campaign in 1952 President Eisenhower had made some statements about the need for better coverage of the public against the risks from illness, but he stressed the need to preserve the private approach. You can find some of that material in the history of the 1952 campaign. At any rate, this was considered by Mrs. Hobby, and by members of the staff ^{at} of the White House, to be an issue of considerable significance. The fact that I was put on the job of trying to find some kind of a proposal that could be launched for practically no cost, ^{-- we had \$25 million to work with --} indicates that they considered this of sufficient public importance to want to have something in their health ^{program} ~~platform~~ ^{the President would be} that ~~they were~~ sending up to Congress in 1954.

Q: Can you by any chance remember any specific discussions you had with Mrs. Hobby...?

Pond: Nelson Rockefeller was Under Secretary at this time, and he brought in to help frame the legislative program, Oscar Riebhausen, who is a lawyer in New York, and Roswell Perkins, who is a lawyer in New York, who later was Assistant Secretary of Health, Education and

Welfare, and Mr. Arthur Jones, who was with the Rockefeller ^Brothers ^{Fund.} ~~in New York~~. I remember many discussions participated in by a large number of people, and they rather liked this reinsurance approach-- I think for two reasons. One is that they thought it could be useful in strengthening the voluntary health insurance movement. And second, quite clearly, they were attracted by the fact it wasn't going to cost very much, because the ^AAdministration was in the posture of trying to reduce ^ffederal intervention in private affairs and business and also trying to get the budget down.

Q: I take it then that you, in instituting a search for worthwhile proposals, came across this Wolverton bill simply among many things that crossed your desk. You don't recall now how that proposal came to you, whether it was simply something that got to you by a Secretary....

Pond: I ~~do~~ know that I put out a dragnet in the Department for previous bills that had been introduced, most of which had never had any serious consideration, and we reviewed all of them with the aid of staff, ~~and~~ ^{soon} ~~It~~ ^A began to be clear that this was going to have some favorable reception. As time went on, in the fall of '53, we tended to zero in on it.

Q: Did you ever find out where the Wolverton proposal came from?

Pond: Yes. I believe it had its origins with a fellow by the name of Van Steenwick, now dead, who was one of the pioneers in the Blue Cross movement and who, by the time he got to know Congressman Wolverton well, was running the Blue Cross plan in Philadelphia.

My recollection is that it was Van who had dreamed this one up, but I may be wrong on this.

Q: That's something we might pursue. Did you in looking over all of these various proposals single out this particular one, or did you end up with two or three worthwhile proposals or half a dozen proposals which you presented to the people upstairs?

Pond: I can't remember. I think the way we handled it was in a series of discussions, ~~and~~ This one, with the limits that had been set for it -- as something that would promote private health insurance and wouldn't cost much -- was the only one that had any apparent viability. This is my recollection.

Q: In terms of internal administrative structure here, who did you report to?

Pond: I reported to Dr. Chester Keifer, who was special assistant to the Secretary for Health and Medical Affairs.

Q: You mentioned Rockefeller, Reibhausen and Roswell Perkins and Arthur Jones. Were ~~any~~ they people that you consulted with?

Pond: They came in in November, ^{1953,} and worked fairly closely with us.

Rod Perkins had come in earlier, and he worked on the Social Security ^{Amendments of} ~~Administration in~~ 1954. That was what he was primarily brought in ^{as a consultant,} to do, and was then ~~subsequently appointed Assistant Secretary~~

^{he} and developed what was a fairly broad legislative program in 1954. He ~~subsequently~~ ^{was} appointed Assistant Secretary.

He helped in developing the 1954 Amendments to the Hill-Burton Act which were included in an omnibus bill that also contained the reinsurance proposal. I can't remember other detail^s, but I know he worked on the vocational rehabilitation amendments.

Q: In other words, there was really a package that involved this whole field. What happened to this reinsurance proposal?

Pond: The bill was ~~first~~ drafted and cleared through the Executive Branch. There were discussions in the drafting of it with our consultant group of eight people, who were brought in from the insurance industry -- the Blue Cross~~s~~, Blue Shield and I think the group practice prepayment field. My recollection is hazy as to the exact composition of the group because I was involved in developing the Federal Employee Health Insurance Act at the same time, which also involved the use of consultants.

Q: Do you remember who these people were?

Pond: I have a fair recollection. I can't give you all the names, but the group involved Mr. Henry Beers, later the president of Aetna; Mr. C. Manton Eddy, vice-president of the Connecticut General Life Insurance Company; Mr. Henry Smith, then a vice-president of Equitable. There was a man from Blue Shield who at that time was running the Michigan Blue Shield plan. There was Mr. James. E. Stuart, who at that time was director ~~in~~ of the Cincinnati Blue Cross plan. There was a fellow from the Lincoln National Life Insurance Company in Fort Wayne, Indiana.

Q: How about Reinie Hohaus? Was he in?

Pond: Reinie Hohaas did not come into this picture until Marion Folsom became Secretary in August, 1955.

Q: How come?

Pond: He was working at that time with Social Security matters, but ~~he was not brought in on the reinsurance proposal.~~
~~they did not bring him in.~~ He was a very close personal friend of Mr. Folsom's, and that's how he happened to come into the picture *in 1955.*

Q: Of course he had been consultant before, so it seems kind of odd that he wouldn't have been included.

Pond: I think he was not well-known to ^{*those in the office of the Secretary*} us at that time. We had ^{*gotten*} advice from various people about who would be useful in this particular operation, and ^{*Mrs. Hobby invited the*} ~~this~~ group that I mentioned - there were three others on it, but I can't recall who they were. But, at any rate, they worked with us on the drafting of the bill.

Q: Were they called together specifically for this?

Pond: Yes.

Q: They were brought down to Washington...

Pond: They were brought down to Washington on a regular basis for ~~an~~ about a month--two or three days a week.

Q: And when you say "us"....

Pond: The staff of the Office of the Secretary.

Q: And you were heading this...

Pond: I was sort of the staff guy on it. Ted Ellenbogen did the drafting. He was ~~over at~~ ⁱⁿ the General Counsel's Office. Mr. Rockefeller played a role in it. Mrs. Hobby did. Dr. Kieffer did. Oscar Reibhausen did.

Q: What was Mrs. Hobby's attitude toward this?

Pond: She went all out for it once ~~our~~ ^{the} decision was made that we needed something.

Q: Was there a great deal of controversy over this question of whether or not something was needed or was it something that was generally accepted?

Pond: It was generally accepted, I think, in the Administration that something was needed, that you couldn't go up ^{to Congress} with a health program that disavowed any interest in the payment of the costs of ^{medical} care.

But there was also clear evidence that the Administration was solidly committed to support a voluntary effort and that it had no intentions of going toward a tax-supported system of whatever nature.

Q: What about Mrs. Hobby as a person? I don't know ~~how much~~ ^{whether} you feel ~~equipped to get into~~ ^{ready} ~~personalities~~ ^{talk about} or how well you knew her.

Pond: I knew her very well, and respected her.

Q: One of the things we encourage is ^{to have} ~~that~~ people talk about other people.

Pond: Well, she was sincerely interested in trying to develop a health legislative program that would be a credit to the Administration. I'm convinced she felt that there had to be something in the health insurance field. She certainly supported it ~~vigorously~~ vigorously once it was decided as the package. ~~Then~~ She testified for it; she spoke widely for it; she tried to interest outside groups in supporting it. ^{And she} ^{hard} tried to get the AMA to support it, which it didn't. It objected to it right off the bat, before it knew anything about it.

Q: Would things have been different if they had supported it?

Pond : It conceivably might have passed the House.

Q: What about the reaction of the insurance company people to this?

Pond: The President himself got involved in trying to get the insurance industry to support this ~~new~~ proposal. They very reluctantly took, in effect, at least from the public standpoint, the no-opposition position. I think many of the individual companies were opposed to it, and a lot of the people in the industry saw it as an entering wedge or as a fraud. ~~For example, Eugene Thore~~ Eugene Thore, who was head of the Life Insurance Association of America, ~~who~~ tried to help out in this particular situation.

Q: Even by comparison with the alternatives, such as the Wagner-Murray-Dingell bill, they felt this was unacceptable?

Pond: They felt it wouldn't work, and therefore it would lead to something worse.

Q: You mean that once the thing had passed the Congress, it was a recognition that more had to be done; and if that failed, then this would provide...

Pond: Yes. And they also, I think, were reasonably convinced that ~~reinsurance~~ ~~this~~ wouldn't work to handle the toughest problems that existed-- notably, the coverage of low-income groups, both the aged and others in the population at large. It would be looked upon as a fraud from that standpoint, and it would push people to demand a federally operated system. This is my recollection of their attitude.

Q: Didn't this tend to discourage you? If the people who had to make the thing work were skeptical of it...?

Pond: This was not all of them. Some of ~~them~~ thought it would be ~~real~~ useful.

Q: Did the division have any particular significance between those who favored and those who opposed or who were cool to it?

Pond: I don't know. It was generally the smaller companies that were opposed, and ~~this~~, In fact, we thought ^{the program} would help them more than it would help the big companies. The big companies had the

capital to experiment, and were experimenting. One thing that I think the record always ought to show is the fact that in the early '50s, voluntary health insurance was moving pretty fast, and the conviction of the political leadership in the ^{Eisenhower} Administration, ~~I think~~--I wasn't part of that--was that if they could get over the next five to ten years and increase coverage to a very substantial proportion of the population and improve the quality of the coverage, that the threat of a national health insurance program could be aborted; and this was the whole basic thinking. And they felt that you couldn't reach that end without some specific federal stimulation.

Q: Now, as alternatives to this particular proposal, there were such things as grants to the states for state compulsory insurance programs...

Pond: There had been various proposals made by....

Q: And one that in the medicare era became the Bowd^g bill that would involve a straight subsidy to insurance companies. What was the feeling about these alternatives?

Pond: All of them involved substantial tax support, and in the context of trying to do something without getting heavy financial commitment from the ⁷ federal ⁹ government, the reinsurance proposal looked good.

Q: Despite the fact that there was some dissension on this proposal...

Pond: The dissension didn't really appear until after the President's

proposal had been announced. There was a meeting ~~here~~ in the

1954 State of the Union

Secretary's office the day that the ~~health~~ Message was to go

to Congress, ~~It may have been at the time of the State of the Union~~

~~message, I can't remember which,~~ ^{at} which the AMA leadership came

in, and Burt Howard, who still is with AMA, denounced the reinsurance plan before Mrs. Hobby really had had a chance to explain it. He announced that the AMA opposed it.

Q: What was his reasoning?

The country

including

Pond: ~~We~~ didn't need it. The industry--Blue Cross and Blue Shield--could do the job alone, given time.

Q: I assume that Mrs. Hobby and you people differed with him on that point.

Pond: Obviously.

Q: And what happened then?

Pond: We went ahead with the bill and finally had hearings in both the Senate and the House, and the House decided to move first. The House Interstate and Foreign Commerce Committee brought the bill out and got a rule on it. It went to the floor in April of 1954.

Q: The President, I take it, was brought into this when the plan was pretty well articulated, and he was responsive to it.

Pond: He was responsive to it and supported it consistently.

Q: And when this went to Congress, did it go with this package...?

Pond: Yes. It was a single bill--I can't remember the number of it-- but it was packaged as part of a total health program. Among other things, the bill included significant amendments to the Hill-Burton Hospital Construction Act which were enacted.

Q: And went with the health message.

Pond: Yes.

Q: And what kind of reception did it get there? Was there any sort of reaction in the press?

Pond: Oh, yes. There was public reaction. I don't remember the details on it. It was ~~like~~ the kind of ^{public reaction} ~~controversy~~ you get on any controversial issue--some favorable press and some unfavorable.

Q: How controversial...?

Pond: It was a big item in the winter and spring of '54. There was a lot of debate about it--public and private, in Congress and elsewhere.

Q: Did the AMA's opposition to this thing as expressed in this conference...?

Pond: They worked against it.

Q: Openly? I see. Incidentally, can you pinpoint the date or at least the time of year ~~mm~~ of that conference at which the AMA was brought in?

Pond: That was in ~~J~~January of '54.

Q: And this conference was just with them?

Pond: Well, this kind of conference was always held during the years that I was in the Secretary's Office with various outside groups at about the time that the ^{President's} Health ^{to Congress} Message went forward. They'd bring in the ^{American} Hospital Association, representatives of the hospital community, the medical community, the public health community and other groups who had a professional or public interest in the issue. We had chart talks and all sorts of presentations, I

Q: So it was customary to bring these people in, and I take it you would bring them in individually.

Pond: We'd bring them in in groups. We might not mix them all up. Sometimes we did. But we brought the AMA in alone because it was a large organization, and important.

Q: Incidentally, to digress for a second, I take it that later, when the medicare proposal became an official administration proposal in '61, that the AMA wouldn't come anymore, that this kind of consultation wasn't possible.

Pond: I'm not familiar with the details of that because I wasn't intimately involved. I stayed in the Office of the Secretary until

January of '63, but I was by that time working more on medical education legislation than on this. Wilbur Cohen came in in January of '61 and had been the principal architect of the health care for the aged legislation, and he assumed that responsibility. He was Assistant Secretary ^{for} of Legislation. Boissier-Jones, who was the ^Special Assistant (H and M) appointed by President Kennedy, was particularly interested in medical research, ^{and in} ~~had a~~ medical education. ~~and~~ ^W While he vigorously supported medicare, he wasn't deeply involved in the framing of it or of ~~the~~ all the negotiations that ~~went~~ ^{on with} ~~into~~ outside groups. ^A And I was even less involved than he was. I think it's reasonable to assume that ^{members of} the new ^A Administration felt that while I was ^{in the} ~~a~~ career ^{Service,} ~~man,~~ I was very heavily identified with the Eisenhower ^A Administration and therefore not to be trusted. That's a fact of life.

Q: Conversely, wouldn't you say that the Eisenhower people when they came in took the same attitude toward the Social Security people?

Pond: Sure, this is always true. As time went on, however, the Eisenhower ^A Administration relied more and more on people like ^{I.S.} ~~David~~ Falk and Wilbur Cohen, both of whom were in Social Security, and Ida Merriam and a lot of others.

Well, I think I started you off on the discussion of ^{health} insurance ^{in the Eisenhower Administration,} which you may or may not have had before. This was to lead into a discussion of the evolution of interest in health care for the aged.

Q: I will be talking to other people who also were ~~involved~~ in this. Rod Perkins is one of the people on the list.

Pond: Rod called me yesterday. I haven't yet talked with him. When I got around to calling him back, he was out. Do you know him?

Q: Yes, I had a preliminary discussion with him, and in the next few weeks I'm going to be calling him again.

Pond: One interesting fact of life: He was 27 when he was made ~~Assistant~~ Under Secretary. ~~was~~ '11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1044-1045-1046-1047-1048-1049-1050-1051-1052-1053-1054-1055-1056-1057-1058-1059-1060-1061-1062-1063-1064-1065-1066-1067-1068-1069-1070-1071-1072-1073-1074-1075-1076-1077-1078-1079-1080-1081-1082-1083-1084-1085-1086-1087-1088-1089-1090-1091-1092-1093-1094-1095-1096-1097-1098-1099-1100-1101-1102-1103-1104-1105-1106-1107-1108-1109-1110-1111-1112-1113-1114-1115-1116-1117-1118-1119-1120-1121-1122-1123-1124-1125-1126-1127-1128-1129-1130-1131-1132-1133-1134-1135-1136-1137-1138-1139-1140-1141-1142-1143-1144-1145-1146-1147-1148-1149-1150-1151-1152-1153-1154-1155-1156-1157-1158-1159-1160-1161-1162-1163-1164-1165-1166-1167-1168-1169-1170-1171-1172-1173-1174-1175-1176-1177-1178-1179-1180-1181-1182-1183-1184-1185-1186-1187-1188-1189-1190-1191-1192-1193-1194-1195-1196-1197-1198-1199-1200-1201-1202-1203-1204-1205-1206-1207-1208-1209-1210-1211-1212-1213-1214-1215-1216-1217-1218-1219-1220-1221-1222-1223-1224-1225-1226-1227-1228-1229-1230-1231-1232-1233-1234-1235-1236-1237-1238-1239-1240-1241-1242-1243-1244-1245-1246-1247-1248-1249-1250-1251-1252-1253-1254-1255-1256-1257-1258-1259-1260-1261-1262-1263-1264-1265-1266-1267-1268-1269-1270-1271-1272-1273-1274-1275-1276-1277-1278-1279-1280-1281-1282-1283-1284-1285-1286-1287-1288-1289-1290-1291-1292-1293-1294-1295-1296-1297-1298-1299-1300-1301-1302-1303-1304-1305-1306-1307-1308-1309-1310-1311-1312-1313-1314-1315-1316-1317-1318-1319-1320-1321-1322-1323-1324-1325-1326-1327-1328-1329-1330-1331-1332-1333-1334-1335-1336-1337-1338-1339-1340-1341-1342-1343-1344-1345-1346-1347-1348-1349-1350-1351-1352-1353-1354-1355-1356-1357-1358-1359-1360-1361-1362-1363-1364-1365-1366-1367-1368-1369-1370-1371-1372-1373-1374-1375-1376-1377-1378-1379-1380-1381-1382-1383-1384-1385-1386-1387-1388-1389-1390-1391-1392-1393-1394-1395-1396-1397-1398-1399-1400-1401-1402-1403-1404-1405-1406-1407-1408-1409-1410-1411-1412-1413-1414-1415-1416-1417-1418-1419-1420-1421-1422-1423-1424-1425-1426-1427-1428-1429-1430-1431-1432-1433-1434-1435-1436-1437-1438-1439-1440-1441-1442-1443-1444-1445-1446-1447-1448-1449-1450-1451-1452-1453-1454-1455-1456-1457-1458-1459-1460-1461-1462-1463-1464-1465-1466-1467-1468-1469-1470-1471-1472-1473-1474-1475-1476-1477-1478-1479-1480-1481-1482-1483-1484-1485-1486-1487-1488-1489-1490-1491-1492-1493-1494-1495-1496-1497-1498-1499-1500-1501-1502-1503-1504-1505-1506-1507-1508-1509-1510-1511-1512-1513-1514-1515-1516-1517-1518-1519-1520-1521-1522-1523-1524-1525-1526-1527-1528-1529-1530-1531-1532-1533-1534-1535-1536-1537-1538-1539-1540-1541-1542-1543-1544-1545-1546-1547-1548-1549-1550-1551-1552-1553-1554-1555-1556-1557-1558-1559-1560-1561-1562-1563-1564-1565-1566-1567-1568-1569-1570-1571-1572-1573-1574-1575-1576-1577-1578-1579-1580-1581-1582-1583-1584-1585-1586-1587-1588-1589-1590-1591-1592-1593-1594-1595-1596-1597-1598-1599-1600-1601-1602-1603-1604-1605-1606-1607-1608-1609-1610-1611-1612-1613-1614-1615-1616-1617-1618-1619-1620-1621-1622-1623-1624-1625-1626-1627-1628-1629-1630-1631-1632-1633-1634-1635-1636-1637-1638-1639-1640-1641-1642-1643-1644-1645-1646-1647-1648-1649-1650-1651-1652-1653-1654-1655-1656-1657-1658-1659-1660-1661-1662-1663-1664-1665-1666-1667-1668-1669-1670-1671-1672-1673-1674-1675-1676-1677-1678-1679-1680-1681-1682-1683-1684-1685-1686-1687-1688-1689-1690-1691-1692-1693-1694-1695-1696-1697-1698-1699-1700-1701-1702-1703-1704-1705-1706-1707-1708-1709-1710-1711-1712-1713-1714-1715-1716-1717-1718-1719-1720-1721-1722-1723-1724-1725-1726-1727-1728-1729-1730-1731-1732-1733-1734-1735-1736-1737-1738-1739-1740-1741-1742-1743-1744-1745-1746-1747-1748-1749-1750-1751-1752-1753-1754-1755-1756-1757-1758-1759-1760-1761-1762-1763-1764-1765-1766-1767-1768-1769-1770-1771-1772-1773-1774-1775-1776-1777-1778-1779-1780-1781-1782-1783-1784-1785-1786-1787-1788-1789-1790-1791-1792-1793-1794-1795-1796-1797-1798-1799-1800-1801-1802-1803-1804-1805-1806-1807-1808-1809-1810-1811-1812-1813-1814-1815-1816-1817-1818-1819-1820-1821-1822-1823-1824-1825-1826-1827-1828-1829-1830-1831-1832-1833-1834-1835-1836-1837-1838-1839-1840-1841-1842-1843-1844-1845-1846-1847-1848-1849-1850-1851-1852-1853-1854-1855-1856-1857-1858-1859-1860-1861-1862-1863-1864-1865-1866-1867-1868-1869-1870-1871-1872-1873-1874-1875-1876-1877-1878-1879-1880-1881-1882-1883-1884-1885-1886-1887-1888-1889-1890-1891-1892-1893-1894-1895-1896-1897-1898-1899-1900-1901-1902-1903-1904-1905-1906-1907-1908-1909-1910-1911-1912-1913-1914-1915-1916-1917-1918-1919-1920-1921-1922-1923-1924-1925-1926-1927-1928-1929-1930-1931-1932-1933-1934-1935-1936-1937-1938-1939-1940-1941-1942-1943-1944-1945-1946-1947-1948-1949-1950-1951-1952-1953-1954-1955-1956-1957-1958-1959-1960-1961-1962-1963-1964-1965-1966-1967-1968-1969-1970-1971-1972-1973-1974-1975-1976-1977-1978-1979-1980-1981-1982-1983-1984-1985-1986-1987-1988-1989-1990-1991-1992-1993-1994-1995-1996-1997-1998-1999-2000-2001-2002-2003-2004-2005-2006-2007-2008-2009-2010-2011-2012-2013-2014-2015-2016-2017-2018-2019-2020-2021-2022-2023-2024-2025-2026-2027-2028-2029-2030-2031-2032-2033-2034-2035-2036-2037-2038-2039-2040-2041-2042-2043-2044-2045-2046-2047-2048-2049-2050-2051-2052-2053-2054-2055-2056-2057-2058-2059-2060-2061-2062-2063-2064-2065-2066-2067-2068-2069-2070-2071-2072-2073-2074-2075-2076-2077-2078-2079-2080-2081-2082-2083-2084-2085-2086-2087-2088-2089-2090-2091-2092-2093-2094-2095-2096-2097-2098-2099-2100-2101-2102-2103-2104-2105-2106-2107-2108-2109-2110-2111-2112-2113-2114-2115-2116-2117-2118-2119-2120-2121-2122-2123-2124-2125-2126-2127-2128-2129-2130-2131-2132-2133-2134-2135-2136-2137-2138-2139-2140-2141-2142-2143-2144-2145-2146-2147-2148-2149-2150-2151-2152-2153-2154-2155-2156-2157-2158-2159-2160-2161-2162-2163-2164-2165-2166-2167-2168-2169-2170-2171-2172-2173-2174-2175-2176-2177-2178-2179-2180-2181-2182-2183-2184-2185-2186-2187-2188-2189-2190-2191-2192-2193-2194-2195-2196-2197-2198-2199-2200-2201-2202-2203-2204-2205-2206-2207-2208-2209-2210-2211-2212-2213-2214-2215-2216-2217-2218-2219-2220-2221-2222-2223-2224-2225-2226-2227-2228-2229-2230-2231-2232-2233-2234-2235-2236-2237-2238-2239-2240-2241-2242-2243-2244-2245-2246-2247-2248-2249-2250-2251-2252-2253-2254-2255-2256-2257-2258-2259-2260-2261-2262-2263-2264-2265-2266-2267-2268-2269-2270-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403-2404-2405-2406-2407-2408-2409-2410-2411-2412-2413-2414-2415-2416-2417-2418-2419-2420-2421-2422-2423-2424-2425-2426-2427-2428-2429-2430-2431-2432-2433-2434-2435-2436-2437-2438-2439-2440-2441-2442-2443-2444-2445-2446-2447-2448-2449-2450-2451-2452-2453-2454-2455-2456-2457-2458-2459-2460-2461-2462-2463-2464-2465-2466-2467-2468-2469-2470-2471-2472-2473-2474-2475-2476-2477-2478-2479-2480-2481-2482-2483-2484-2485-2486-2487-2488-2489-2490-2491-2492-2493-2494-2495-2496-2497-2498-2499-2500-2501-2502-2503-2504-2505-2506-2507-2508-2509-2510-2511-2512-2513-2514-2515-2516-2517-2518-2519-2520-2521-2522-2523-2524-2525-2526-2527-2528-2529-2530-2531-2532-2533-2534-2535-2536-2537-2538-2539-2540-2541-2542-2543-2544-2545-2546-2547-2548-2549-2550-2551-2552-2553-2554-2555-2556-2557-2558-2559-2560-2561-2562-2563-2564-2565-2566-2567-2568-2569-2570-2571-2572-2573-2574-2575-2576-2577-2578-2579-2580-2581-2582-2583-2584-2585-2586-2587-2588-2589-2590-2591-2592-2593-2594-2595-2596-2597-2598-2599-2600-2601-2602-2603-2604-2605-2606-2607-2608-2609-2610-2611-2612-2613-2614-2615-2616-2617-2618-2619-2620-2621-2622-2623-2624-2625-2626-2627-2628-2629-2630-2631-2632-2633-2634-2635-2636-2637-2638-2639-2640-2641-2642-2643-2644-2645-2646-2647-2648-2649-2650-2651-2652-2653-2654-2655-2656-2657-265

one evening in December of '53 to Mrs. Hobby recommending that the health program include something along these lines. She cleared this overnight with Marion Folsom, who then was Under Secretary of the Treasury, and who was pushing a group life insurance program for federal employees. ~~And~~ the next morning she told me to go ahead and get this project underway, and that the Under Secretary, Mr. Rockefeller, would work with me on it. We worked again with an outside advisory group; ^{and} got the Civil Service Commission involved. Mr. Warren Irons, ^{now retired} was the principal man. ~~now retired~~, in the Commission. We came up with a good bill which didn't get enacted for two or three years. I can't remember now how long it was. But again this was part of the grand strategy to attempt to strengthen private insurance and the voluntary nonprofit coverage like Blue Cross, Blue Shield and group practice, to avoid an increasing demand for public action.

Q: This is a very important point here. This strategy was well articulated and ~~it~~ as very deliberately pursued, I take it.

Pond: As far as I'm concerned, and as far as my memory serves me, this is quite clear.

Q: And the American Medical Association, when brought in to discuss these things, was unwilling to accept this strategy as desirable.

Pond: I think that is correct. I think you'd have to talk with some of their then leadership to ascertain that.

Q:

Q: Of course the history of the AMA, as I understand it, is that indeed for many years they did oppose any kind of health insurance at all, voluntary or government, and yet I also had the impression that there was a point at which a shift came about in their thinking, that they would accept private insurance and even promote it.

Pond: That was back in either the late '30s or early '40s. I can't remember when. But they were very proud of the Blue Shield system.

Q: Exactly, and Blue Shield was already in operation, and yet at this point they seemed to go back. It either seemed a reversion to them or they were so afraid of the government getting involved in any way whatsoever that even government efforts to strengthen the private insurance sector...

Pond: That was a threat.

Q: Exactly.

Pond: I think that's a fair analysis of their posture. I never was close to them. I used to be terribly frustrated by their negativism, and I still think that they made a gross mistake in forming a judgment on the reinsurance proposal before they even heard it out or had studied it. This was very shortsighted.

Q: They really hadn't seen it before you presented it to them.

Pond: To the best of my knowledge, they had not.

Q: There had been no discussion of this in the press prior...

Pond: No. There had been a leak in the press in late December.

Q: But nothing involving the substance.

Pond: No. I have a vivid recollection of that meeting.

Q: And they walked in cold to this.

Pond: And ^{before Mrs. Hobby} ~~she~~ got through saying what ^{the Administration was about to do,} ~~they were up to~~, and they said they had to oppose it.

Q: Can you remember any of the phrasing? Could you paraphrase ~~it~~ what they said?

Pond: I'd hesitate to. But, at any rate, we went ahead with the health insurance plan ~~for~~ ⁷ for Federal employees, and that was subsequently enacted and it has been used as a prototype because of its good coverage. The decision was made that it would be good, that it had to be a good plan.

Q: To set an example.

Pond: ^{Yes.} ~~And~~ ^I it had flexibility ^{built into} ~~in~~ it so that the employee could choose from among various types of plans. If he ^{already} had major medical, ^{or didn't want it} he didn't need to take it. And he could have coverage either through the insurance companies or through the Blues or through group practice, and this selection he could make on his own volition.

That was an extremely interesting operation. It took a long time to get it worked out because it involved all sorts of relationships, and I personally feel that Warren Irons had more to do with this and contributed ^{to it} more than any other single person. But again, several of the consultants that we had on the reinsurance bill from the insurance industry and from Blue Cross and Blue Shield and the group practice business helped out on the ¹ federal employee ^{proposal} ~~system~~.

Q: What about the AMA's attitude toward this?

Pond: Strangely enough, I can't remember. When I opened this ^{discussion} up, I tried to think what their attitude was. I feel reasonably certain that they supported it or at least they didn't overtly oppose it. There was an awful lot of maneuvering in connection with this, and it took much longer than some of us had hoped for or expected. I don't remember when it finally passed--I think in 1955, ^{but} I'm not sure.

Q: Could you describe what this maneuvering was?

Pond: Well, you have within the government a large number of employee unions or employee associations, particularly in the postal service, many of which had group ^{health insurance} plans for their membership.

Some of the employee unions didn't like the threat of a government system that would take away this benefit which they were making available to their membership; but they came around in time. Again, I give great credit to Warren Irons.

Then there was the very difficult job of working out some reasonably equitable arrangements with the insurance industry as such--with the Blue Cross and Blue Shield and group practice plans;--so that the benefit structure would provide a real choice, and so

that we'd be sure that our employees were getting decent protection. And this took an immense amount of conferring and discussing, but this all worked out.

Q: I want to go back to Mrs. Hobby for a minute if we could. You described her in a very general way, what her attitudes were. I wonder if you can describe her as a person. Can you remember any personal anecdotes about her?

Pond: Well, I knew her very well and had a very high regard for her. She had an extremely pleasant personality in private dealings. She was a warm person and very loyal and hard-working and sincere. ~~Many~~ The impression that she left with the rank and file of the employees of the Department was a different one. They never got to know her. Those of us who knew her and worked with her were just as impressed as could be. She was a ~~mix~~ bright ^{woman}, a very bright ~~and~~ woman.

Q: What kind of impression did she leave with the rest of the Department?

Pond: It's hard for me to say because it's an awfully big department. There's not the warmth for her that there is, for example, for Marion Folsom or Arthur ^{Fleming} ~~Fleming~~, both of whom were very highly regarded by the rank and file.

Q: It's been said that when Mrs. Hobby first came into the Department that she was a little overwhelmed by it, that she didn't have any knowledge of the technical subject matter and it was a very

technical area that she was getting into and that perhaps she did feel that she was entering into a nest of Democrats or something and that she was perhaps a little insecure at first and had to sort of feel her way along. Does this impression agree with yours?

Pond: I think this is likely to be true of almost anyone coming into ~~this~~ ^{that} job because the average well-informed American, who is likely to be tapped to be a Cabinet officer, is quite unlikely to be a technician, is quite unlikely to have been identified with more than one of the very many ~~sets~~ ^{parts} of the Department. Marion Folsom is as expert on the Social Security system as anybody can be. I would guess he would certainly be among the top ten ^{experts} in the country. He'd been dealing with it for years. But he didn't know much about Food and Drug or ~~Voc Rehab~~ ^{Vocational Rehabilitation} or the Office of Education or the Public Health Service, even though he'd been working a long time in the social sciences and welfare field. Arthur ~~Fleming~~ ^{Hemming, though a political appointee,} was in effect a career ~~though a political appointee,~~ government man. He'd been ^{on} ~~in~~ the Civil Service Commission for a long time. He'd ^{served} ~~been ever~~ on the White House staff, and he was worrying from day-to-day about what a complex department he was heading. So that when you talk about Mrs. Hobby not knowing much about it, I think she was no different...

Q: Well, that's true. This analysis that you've given I think would apply very much to the present situation, too, where a man is expert in one field and has to rely on others for the fields he doesn't know about.

I take it that Mrs. Hobby, however, did have the capacity, once she did understand and accept an idea or proposal, for moving with

it.

Pond:
~~Q:~~ She did.

Q: She wasn't timid about...

Pond: No question about it.

Q: And that this was the case with this reinsurance proposal.

Pond: She was deeply involved with the reinsurance proposal and, as far as I know, was convinced that it was the right thing to do. Don't ever forget--a point I made very early in this interview--that the ground rules were: promote the private sector in the health insurance business, ~~but~~ be sure it keeps moving, ^{but} and don't spend much money. ^{tax} ^{gnit,} Those are awfully hard guidelines to live within. To this day, I've never heard of another approach to the problem that would have had the ~~f~~ederal ~~g~~overnment assuming some concern with and responsibility for giving decent health insurance protection to the American people without directly involving itself in control of the industry, and without spending some money on a subsidy basis.

Q: I've come to a fork in the road and I want to go two different ways at the same time. One question I think involves a certain amount of speculation, but maybe we ought to take that one up, and that concerns the ultimate viability of this reinsurance proposal. In retrospect, do you think it would have made a substantial difference in the spread of health insurance protection?

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Pond: I've thought about this ~~many times~~ over a long time, and I literally don't know the answer. I'm inclined to think it would have helped, particularly in developing new forms of coverage where there was an unknown risk, which many companies were reluctant to assume. I think it might have been helpful in trying to reach marginal income groups, but it clearly wouldn't have made insurance available to those that didn't have the pocketbook. You cannot get coverage for low income groups at a price that they can afford to pay unless you spread the risk over the total population. This is a fact that is so clear I need not go further. ~~And the reinsurance bill could not have done that job.~~

Q: And for these low income groups then, you have various strategies that you can use to help them. You can somehow increase their net income.

a payroll-tax supported

Pond: The way the United States has gone has been to have ~~health care~~ *a payroll-tax supported* ~~program~~ for the aged, and to have the Kerr-Mills program.

Q: That's right. You could have a large and very generous Kerr-Mills approach, which might well have done the job, or you could somehow provide tax incentives or tax reductions or a larger exemption for low income people or various tax mechanisms.

in 1953 and 1954

Pond: Well, let me tell you something, friend. Back ~~when~~ *in 1953 and 1954* we were looking at various approaches, we had considered and discarded a proposal to do something through the income tax route, ~~in which~~ *in which* we considered, for example, the possibility of either deducting from gross income the cost of insurance premiums, or ~~would provide~~ *ing* some kind

of an incentive without complete deduction. We even considered (not very long) the idea of deducting from the ^{income} tax itself, part of all of the price of the premium of approved plans. Well, this is a phony when you're trying to do something about the poor. They don't pay income tax. The Ribicoff proposal on education would help you and me, but it won't help the family that doesn't pay an income tax. It's the same ^{proposition} ~~damned thing~~ that we looked at back in the early '50s. ~~Then~~ I don't think it's ever been the light of day. I don't think the American people yet understand it. That~~y~~ was the popular approach...

Q: How big a group of people is it that we're dealing with--the ones that don't pay income tax at all?

Pond: I don't know, but it's a fair chunk. But it makes no difference. Suppose ^{an individual or family head} ~~they~~ pays \$5 a year income tax. ^{A health} ~~That~~ insurance ^{policy will} cost ~~you~~ ^{him} a hundred bucks or two hundred bucks. The \$5 saved on ^{his} ~~your~~ income tax--if they deduct the premium from the tax...

Q: In other words, really the only way it could be done would be through some sort of negative income tax proposal.

But this would mean that

Pond: Yes. ^{you} You provide a negative income tax for health insurance before you do for rent or food or clothing...

Q: And even the idea of a negative income tax was much too socialistic, I'm sure, and radical.

Pond: I don't think we even thought of ~~that~~ ^{a negative income tax,} We didn't give that any consideration once we identified fairly clearly what the implications were of using income tax refunds or some ~~other~~ ^{similar} device.

Q: What about the idea of a direct subsidy to the insurance industry for low income people? Was such an idea considered?

Pond: I don't think seriously because of the inherent problems.

At that time, at least, the quality of coverage, the extent of coverage, was so disparate among companies, among Blue Cross-Blue Shield plans, that it would have meant the entering by the ^government into very substantial regulation of the industry, and ~~this~~ ^{that} was a ~~bad~~ ^{bate} noire. We had a lot of dealings with ~~the~~ ^{the} National ~~or~~ ^{Association} of Insurance Commissioners who were worried sick about the ~~area~~ reinsurance bill because they thought this was an entering wedge to ⁷ federal regulation of the insurance companies. ~~My recollection is that~~ ^{Indeed,} the reinsurance bill had a clause ⁱⁿ it that specifically prohibited the ⁷ feds from taking over regulation of the insurance industry.

Q: Yes, that's another aspect of this thing--the fact that the regulation of the insurance business has always been a state proposition. Would this have been possibly a part of the explanation for the split that developed within the group of advisers and consultants that you brought in on this thing when it was first being considered?

Pond: I don't think there was any particular split among the people we had as our consultants.

Q: You gave me the impression that some were cool and some of them favored it.

Pond: Well, yes. Some ~~of them~~ didn't think it would work, but they wanted to be sure that we had the best possible chance to make it work if it ~~could work~~ *should become law.*

Q: But the argument of federal regulation was not...

Pond: That was not a serious problem with them. It was with the *S* *I* *C* *Commissioners*, and I suspect was with many of the smaller insurance companies.

Q: I see. Now perhaps we could pick up with the history then of this proposal. What happened to it then in Congress?

Pond: Well, it went to the floor ^{*of*} in the House about the middle of April, 1954. One little anecdote: My daughter, who was then 13, sat on the floor of the House the day the ^{*bill*} ~~thing~~ was debated, and was ~~very~~ really dejected when it got beaten.

Q: How ^{*1*} did she get to the floor of the House?

Pond: We had a very good friend ~~was~~ in the House. ^{*At that time*} I think, ~~the~~ ^{*we*} *M* ~~Members~~ were limited to three or four kids a year on the floor--kids under 15, or something like that. This *M* ~~Member~~, knowing of our interest,

called up the night before and wanted to know if Sarah could duck out of school; he wanted to have her sit with him on the floor when the bill was debated. She wasn't as shook up as I was. ^{Even though} I'd been around a long time, and you expect these things, ^{I was unhappy.}

Well, it went to the floor of the House and was beaten. ^{I've}
~~always felt that~~ ^{a relatively narrow margin.} Charlie Halleck played a role in this. Mrs. Hobby had told me Monday morning she'd seen Joe Martin and Sam Rayburn and somebody else on Saturday night, and they said they were going to rough her up a little bit but they would get it through. I was quite confident from the first that it would pass. The ^{theoretically} Republicans had control of the House. Well, they got into some fairly acrimonious debate. Charlie Halleck came storming down into the well making a lot of noise about "The Hundred Days." You ought to get the Record out. It was around the 14th of April--I know it was around the middle of April of '54. There was a lot of noise, and he came down with a belligerent speech, and this ^{probably} ~~I think~~ had some impact. He was supporting the administration, but I think he may have pushed some people off that would have gone along with it. On the roll call we had reasonable support from ^{Members of} the House Interstate Committee; not unanimous. But we lost a lot of people that we thought ought to go along with it--a lot of Republicans opposed it. And there weren't enough Democrats who supported it to balance out the loss. So the thing missed by a substantial margin. If I'm not mistaken--and you as a historian might want to check--that ^{was} the first health insurance bill that ever got to the floor of the House ^{or the Senate} for debate and a vote.

Q: What was it that defeated it? Was there any one or two states...?

Pond: It may sound facetious: it ^{simply} didn't have the votes. This is literally true.

Q: Why not? Why didn't it have the votes?

Pond: Well, there wasn't Republican party discipline. After all, the bill had only been in Congress about two months. It dealt with a highly volatile subject. It was, to say the least, controversial. And in my experience with the legislative business, it's rare indeed to get action on a controversial measure in less than three years and usually it's five from the time the idea is first presented and worked up on the Hill. This isn't always true. You can't take the first session of the 89th as an example of anything. On your ^{normal} distribution curve, ~~it was way out at one end.~~ ^{that session would be far}

Take the history of the ⁺ federal employee health insurance bill. It took a long time to get that through, and that was nowhere near as controversial.

Q: It seems surprising that it was so controversial because by comparison with medicare, it's rather tame.

Pond: Don't forget that the people who wanted something substantial might view it as a threat. That's one point of view. Another point of view, ~~you can have~~ is that it won't do anything. "I don't want to be attached to support of that." And the third point of view--and I expect that all of these were involved in one way or another--is that it's an entering wedge. So you could oppose it for a variety of

reasons.

Q: In terms of legislative tactics and floor management and so on, do you think it would be too harsh a judgment to say that it wasn't terribly well managed? If this was a controversial bill, shouldn't more groundwork have been laid and more effort made to get the basic strategy across to people and to sell it beforehand?

Pond: Don't forget, ^{were talking about} ~~this is~~ the second session of the 83rd Congress. ~~There was~~ You had a bi-election coming up that fall. The party in power wanted to make a record, and it felt that this was an important social issue. The question: "Should they have tried to keep it over till late in the session?" I don't know. I am not privy to, and never have been, the innermost thinking of the legislative tacticians. I've been a long-term observer of the passing scene and have a little better than high school knowledge of civics. But on this particular business, I don't know what wheels within the wheels were working, or at least I don't know how they worked. I've learned to believe almost anything. But on the strategy, I've always assumed that they wanted to get the damned thing as a title on the books. I think you will find that John McCormack voted for it. And I think the reason for it is that he was anxious to get a title on the books to amend sometime in the future.

Q: After it was defeated, where did it go from there?

Pond: You couldn't do anything with it the balance of that year. ~~The~~ We got working again to try and modify the thing to make it more

palatable, to meet some of the objections that had been cited. Among other things we did for the version that went up in '55 was to designate in the bill some areas that would get special reinsurance treatment. You would have to check the 84th Congress version of the administration bill to see what that was, but I remember there was something about those with disabilities. I think there was something for the aged. I can't remember what else there was. But we pulled out three or four fields, and set up separate reinsurance pools for them. It would have been authorized in the original bill, but they were designated in the refined version. That one never saw the light of day, and for all practical purposes the defeat in the House in 1954 ended the active phase of the reinsurance proposal, even though the administration continued to support it.

Q: This provides something of a conflict with what you were saying before. You said, "Of course it takes three or four or five years for a bill to get passed." But in this time...

Pond: But normally, you see, they don't get out on the floor and get beaten. Normally what happens is ^{that bills} ~~they~~ go up there and sit, ^{There} ~~They~~ may ^{be} ~~have~~ some hearings, and one house may vote on it favorably and it doesn't pass the other. But frequently they go~~x~~ up and have hearings, and nothing happens. ^{The bill} ~~It gets~~ ~~sum~~ bottled up in committee. Sometimes it will get through both Houses and end up in conference.

The administration was still pushing, but don't forget it lost the House in the 84th Congress, and instead of having a Republican chairman of the House Interstate Committee, they had Percy Priest, who ^{was} ~~is~~ a Democrat. ^{Mr. Priest} ~~Percy~~ had voted for the bill in '54, but I think he did that as a loyal member of the Wolverton-

Priest team. They worked ^{very well} together. They were very close in the club. But their impetus in the House leadership was not to be supportive, as in the prior Congress it had been to be supportive.

Q: So, in other words, for one or more reasons this proposal was effectively dead. There wasn't enough steam behind it to overcome these other problems.

Pond: There wasn't any real steam.

Q: What happened then?

Pond: That was '54. Then the new bill went up in '55. ^{There were no hearings that year} and Mrs. Hobby resigned the 31st of July, 1955. ^{Mr.} and Marion Folsom ^{then} came in as Secretary. I had known him when he was Under Secretary of the Treasury ^{in HEW} even before he took office. He told me we had to find a way out of this dilemma and he thought he had one.

Q: What dilemma...?

Pond: Well, he didn't favor the reinsurance approach. He thought it wouldn't do the job and that the ^A administration shouldn't be supporting it, but you can't back off something ^{with} to nothing. You know, suddenly you decide you aren't going to have a ^{you'd been pushing!} program. So we started work on a proposal that some of the insurance people had talked with us about the year preceding, ^{and} that was to ^{to permit} authorize an amendment of the anti-trust acts, the pooling of risks by ~~private~~ insurance companies ^{to} to set up private insurance pools for the purposes that ^{were} to be served.

Q: This was an idea that Folsom brought in with him. Do you know the origins of that?

Pond:

It could have been Reinie Hohauss--I don't know. Some of the insurance ~~men~~ ^{men} that I knew had suggested this previously.

Well, at any rate, we worked toward a bill that would make this possible, and ~~he~~ ^{the Secretary} worked with various people in the Treasury, and ~~I think~~ the Small Business Administration. He was all steamed up about this; and I wasn't particularly. It was a legal issue really and not something that I was competent to deal with. I was by that time dealing more and more with medical education, the support of medical research and other public health issues. He used me an awful lot in that, and he used me on health insurance for ⁷ federal employees--that was still kicking around.

Q: What about the Public Health Service in all of this? Your mentioning of that brought that idea brought to mind. And I mean going back, if you can do so, to the Wagner-~~Murray~~-Dingell period as well. What was the attitude of the Public Health Service and what was their position?

Pond: I think to get an accurate picture of their position back in the late '40s, starting in the mid '40s, you ought to talk with ^{Dr. Thomas} ~~Tom~~ Parran, who was ~~Surgeon~~ ⁹ General until 1948, and ~~talk~~ to Len Scheele, who

was ~~Surgeon-General~~ from '48 to '56 and talk to Palmer Deering. -
~~You'd have him among your people~~ Dr. W. Palmer Deering, Group
Health, Inc., with offices here in Washington. He was ~~Deputy~~
~~Surgeon-General~~ under Scheele.

Q: How about Parran and Scheele? Where are they now?

Pond: Dr. Parran is in Pittsburgh. Dr. ^{Leonard A.} Scheele is president of
Warner-Chillcote, ⁱⁿ ~~up at~~ Morris Plains, New Jersey.

Warner-Chillcote is part of the Lambert Pharmaceutical
Company.

Q: Then how about their position on the reinsurance proposal and
the ~~pooling~~ arrangement?

Pond: What happened in general was that the Public Health Service
traditionally did not get itself involved in the political ⁱⁿ⁻ fighting.
It obviously supported administration positions, but did not get
actively engaged in going out and making speeches and trying to
carry on whatever lobbying activities one can as a public employee.
I think that's a fair statement. The ~~Surgeon-General~~ obviously
would support administration positions ^{always} does ^{always} has.

Q: But in terms of taking an active role in the development of
programs...

Pond: They provide technical staff assistance. We do in all sorts of things.

Q: But they haven't traditionally made any claims for programs themselves.

Pond: Not health insurance.

Q: Why do you think that's so?

Pond: I think there's no simple answer to that question. The Service, in my career, has been most concerned with public policy issues that are of substantively professional nature. It's been very active in support of medical research; it's been very active for years in support of medical education; it's been very active for years in support of grants programs for improving public health services in the States and localities; it's been very active in supporting programs like the Indian health program; it's been very active in developing its own technical and professional competence, and I think that there's no question ^{but} that we've got possibly the greatest collection in the world of specialized competencies in the health field. The Service as a matter of policy has generally moved in the direction of increasing its abilities to do the professional health job that needs to be done. In pursuing this objective, it obviously supports administration proposals that may be tangential to the Service interest. We're actively moving to help make ~~the~~ Titles 18 and 19 of ^{the} Social Security Amendments of '65 ^{of the} the best managed and highest professional qualities ^{the Service did} that we can. But ~~we~~ do not participate actively in the debate. The

Surgeon-General made several speeches in which he enthusiastically endorsed the administration proposal, but it has not per se recommended legislative proposals in this field. On the other hand, every year we have a long list of recommendations for legislation for consideration by the Administration. They may run to 20, 25 different pieces, but these are in the realm of professional and technical subject matter rather than social insurance. They may include, of course, substantial proposals of a public policy nature like medical education or hospital modernization.

Q: In some cases are these proposals which are controversial, ones that might run into some opposition from say, the American Medical Association?

Pond: Our support of medical education legislation, for instance, is a case in point. The AMA many years ago came out for one-shot grants for construction of medical schools. The Public Health Service has always taken a much broader attitude, a much more realistic one. We still do.

The Service was very influential in getting the original water pollution control legislation enacted in 1948. We've had a great deal to do with the Clean Air Act. These are examples of major public policy issues. But we approached them basically from a professional standpoint. As you know, recently we lost the water pollution control program because we were charged with being inefficient in pushing an active enforcement program, particularly. There's lots behind the scenes on this, but never forget that it was the Service ~~was not~~ that was taking a leadership position that led up to the enactment of the original Water Pollution Control Act in 1948. Our interest in this began in 1912. I don't know whether this answers your question.

Q: I think that it does. It addresses itself to the question. It may not fully answer it, but I don't know whether it's possibly to fully answer it.

Pond: I don't think it is.

Q: The pooling proposal which Marion Folsom was instrumental in evolving and it never got anywhere either, what was the feeling on this? What was the attitude of Congress toward it?

Pond: Mr. Folsom told me that he had discussed the matter with ^{Congressman} Henry Celler, who was ^{House} Chairman of the Judiciary Committee. Celler was quite interested in doing something along these lines, but the thing really never got off the ground. ~~and it was~~ ^{along about that time,} ~~that~~ ^(Mr. Forand) the gentleman from Rhode Island introduced his health care for the aged proposal. I think that came in in '57.

Q: As far as you're concerned, though, in your own personal part, you've said about all you know about this pooling proposal?

Pond: I've said about all I can recall. ^{would} I have to do some thinking about it, but I wasn'tt deeply involved in that.

Q: With the Forand bill... We've just opened the lid of the Pandora's box with the Forand bill. What do you know about its origins and were you in any way involved with the Forand bill?

Pond: I wasn't directly involved other than trying to see to it that estimates that we were asked for as to the cost were accurate. I

personally always thought that our people, for one reason or another, underestimated what the cost would be. They either underestimated the average length of stay or the frequency of use.⁹ We had begun back when Chester Keefer was ~~till~~^{still} here--he left in July of '55 when Mrs. Hobby resigned--~~in~~^{to} trying to get together some basic information on health needs of the aged. ~~A gal by the name of~~^{Mrs.} Agnes Brewster did a lot of work on this. She was then in the Social Security Administration, in ^R research and ^S statistics. She's now in the Public Health Service.^P I think my principal role was ^{as} a doubting Thomas on the kinds of material that were coming out of the Social Security Administration to the Secretary's office for reports on the Forand bill. I was quite concerned about the estimates.

Q: What was the basis of those estimates? Do you know anything about the mechanics?

Pond: They used what data they could lay their hands on. Insofar as the actuarial estimates were concerned, what rates would be needed, I never had any trouble because I had great confidence in ~~my~~^{the} Chief Actuary ~~at~~^{of} the Social Security Administration, Bob Myers. But I had very grave doubts as to the raw data which ~~was~~^{were} being supplied by other staff, and these doubts persist to this day. I've never really changed my mind. Whether this was intended so as to avoid any concern that the program would be so expensive that it would be unacceptable, or whether it was lack of knowledge of the way in which demands for health services evolve, or whether it was misinterpretation of data that they were able to gather from suppliers--health

services and the hospitals--or what reason, I have no way of knowing. All I know is that I was and am skeptical.

Q: Do you have any specific grounds for being skeptical?

Pond: Yes, I think I did. Part of it was my personal belief that we had a bunch of people who were so dedicated to some form of health insurance system operated either directly by the ¹ federal ⁹ government, preferably that ⁻ or by contract with carriers ⁻ that I thought they were blinded to some of the realistic parts of the planning for such an effort. And my position I think is well-known. You may have heard it already.

Q: No.

Pond: You're likely to as you get into this.

Q: This, I take it, was thoroughly discussed within the Department.

Pond: And in the House, yes.

Q: And in the House Ways and Means Committee.

Pond: No, this wasn't discussed there so much as here in ^{HEW} ~~the house~~.

Q: I see what you mean. Then would it be fair to say that your own conviction was that ~~mm~~ those figures which were produced by the AMA were closer?

Pond: I wouldn't know. I wouldn't have any more faith in their figures because I've never attributed to them an open mind with respect to the need for a ⁴federally sponsored program. I don't know when I crossed the bridge in becoming convinced that you had to use substantial tax funds to provide coverage for low income groups. It would be sometime in the mid '50s. I have real misgivings about having a centralized federal system, and I thought that the approach ~~from~~ ^{and} that ultimately became the Javits approach/later became the Republican party-supported ~~proposal~~, was more realistic. I had hoped that we could figure out some way in which the ⁵States would play a significant role. Strangely enough, in the evolution of the health-care-for-the-aged bill that finally passed, Title ~~there were~~ ^{features} ~~19, got~~ lots of things that I hoped would be in any legislation that ultimately was written into law. ^{The benefit} ~~was patterned after a proposal made by Senator Javits in 1960 - upon which I worked, And there is~~ structure. ~~We got~~ a deductible. ~~We got~~ state involvement, and ^{there is} ~~we got~~ clear involvement by the private sector of the economy. ^{the statute that was worked out} There are some horrendous problems still to confront, but nonetheless, ~~this~~ is much more like the kind of compromise I hoped could be accomplished/ ~~than I had~~ ^{than I had} anticipated would happen.

Security Amendments of 1965

Q: In the development of the Javits and Fleming proposal, you played a role in this so that your ideas and feelings are to a certain extent reflected in the way those proposals came out. I think we could talk about those in a minute. Before I do, though, I think it would be worthwhile to concentrate on the Forand proposal first and ask you what you know about the origins of the Forand proposal and ~~xx~~ what ~~extent~~ involvement the Social Security Administration and the Department had with the evolution of this proposal?

Pond: On the latter point, the impact that the Department^{had}, if you are now talking about the office of the Secretary--I assume you are--~~had~~, I would say ^{was} null. With respect to Social Security, I don't know the facts. ~~I don't know.~~

Q: What about your attitude toward the Forand bill? As you pointed out, the great need was in the area of the low income groups. In the Forand bill and in the medicare bill, if ~~I~~ I can lump the two together, I'm not so sure about the Forand bill, but certainly the King-Anderson bill wasn't really a low-income group proposal ~~xxxx~~^{so} much as a middle income or lower middle income program. So in view of this and your recognition of what area was the one that needed the attention, what was your reaction? Did you react against it on this ground or did you feel this would be a contribution, despite certain bureaucratic or administrative procedures...?

Pond: At that point in time, I still hoped that something could be evolved that would not be able to become a national health insurance plan. I saw the Forand bill as a threat, a device to begin with one segment of the population clearly identified, which could in time become a national health insurance plan. It didn't really appeal to me. It might later, if you will. But when it first ^{came} out, I was still enamored of the hope that we could somehow or other do the job in this country through the principle medium of private effort, with whatever tax support needed to be provided to see to it that the poor, whether they be old or young or middle-aged, would have equal opportunity for protection. By this time, as I said earlier in this interview, I had become firmly convinced that it was going to take a substantial ^{infusion} ~~diffusion~~ of ¹ federal tax funds to do the job.

I had no question about that. You had to be absolutely blind not to see that at this point.

Q: There seem to have been those who were.

Pond: Oh, Yes. There were a lot.

Q: What form did this thinking take? Did it take the form in your mind of specific legislative proposals that you thought would be preferable?

Pond: Once Marion Folsom had left -- he left in '58 and Arthur Flemming came in -- we were involved in other kinds of problems and weren't giving much attention to the health insurance problem. As I recall it I first got involved with the Javits enterprises through the efforts of Winslow Carlton and Arthur Harlow whom I had gotten to know during our work-up of the Federal Employee Health Insurance program. Mr. Carlton was close to Senators Javits and Case (of New Jersey) and brought me into the picture.

Q: The Forand bill had already been introduced.

Pond: Oh, yes. That had gone in earlier.

Q: What was your reaction to the Forand bill in terms of politics, the political situation? What did you view this move as being?

Pond: I thought it primarily was labor's new approach to getting the national health service plan that they wanted.

Q: This was definitely in your mind identified with labor.

Pond: Oh, yes--no question.

Q: Why?

Pond: Aime ~~Forand~~ Forand, for one thing, ^{was picked as the sponsor. At that time, he was not very well known in the House. Then there was} and the very rapid way in which support developed for it among the groups ~~you~~ usually identified ^{it} as the labor groups--both on the Hill and elsewhere.

Q: Could you be a little bit more specific about that?

Pond: The kinds of people on the Hill that got interested in it represented that segment of the Congress which seemed to me to be identified with movements that organized labor generally espouses. I saw ^{it} also as a proposal that would automatically focus attention of one segment of the population--notably the aged--very vigorously on their plight vis-a-vis health insurance. And it was clearly something that would be good for them as far as they were concerned, and it was clearly, in terms of what it offered, so much better than what the Administration had come up with in terms of benefits and the effect on the pocketbook, that it obviously was going to be attractive. I couldn't visualize it getting enacted ^{soon}, but I could see it as a proposal that would rally lots of people around. Now, Aime

Forand had a hell of a time with this in the ^{very} early days, as you know. He couldn't get a ~~lot of~~ ^{much} support for it. I think he put it in as a sleeper or whoever were pushing it used him as a sleeper to put it in, ^{he and they} ~~and~~ got quite surprised in time when it became a cause celebre.

Q: Well, that's approximately it. My impression is that there was even a certain reluctance at first.

Pond: On his part?

Q: Yes, until he found out he might win it.

Pond: Nobody had ever heard of him up until then.

Q: So, in other words, you didn't see the Forand bill as a serious threat, as something that could be enacted. Therefore, you weren't particularly worried about it and felt the need for an immediate response to it.

Pond: I felt at that time, ^{that Eisenhower} the ~~A~~ Administration really should come up with something. I was loyal to it and trying to make it look as good as it could. ^{I might add, it} ~~and~~ it stood for a lot of things I believed in, ~~and~~ didn't stand for some things I believe in. But I felt very strongly that it had to have something that it could talk about and support, ~~and~~ it had nothing.

Q: Did the introduction of the Forand bill lead to discussion

within the Department?

Pond: Not right away, no. It was so clear that nothing would happen to the Forand bill, again on the assumption that it takes x number of years to get positive action.

Q: One didn't tend automatically to look ahead to the 1960 election?

Pond: A few people did. Arthur ~~Fleming~~^{Hemming} did. But I don't think it was the Forand bill; it was the conviction that the ~~A~~ Administration had to have some positive posture on health insurance.

Q: It wasn't the Forand bill that stimulated his thinking along those lines?

Pond: No.

Q: And of course, as you say, in '57 the bill was still an obscure bill.

Pond: It wasn't obscure around the Social Security halls. ~~You~~^I used to hear a lot about it.

Q: They were very interested in it. Even when it was first introduced. Did you hear about it before it was introduced? Was it then called the Forand bill? Was it recognized that Forand would introduce it or were they talking now simply about a health insurance bill...?

Pond: My impression is that they were talking about a health insurance bill for the aged.

Q: For the aged. Because there was such a bill perhaps you recall in the very e arly '50s. Humphrey introduced it and then it disappeared.

Pond: I'd forgotten about that.

Q: The idea of a health insurance bill for the aged was something that had already occurred to people several years before even.

Pond: Well, as I told you, in the second version of the reinsurance bill, we had something that would provide special reinsurance for efforts that were designed to promote ^{and improve} health insurance coverage for the aged.

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Interview # 2

Interview with M. Allen Pond
Bethesda, Maryland

by Peter A. Corning
August 18, 1966

Q: Perhaps we could start today by starting with the year 1960, which was a Presidential year, and which saw a great deal of activity in the area of health care legislation. Perhaps you could reconstruct for me your recollection of the events of that Presidential year.

Pond: My recollection is rather vague, but beginning either in late 1959 or early 1960 it became evident that the Eisenhower administration was beginning to feel the need for some kind of a health insurance program. My recollection is that Mr. ^{Hemming} ~~Fleming~~ at a meeting in the White House in December of '59 or January of '60 made a very strong plea to have a proposal that the administration could support. It was before that time that Senator Javits had talked with me about getting some help in drafting a bill which he proposed to introduce into that session of Congress, into the session starting in 1960.

Q: What was his motive?

Pond: He felt very strongly that ~~there~~ had to be a Republican ^{position,} ~~decision,~~ and he felt that he personally needed it and couldn't

be comfortable without something that he could espouse.

I cleared this request with the Secretary. By that time I was Acting Special Assistant for Health and Medical Affairs, my immediate chief having died. I was granted authority to work with the Senator and his staff.

Q: Now, the Nixon discussion at the White House: was that in the context of a special meeting called on this issue?

Pond: I don't know the details of what went on, but I do know that when Secretary Fleming came back from this White House meeting, Bob Forsythe, who was Assistant Secretary for Legislation, told me that I would be working on an administration bill and not just one for Senator Javits.

Q: I think it would be very important to try to pinpoint a little bit more specifically the date of this White House conference. Would it have been before the end of 1959?

Pond: My impression was that it was sometime in December of 1959. And if I were to guess, it was about the middle of December. It was not a special conference on health insurance. It was a ^{White House} meeting at which the Secretary and his immediate staff ^{political} of ~~labor~~ appointees ~~not~~ to discuss the 1960 legislative program for HEW. I was not present at the meeting and only know

what has been told me by Messrs. ^{Hemming}~~Fleming~~ and Forsythe.

At any rate, we began by utilizing a small staff of people from the Public Health Service to develop a program which could be used if the President and Cabinet went along with it as an administration bill. The general characteristics of the proposal were reflected ultimately in what was introduced during the course of ~~hearings,~~ a very extended executive sessions of the House Ways and Means Committee on the Forand bill in the spring and early summer of 1960.

Q: Meanwhile, what happened with Javits? Were you also working for him or was what you were drafting...?

Pond: He went ahead with his bill.

Q: Independently.

Pond: Yes, but gave solid support to the administration effort.

Q: Who was doing his work then?

Pond: He was getting technical advice from some of us in HEW and was using outside resources. I think Arthur Harlow and Winslow Carleton worked with him fairly closely.

The principal contribution that I felt we from the executive branch made to ^{the} Javits effort was to outline a series of benefits, which included not only hospitalization ^{and} nursing

home care, but also diagnostic services and home health care services, which were for the first time introduced as a kind of service to be covered by ^oprepayment or insurance plan.

Q: And historically then this was later picked up by the people who were active in drafting the King-Anderson bill and it became part of the accepted framework of a piece of adequate legislation?

Pond: I've always believed that the principal contribution of Senator Javits to the health care for the aged legislation ~~that~~ was finally enacted involved the development of a ^{parcel} ~~part~~ of services, which from a professional standpoint made a great deal of sense. The objective of the out-of-hospital insurance benefits was to avoid long-term costly hospitalization or hospitalization for diagnostic services, which could be handled just as well on an out-patient basis.

Q: How does this compare with the bill Senator McNamara introduced in that year also? Didn't that have some innovation in it, too?

Pond: I don't recall the McNamara bill at all at this point,

I'd have to look back.

Q: At any rate, though, in the development of ~~this~~ administration proposal, this work that you were doing went on over what period of time?

Pond: For two or three months, as I recall it. The first time that it was revealed publicly was on the first morning when Secretary Fleming went to executive sessions before the Ways and Means Committee in the House. And I can recall a comment by the ^{-- Mr. Mills --} Chairman that he had not expected to report any legislation that year and he'd expected to have very brief hearings; that this introduced a whole new set of circumstances and he felt that they'd have to take the issue up in committee in executive session. And this series of executive sessions to the best of my knowledge went on for two and a half or three months three or four mornings a week while administration witnesses struggled with various aspects of pending legislation.

Q: As I understand it, although there was a proposal, there was not a bill at that time.

Pond: That's correct.

Q: And I also understand that ~~there was~~ by no means had the decision been made to go ahead with this as an official administration proposal.

Pond: That is correct.

Q: Could you explain a little bit about the nature of the discussions going on within the administration?

Pond: I wasn't privileged to the political discussions that were carried on. One characteristic of Secretary Fleming that I always admired was that he used us career people as technical experts and would rely very heavily on us for advice; but when it came to political ~~questions~~^{discussions}, he was very careful to have those held among the political people and not among the career people. I was pretty well informed as to what was going on, but I wasn't a party to or immediately involved in these discussions.

Q: Well, from your vantage point, though, could you perhaps describe for me in a general way what the nature of the internal political discussion was?

Pond: Well, there was a strong split within the Cabinet, as I understand it, and also among the Republican members of the House Ways and Means Committee as to whether there should be an administration bill at all. Johnny Byrnes, who was the principal strong man for the Republicans on the Ways and Means Committee, and others were sharply divided as to whether there should be an administration proposal. Some felt that if the Eisenhower people came up with a bill, then the Democrats would be more likely to rally round the Forand bill or something like

the Farand bill ~~or something like the Farand bill~~ and report it and probably get it through the House at least; whereas if there was no opposition bill, ^{no} ~~a~~ Republican bill, they could expect to get more opposition to the Farand approach.

I think the same set of considerations~~were~~ held in the executive branch among the political leadership. The President himself I don't believe ever got deeply involved in this. He seemed to think the administration ought to have something, but I don't think he really took any strong position either pro or con.

Now, the particular role of the Vice President has never been clear to me. He was obviously going to run in 1960 and we had to assume that he was going to be confronted with a platform issue and a position of his own on health insurance. I gather that during the winter of '59-'60 and spring he supported what ~~Fleming~~ ^{Flemming} was doing, but I never was conscious of all-out support, an effort to get legislation enacted. I would not want my recollection on this to be your sole source of information because there are a lot of people better informed on that than I am.

Q: Am I correct that one of the reasons why ~~in~~ you were able to present only a proposal or the outlines of a proposal rather than a bill at the executive session of the Ways and Means Committee was because this issue had not yet been resolved at that point?

Pond: That's my recollection.

Q: Why was it that you appeared at all at that point? Was it necessary for the administration to...?

Pond: They had been requested to appear and take a position on the Forand bill, and Mr. Fleming felt that it was far better for the administration to speak from the platform ^{of a clear position that it recognized} than to speak solely from the position of opposition.

Q: One thing that has puzzled me is why the administration chose a proposal along the lines of the Javits proposal and the ultimate Fleming proposal rather than something more along the line s of something that finally came out as the Kerr-Mills bill. In other words, taking the welfare and general revneue approach.

Pond: I don't recall exactly why they came out along the lines they did. I think there was real concern about tackling the health care for the aged ~~issue~~ solely along the welfare route. There was a strong feeling among many people who were ~~xxxx~~ working with Mr. Fleming that the state agencies should play an active role and those of us who were in the health business felt it ought to be state health departments. We felt that this would in the long run be a more satisfactory approach to an ultimately bigger program if it was handled by the health

a problem that needed solution rather

rather than the welfare people. Don't forget that there were several Republicans at that time, prominent ones, who were privately convinced that the only logical approach to the solution of the problem was to use the Social Security taxing mechanism as a basis for financing the program. They didn't think it should be done through general revenues.

Q: Including Javits?

Pond: I think Javits had that opinion. I think you ought to talk to him about it. I think he could have gone for a Social Security approach a long time before he finally came out for it. It seems to me as though most people who had given it very serious thought ^{were} ~~are~~ of the opinion that the most responsible approach to financing a health insurance program in this country is through some kind of an earmarked tax rather than through the use of general revenues. I think that was true at that time.

My own preference at the time would have been to use the Social Security tax or something like it and to emphasize state administration to the maximum possible extent.

Q: Yes, much along the lines of the original Wagner proposal in the latter '30s.

Pond: Yes.

Q: I wonder whether there were any political considerations, too, in the choice of the kind of proposal you finally presented to the Congress. Was this the one that was felt it would be the most acceptable to the Republican members of the Congress?

Pond: I think that this was a very important consideration but ~~that~~/the Republican membership was sharply divided . There were many that were firmly convinced that there was no need. I never could understand how they could reach that conclusion. There were many who were convinced that there was a need, but were not prepared to go for an approach which they felt would simply form the basis for ultimate enlargement into a national health insurance scheme. Many of those of the latter group felt that the approach that Mr. Fleming and his associates worked out was probably the most acceptable by and large to the Republicans. On the House Ways and Means Committee there were several Republican members who were quite evidently ~~thoroughly~~ disturbed that Mr. Fleming came up ^{with} anything. I can't remember exactly who these were.

Q: You know, I've puzzled about this situation because in the end the Kerr-Mills bill sailed through the House and the Senate by rather large majorities. I wonder what your explanation is for this. Was consideration given to a kind of Kerr-Mills kind of approach?

Pond: I don't recall that we gave this any consideration when we were working in the late fall and early winter of '59 and '60, ~~with the Kerr-Mills approach.~~

Q: Your primary concern then was for something that would be closer to the health insurance kind of approach and that would be more of a compromise, a middle ground position.

Pond: Yes.

Q: It seems to me that tactically this was a very important consideration in terms of the political situation in the Congress.. What do you suppose would have happened if you had opted for a Kerr-Mills kind of approach?

Pond: I have no way of judging. I really don't. It went, as you say, very well when it finally was presented. It might have gone very well anyway. What it did was to get an awful lot of members of Congress off the hook. What its long-term implications are, I'm not prepared at this point to say. I have some strong suspicions.

Q: Now, when Mills came forward with his own proposal, what sort of position did the administration take at that point?

POND: I must confess I don't remember.

Q: You don't recall any discussions internally on that.

Pond: I don't. I'm sure there were some. And I'm sure if I sat down and thought for a while I might remember them, but right at the moment I don't remember.

Q: I gather that this was something that came from Mills himself, that came from within the committee and not something that originated either in the administration or...

Pond: It sure didn't originate downtown to the best of my knowledge.

Q: Now, I wonder if we could pick up the chronology of the administration's proposal here. At first, you had only a proposal in outline form to present to the Ways and Means Committee. I take it, the issue was later resolved and you did receive a go-ahead for ~~such~~ a proposal.

Pond: Well, Secretary Fleming couldn't have presented the outline at the time ~~of~~^f the executive session of the Ways and Means Committee started if he hadn't had tacit approval from the President or the Cabinet so that it was clear that there was enough agreement with his point of view that he could go forward and make his presentation.

Q: And yet on the other hand, I take it that this never officially

became an administration bill.

Pond: In the sense that it was introduced as such?

Q: With a Presidential message...

Pond: There was never a Presidential message on it, no.

Q: Or any of the ritual...

Pond: No.

Q: This I think raises a question, too: why was it that the President couldn't be brought into this strongly enough to make this something to which he was committed?

Pond: I don't know the answer to that question. I would presume that the issue was such a debatable one within the Republican party and within the Administration that he probably did not see a clear-cut concensus and he had never really pushed any health insurance business after the reinsurance plan. He did work for that one.

Q: In general, I have the impression about the events of 1960 that at that point, since the Democrats did control the

Congress and since it was a Presidential election year, that no matter how sound and how reasonable the administration's proposal was and no matter how strongly Eisenhower might have backed it or not backed it, that the Democrats were not going to let a Republican bill through the Congress that year.

Pond: I don't see how they could really.

Q: This was your feeling, though...

Pond: That was my feeling.

Q: That all you could really do was go on record with a proposal that was a reasonable alternative.

Pond: Present a reasonable alternative which had some characteristics in it which might be useful in working out the ultimate compromise that by that time many of us were sure was going to be worked out within a period of a few years. We didn't know how long. We were pretty sure it wasn't going to happen that year.

Q: Why did you feel this way, that there would be an ultimate compromise worked out?

Pond: The evidence was pretty clear that while the third-party

payment program was expanding in terms of numbers of persons covered, the proportionate share of the health care costs for the aged covered by third-party payments was very low, and was not increasing significantly. The costs of medical care were going ^{up.} ~~out.~~ The Blue Cross plans, particularly, were getting into greater and greater difficulty because they had been covering old folks, which put a very heavy burden on the rates which Blue Cross had to charge, and they had ultimately reached the breaking point. ~~I think most of us were convinced...~~ I was convinced long before that ~~that~~ there was going to have to be some infusion of tax funds into the insurance picture for the aged because I didn't think you could charge rates that would be adequate to cover the costs of really good ~~insurance~~ coverage and be able to sell insurance. Now, there were a lot of people who hoped that the employer contribution to costs of prepayment or insurance plans would take some of the burden off the individual policy holder, whether a group plan or otherwise, but this was not likely to happen, and I think the events of the years leading up to the final enactment of the Social Security Act amendments of '65 demonstrated that for this age group at least the private sector of the economy was either not prepared or unable to support it in a fashion that was adequate to remove this as an issue from a political standpoint. ~~I think~~ that's a fair statement of the considerations.

Q: I wonder if you could perhaps identify for me some of the people

who were also convinced of this point.

Pond: Marion Folsom, Arthur Larsen, Bob Merriam, Fleming certainly was.

Q: And of course people like Rockefeller and Javits.

Pond: Yes and Rod Perkins, Elliot Richardson--he's the lieutenant governor of Massachusetts now--^{were} ~~was~~ fairly convinced of it.

Q: And these were the people who had studied the problem, as you said before. Whereas those who had not studied it and thought about it didn't tend to see that there was being isolated out of the pattern of private health insurance a segment that were not being covered by it.

Pond: Well, you see, the numbers of people covered by private health insurance had grown very substantially during the years in which Eisenhower was President, and the proportion of the personal health expenditures that was met in the gross by third-party payments had been increasing. But at the same time the increase in the costs of medical care continued to rise very dramatically and particularly was this true for the elderly, and it was abundantly clear that with insurance rates going up and the prepayment plan rates going up, the thing would at some point in time price itself out of the market for

the aged if you were expecting to use third-party payments to cover any significant part of the costs of medical care for the aged, which is two or three times as expensive as it is for the population at large. I'm no economist, but I did study engineering and I think I can count, and anybody who's reasonably open-minded I think would have seen this. Now, the real problem for those of us who took this point of view centered around the question of how you handled a government program, and a lot of us were concerned about moving to a state medicine plan. A lot of us were concerned about going to a national health insurance plan for the total population, and we were trying really to isolate the segment of the population that was most in need and find a way for the government, using its taxing powers, to help meet that need. And I think that the plan that Mr. Fleming put forth, the Javits plan, the Forand bill and other bills were all reasonable and responsible bills. It was a question of which way you went, and it seems to me for thoughtful people it's the way you always ultimately begin to narrow down your range of choices so that you can make a decision.

Q: Yes. One thing that strikes me about this period is that you were singularly ineffectual--and I don't mean this as a criticism but as a matter of historical fact, and it's probably, if anything, a criticism of the people you talked to, but you didn't succeed in convincing the Republican party and enough of the Democrats at that time, because of the

complexion of the Congress, that this was something where there was a need and where inevitably something would be enacted and it would therefore be politic to enact something more along in tune with the philosophy of the Republican party at that time.

Pond: Well, take, if you will, some of the factors that go into framing a party position by the Republican party. Recognize that in the Republican party the executives of corporations large and small have played an important role. This was particularly true of the health insurance business. Many of the executives in the health insurance business were very active Republicans. They were convinced, I believe--I always try to give them credit for it--that there was no need for a tax-supported health insurance scheme for any part of the population except the very poor. They had no trouble with that.

Around the country the Republican party is divided. The Javits wing and people like that are not numerous. A Cliff Case and a Jack Javits and a Saltonstall, Ken Keating, Rockefeller and some of that group are not typical of the rank and file. Very many Republicans are convinced that the government should stay out of areas of activity which presumably can be handled from the private sector. And there's a very sizable conviction in the insurance industry that they can do the job, given a chance. I always thought they were stupid to oppose the re-insurance bill because this would have provided a mechanism--at

least the one we put up the second time in '55 instead of '54--for experimentation and ultimate involvement of the government, of course using general revenues, in paying the extra costs that would be involved in insuring old people at a cost they could afford to pay. There was a whole theory to the re-insurance proposal.

Now, some of us hoped that the reinsurance plan would pan out to work effectively. An awful lot of people at the time said it was a fraud, a delusion, that it couldn't get anywhere. But the insurance industry even opposed this. We had a hell of a time getting witnesses even from among our friends who worked with us in the early winter of '54 in drafting the bill to come down and testify. Now, there were others like Marion Folsom who were convinced that this wasn't going to work, it was just the wrong way to go at it, and that somehow or other we had to get off the hook. I think I talked about it the last time we were together. But within this framework of "Republicans" you had a large number who thought that nothing should be done. You had some who thought something ought to be done but hoped you didn't have to do it right away. There were some who thought it would be good politics to come up with a proposal that at least would be one that the Republicans could point to ~~xxxx~~ with some pride. There were others who felt that something had to be done and that the Republicans ought to come forward with a proposal that was a responsible

one and one that could be looked upon not only by Republicans but by Democrats as well as a reasonable solution to a very difficult problem. But I would say that the group who took this last position that I mentioned was far outnumbered around the countryside, and there really wasn't time... If you think of it, you can't get an idea like this across to the American people in short order. Look how long it took, in fact, to get any health insurance legislation through Congress going way back to the '30s and before.

Q: And don't you think, too, that when it comes to selling ideas, it would be very difficult to sell a program that ~~was~~ involved subtle and complex differences or technical differences from the one finally proposed by the Democrats in the King-Anderson bill or the Forand bill; that it's easy to use the slogan "health insurance under Social Security." Social Security has some meaning.

Pond: Social Security is understood by every old person in the United States. They either get it or they don't get it. Most of them get it. Most of them rely on it to pay for most of their groceries and their rent and their clothing and entertainment and the like. This is easy for them to understand. It's a regular system. They pay for it and they expect it as their right and due. But anything that is reasonably complicated-- and I must confess that the Republican alternative was

complicated--is very hard to describe.

Q: And it's hard to explain the advantages of such a program in a way that has meaning for the average voter.

Pond: That is correct.

Q: Only somebody who was in politics understands the issues involved and the relationships between governmental units and the different kinds of financing mechanisms available and so on.

I had the impression also that both the insurance companies and the AMA at this time were convinced that not only was there no need, but that they could defeat any proposal for health insurance under Social Security.

Pond: In 1960 this was clear. They could. There was no question. They knew they had the votes.

Q: They believed they had the votes in 1960 and they believed they ultimately could defeat it, too.

Pond: They knew they had the votes in the Ways and Means Committee, and that was the key. If ^{a bill} you got out of the Ways and Means Committee, it was a goner as far as the opposition was concerned. But they had them. And it was clear on several votes that were taken on the Forand bill in executive session that the opposition had the votes.

Q: But what I'm driving at, though, is not just in 1960 but in a general way in 1957, '58, '59, through this whole period in question here, the principal opponents of the Social Security approach didn't feel any necessity for compromising, for finding some middle ground.

Pond: Oh, no. They thought that would be a weakness.

Q: And they thought there was no necessity to do so because they thought they could defeat the Forand type of approach.

Pond: Right. I personally believe that if there hadn't been a Goldwater in 1964, it would have been very difficult to get a health care bill for the aged through in 1965. Several of us felt that when the fight in 1960 was over, that the issue would be a lively one but not resolved for eight or ten years. As a matter of fact, I bet a friend of mine four bits the day that fight ended in the special session that the issue was done until at least 1968 and probably 1970, but 1968 was my cut-off line and I paid him the 50 cents in 1965. But the people who were most strongly opposed and most actively opposed, (a) knew they had the votes as of 1960, and (b) were apparently convinced, although I never could understand how they could be certain that they would retain enough opposition through the next several years to beat it. I felt that there was ultimately going to be legislation--it was a matter of time--and some kind of a solution would be found, but what it would be I didn't know. I'm speaking from memory here, but I've thought about it

a lot over the years.

Q: To move on with the chronology then, how did things develop in the spring after this proposal was introduced in the Ways and Means Committee?

Pond: I think from the very beginning it was clear that the approach that Mr. Fleming was espousing didn't have a prayer of getting out of committee. He had hoped, I think, to have found some middle ground with it, but he just kept plugging away, responding to questions, of which there were hordes. Meanwhile, there was a good deal of interest in the press about it, but ultimately the people who were most responsible in the Ways and Means Committee worked out an alternative, a complete alternative. It ~~didn't~~ deal with health insurance at all.

Q: How do you ~~explain~~ the interest of the press in this? Why were they so interested?

Pond: Primarily because the people who were pushing the Forand bill had developed a good deal of support. There was an increasing interest among the aged. Organized labor was very active. There were many speeches being made around the country-side. It was an election year, and it was an issue that affected an awful lot of people; so that there was a great deal of interest.

Q: Do you think also that it was an issue that could easily

be recognized as one that was going to be a contest?

Pond: I think probably this was true.

Q: And that a conflict is the kind of thing that always reads well in the press.

Pond: That's right.

Q: Were you involved now in the action on the Senate floor that year?

Pond: Not directly. I didn't sit on the floor.

Q: But were you involved in the Javits bill?

Pond: Yes.

Q: Can you recall any of the developments with that bill?

Pond: Not clearly enough to be able to give you anything definitive. A fellow by the name of Allen Lesser, whose name I may have mentioned to you ^{before} ~~by far~~, who is now in the Office of Education, was the principal staff guy for Senator Javits working on this. The Senator himself put an awful lot of time on it and worked very hard. We provided him with technical help. We had a couple of people sit on the floor the day of

the debate. But I personally didn't. I was in the gallery that day. That's about all I can recall of it.

Q: Can you describe for me, though, the feeling on the Senate floor at that time? Do you have any impression of the character of the debate and the vote in 1960?

Pond: Frankly I don't remember it. The one thing I do remember is that there were mobs wandering into and out of the gallery. There were just literally mobs. I had a special pass and this was no problem for me, but I can remember the immense lines in the Senate wing of the Capitol leading to the gallery.

Q: A lot of old folks?

Pond: Old folks, young folks, all sorts of folks--tourists. They could sit for 20 minutes and then they had to get up and go out. It was just a steady stream of them.

Q: Do you suppose part of the interest was due to the fact that ~~there~~ both Presidential candidates were involved?

Pond: This may have contributed. I would suspect it did. And particularly I would suspect it was because Jack Kennedy was there.

Q: Wasn't Nixon on the floor at the time?

Pond: He presided.

Q: So that in a sense it was a battle between the two Presidential candidates.

Pond: Yes. ~~At~~ At that time it was touch and go. I was in my office when the final vote was taken.

Q: The vote on the Javits bill.

My recollection is that it was on
Pond: ~~I can't remember whether it was the Javits bill or the~~ so-called Kennedy bill. I had a call before the roll call and was told that it was not going to pass. I remember going and telling the Secretary and he wanted to know where I got my information. I actually don't remember. I had a call from the cloak room and it was said that the nose count was such that it would not pass, and it didn't. But apparently the majority leader had either miscounted or hadn't gotten the full count. Apparently the majority leader until the very late head count wasn't sure whether it was going to be pulled through or not. My recollection is they missed by three votes.

Q: It was 49 to 44.

Moving on then to 1961, I have been told that you were involved in the drafting of the King-Anderson bill. Is that correct?

Pond: Not in detail. My only contribution, as far as I can recall, is a somewhat long, but I think maybe for the record worth-reporting story. I mentioned to you earlier that during 1960 I was the acting special assistant health and medical. Mr. Fleming had wanted me to resign my commission and take this as an appointment, which was a political appointment, which I didn't want to do. But anyway ^{During the last years of the Eisenhower Administration} I stayed there. They didn't appoint ~~put in~~ a Special Assistant (Health and Medical). And during the period after President Kennedy had been elected, there was a movement on the part of President Eisenhower to avoid the debacle that happened when he came in, ^{he wanted} to provide for an orderly transition. Three or four of us in the immediate ^{office} of the Secretary were designated to work with Governor Ribicoff, and about a week or ten days before the inauguration I told Secretary Fleming that I thought if Governor Ribicoff wanted to come in and have an office and ^{secretarial} staff, we could work it out because I had a suite with a nice office and some girls. Fleming made this offer to him. Ribicoff came in. I didn't know him from ~~the~~ Adam. He knew me--about ~~me~~--because I was a native of Connecticut. A lot of people ^{had} talked to him about me. And during the day or two before he took office as Secretary, there were some discussions about the development of the administration bill on health care for the aged. Well, I got into these meetings. I think some of the new people weren't very pleased to have one of us old China hands there, but I recall making a very strong pitch... Wilbur Cohen and others were there talking about the

For and bill and things that ought to be done to it.

Q: Do you recall which others or any others?

Pond: I think Bob Myers, the actuary of the Social Security Administration, was there--I'm not sure. I think Bob Ball was there, but I'm not sure. Wilbur was there. ^{Alanson}~~Alan~~ Willcox I think was there. He was going to be general counsel. Reg Connally, who's now associate general counsel, was there; and Rufus Miles.

But I had been identified by a lot of these people as being too close to the last administration in its health insurance proposals. ~~But,~~ ^Aat any rate, I invited myself in to one of these meetings. And I remember they were talking about first dollar cost payment or deductible, and I made a hell of a pitch on the deductible thing in terms of what the actual cost to the government would be. And this apparently at the time made a very deep impression on Ribicoff. I've always felt that this contributed in part--I'm sure it didn't contribute totally--to the idea of a deductible that finally ~~emerged~~ came into the King-Anderson proposal because there was nobody else there who pushed this at all. The social work types all believe in first/^{dollar}~~ing~~ payments. Most of the experts from the health insurance business believe in first dollar payments. But it was clear to me that they weren't going to have a lot

of money to play with and that on the basis of the experience we'd had in working up our own administration proposal, we recognized that you could save substantial amounts of tax funds and provide greater benefits if you had a deductible.

Q: Do you recall Bob Myers reaction to this? Would he have reacted to it ~~at~~ the time?

Pond: ^{Bob}~~But~~ is a very straightforward actuary. I've been told by insurance executives that he's one of the five best actuaries in the country. He simply states the facts, and the facts are this. The issue is a social one.

Q: I mean did he concede your point that this was from an actuarial point of view a correct assessment?

Pond: Yes. There's no question about it.

Q: I mean since he was at that meeting...

Pond: I don't want to be too positive he was there. I think he was.

Q: What about Wilbur Cohen?

Pond: Wilbur was a first dollar payment fellow. He felt very strongly, had felt it. Wilbur and I had known each other

well for years. He took the position--he still does--that the presence of the deductible tends to inhibit people's using services; and further than that, that when you're dealing with the aged, even a \$40 or \$50 deductible is quite a burden. But we thought we had worked this out reasonably equitably the year before when we were working on the Javits bill and on the administration proposal. We had the actuarial estimates. But at any rate, as far as I'm concerned, the only role that I played, if I played any--and I'm not sure; I may be taking credit where credit isn't due, but I was fascinated when it turned out ^{that the Kennedy Administration opted for a deductible and some} ~~this way: when the administration finally went~~ ^{my line of argument} ~~forth~~. The one thing I do recall is that ~~it~~ obviously made a very deep impression on the Secretary-designate. Incidentally, I was never asked back to these health insurance meetings thereafter.

Q: So that my information is not essentially correct, that you were a party to the discussions on the development of the so-called medicare bill.

Pond: I don't feel that I was. I was there in the Secretary's office for two years and ~~when~~ asked, would express my opinion; but I was nowhere deeply involved in this. By the time they began to trust me--Ribicoff trusted me from the beginning...

Q: How do you explain this?--that Ribicoff did ~~and~~ the others didn't.

Pond: Partly because of the fact I'm a Connecticut native, was

known to people in Connecticut and known apparently favorably ~~to some~~ ^{to some} whom he knows and trusts. I asked him right away whether I should get out. He said no, he thought I ought to stay--he knew all about me. He ~~knew~~ ^{said} that I knew where the bodies were buried. He handled the political side of it. All he wanted was someone around who knew what went on. So I finally...

Q: What did he mean by that crack about your knowing where the bodies were buried?

Pond: I'd been around the Secretary's office since 1953, and I'd been here and in jobs in middle management since 1948 and knew a hell of a lot of people and knew what a lot of people stood for and didn't stand for and knew what some of the problems were.

Q: So he wasn't referring to any particular incident or any situation.

Pond: No.

Q: What he basically meant was that you knew the terrain.

Pond: I think that was it. But as far as I'm concerned, I ~~had~~ made no significant contribution to the development of the King-Anderson bill during 1961 and subsequently. If I had anything to do with it other than the incident I just recorded about the deductible, it was in working with Jack Javits and helping him

work out a benefits scheme that was ultimately adopted, not intact, but the outlines are sure as hell there.

Q: On this question of deductibles, I take it that the motives for the deductibles changed somewhat in the end, that the problem of financing was less critical at the end when there was a more permissive attitude about the whole thing and confidence that the bill was going to be written. The financial fight was not something that might end up being a negotiable point that might be accommodated...

Pond: Well, for x percentage of payroll, you can provide, if you limit the hospitalization, y number of days if you pay first dollar costs; but you can provide ~~y + z~~ y + z number of days if you provide for a deductible. Do I make myself clear?

Q: You do, but I'm saying that this was not a very important consideration because they had more money to play with in '65.

Pond: I'm not sure that it wasn't an important consideration.

Q: What I'm asking you is whether or not an additional consideration entered in in the final version of the bill, and that was the question of protecting the system against overutilization/

Pond: This may well be true. I don't know.

Q: That it wasn't more a protective device rather than an economy measure.

Pond: I wouldn't put it as an economy measure per se. The way I would put it is that you can provide a greater array of benefits and a longer duration of benefits for an equivalent number of dollars if you have a deductible.

Q: So it relates also to the kind and quality and quantity of benefits.

Pond: That's right. I don't know what the ~~exact~~ facts are, but you can paraphrase it by saying: if you pay first dollar costs, you could have had hospital and nursing home care but not diagnostic and home health care services. Or you could have had 30 days of hospital care instead of 90. Or you could have had 60 days of nursing home care instead of ^{120.}~~only 20.~~ And this is actuarially demonstrable.

Q: Speaking of this transitional period that you were talking about, there are two questions that I'd like to ask you in connection with that. First of all, you referred to a debacle when Eisenhower came in, and I wonder what you meant by that. And secondly, I wonder if you could describe a little bit more in detail the process of transition in 1960 and '61.

Pond: I wasn't directly involved in the transition in '53, but I know that the new people coming in were a completely different team. They had only one or two people--old China hands--around that they were able to use and they weren't comfortable in using them. There was a general feeling in the

administration--I ~~think~~ think the President particularly felt it--
 that while he had some ^{background} ~~briefing~~ on defense and military matters,
 he really didn't have much of a briefing on other things.
 And ^{in 1960} he worked hard and made the Cabinet work hard to try to
 provide for an orderly transition in each Cabinet agency.
 There's a book that was written about 1961 or '62 on Presidential
 transitions. Have you ever read it? ~~I~~ I can't give you the
 name of the author, but it's a very interesting document.
 I think it was done by somebody for the Brookings but I'm not
 sure. But I think it was a pretty orderly transition in 1961.

Q: Well, can you reconstruct any of your personal involvement
 in that? Do you have any reminiscences about what that process
 of transition involved as it related to the Department of Health,
 Education and Welfare?

Pond: Yes, we tried to give the incoming Secretary a pretty
 complete rundown on budget plans. We tried to give him a pretty
 complete rundown on legislative needs. There had been the Wilbur
 Cohen committee, as you know, that the President had appointed
 after he was elected, and there had been other taskforces.
 But we tried to identify the current problems that would have
 to be handled in one way or another.

Two of the group--Rufus Miles and Reg Connally--went to
 Hartford for a day in early December to talk with Governor
 Ribicoff after his name had been made public by the President.
 And he came down during the week between Christmas and New Years

for a day or two and met with a group. There were four of us, ~~I think~~, in the Office of the Secretary at the time. ^{with whom he met separately.} Then he met with the commissioners, and he was able to get a pretty good feel. He learns very fast. He had a pretty good feel about what was going on.

One thing I remember is that he was quite surprised that all of us not only knew Wilbur Cohen--he confided in us that he was going to appoint him--but ^{this group of four of us} had all worked with him.

Q: Do you know anything about how the appointment of Wilbur Cohen came about?

Pond: I don't really--no.

Q: Can you recall anything else about the transition process?

Pond: Only that I got asked periodically for fairly quick rundowns on issues which we had and which had not been resolved. That year I was not involved in the writing of the health messages. The only health message since 1954 that I haven't been deeply involved in.

Q: Including the ones beyond that--in '62 and so on. Who did write the health message that year?

Pond: It was done in the Public Health Service under very close supervision by the Secretary's office by two people I think who kept me pretty well informed about what was going on, but I had

no role to play.

Q: Was Wilbur Cohen involved in that?

Pond: Oh, yes, deeply. At that time Wilbur assumed I'd get moved out. When ~~Dean~~^{Bo} Jones came in as ~~Special Assistant~~^{Special Assistant} (Health and Medical), he asked me to stay until we figured out whether he and I could work together. I stayed on with him for two years.

Q: One person we haven't talked about here is Secretary ~~Fleming~~^{Flemming}. Last time we talked a little bit about Secretary Hobby. I suppose another one was Marion Folsom.

Pond: I was very close to him and still am. He's one of the great men I've ever known.

Q: I wonder if you could describe Marion Folsom for me.

Pond: He's a relatively shy, bright, imaginative, sincere, honest businessman with a very strong sense of social responsibility. He had been as early as the days when Franklin Roosevelt was governor of New York actively engaged as a businessman and working on social insurance, ~~and~~ unemployment compensation insurance and other social ~~programs~~ programs. He once told me the story of how he was turned down for an ~~am~~ appointment to the board of trustees of a bank in Rochester because he was a Socialist, but he was as far from being a

Socialist as anybody I've ever known--just a plain, ~~white~~, tough business type. He was a superb administrator. I'm sure he was the best administrator I've ever worked with. He had the almost^s supernatural knack of deciding what the important things were, figuring out which ones were those he would pay personal attention to, finding associates whom he could trust and in whom he placed confidence, delegate responsibility to them and worry about the other first-line problems and forget the rest of them. It just tickled me half to death: When he came over to HEW the summer of 1956, I had known him when he was Under Secretary of the Treasury because I had been involved in getting a federal employee health insurance program started. He came over and I was going on leave ^{for} ~~in~~ three weeks, and he told me to go ahead and take it but when I came back he wanted me to give him a memorandum on what the important health issues were and he would decide which ones he'd work on. I wrote one. I didn't have it even completely typed-- had gotten part of it typed and the rest was in longhand, and some of it was struck over. It was in lousy shape ^{to go to a Cabinet officer, although the content was OK,} ~~shape~~. He called me one afternoon and said he had a little time, would I come in and tell him what the important health issues were and bring my memorandum.

So I went in. I had ~~been~~ been working in the ^{Secretary's office} ~~Cabinet~~ long enough to know that Cabinet officers are just like

everybody else and don't give much of a damn how neat and tidy it is as long as they get the meat that they want. So I took it in and he read it.

I at that time, and for some time before, had been deeply concerned about the need to do something about the radiation protection business. I recognized that this ^{problem} was going to grow. I had been involved years before in getting a ^{radiological} ~~meteorological~~ health program started ⁱⁿ ~~for~~ the ^{Public} Health Service. So on my laundry list I put this very high.

He looked at it and snorted. He said, "This is ten years off. I haven't time."

So I argued with him.

He said, "Well, if it's so important, then ^{you'd} ~~you~~ better handle it."

I'll never forget it. Dave Price over at the Public Health Service, later deputy surgeon-general, and I worried about the radiation business from then on. ^{The Secretary would} ~~And he'd~~ listen when I told him about it and he'd do what I asked him to do.

He'd do what we told him to do, but he wouldn't do one darned thing more. He'd jiggle ^{the line} ~~it~~ every once in a while to see whether there was still life there.

Well, this to me is illustrative of a man who will accept a sense of responsibility but won't try to spread himself too thin.

^{Fleming}
Arthur ~~Fleming~~ was a phenomenon as a Cabinet officer. He

was virtually a career public servant even though he had been a political appointee. He was on the Civil Service Commission for 12 years, had worked in Washington, spent most of his life here; and when he was appointed Secretary, he came in and put to work a lot of the ideas he had had about organizational and public administration. He had a tendency to rely more on the career people than he did on the political appointees that ^{were} ~~had been~~ around him. He listened to both, but he put more emphasis on the career people's opinions I think sometimes than he did on the political people's. He was a prodigious worker, is an enlightened person--very bright, very energetic and very loyal. ~~See,~~ ^{He} was as loyal to the people around him as anybody could be. He had a very great sense of righteousness. He's a leader in the Methodist Church, a lay leader, and ~~thought~~ a highly responsible person. He tried to do an awful lot of things. He felt very strongly the need to rebuild the Republican party, wanted to work at it, was a pretty liberal fellow and intelligent. It was fun working with him except you worked night and day, day in and day out.

I had an experience once when my wife was being operated on at ^{our} Baltimore hospital. I told him the afternoon before that I wouldn't be around the next day, that I was going over to the hospital to be there when she was operated on and came ^{back} to the recovery room. That was all right with him. It was during part of the health insurance business, as I recall. By some strange quirk of fate ^I ~~he~~ came back through my office on my way

home from the hospital. The Secretary wanted to see me. He said, "Allen, we've got to have a meeting. You've got to be there. We should have had it this morning, but I knew that Madeline^e was in the hospital and I knew you couldn't be here, so what I've done is to schedule it for eight o'clock tonight."

Well, I'd been at the hospital since 6:30 that morning and I was exhausted. I had one kid at home. We didn't have a maid or a babysitter or anything. I had to go home ~~and~~ prepare a meal for this kid and be back down for the meeting at eight o'clock that ~~night~~^{evening} that lasted until midnight. I'll ~~xxx~~ never forget it. This exemplified him. Everybody else was ~~mis~~commoded simply because I wasn't there but it was important from his standpoint that I be there, and he knew he didn't want to disturb me while my wife was in the recovery room and so he very thoughtfully scheduled the meeting for eight o'clock that night.

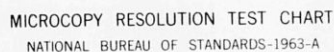
Q: Two more things quickly before we have to wind this up. First, I'd like to ask you about the development of the Anderson-Javits compromise and what involvement you had in that in 1962, and then the Javits committee in 1963, the national committee.

Pond: On the compromise my recollection is very hazy. On the Javits committee, ~~the~~^{the Senator} talked to me about it before he set it up, and when he was getting it set up he'd put on several people that I knew... Wasn't Arthur ~~Fleming~~^{Flemming} chairman of that?

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Fleming called me right after he accepted the chairmanship. He called me and told me that he badly needed a staff director and did I have any suggestions. I said, yes, I had one that I thought would be ideal for the job. I'd tried to hire him when I was in the Secretary's office. He was a very knowledgeable fellow. He wanted to know who it was. I said it was Howard Post. He asked me if I could get him, so I proceeded to call Bill Willard, an old sidekick of mine from New Haven ^{who is} ~~when I was~~ vice-president of the University of Kentucky. Howard was working ^{there} ~~I~~, and ^I put it up to Bill and then talked to Howard, and Howard was ~~s~~interested if he could break away from the University. Bill said this would be possible, and ~~got~~ Fleming finally to nail ^{ed} him down.

I had fairly regular contact with Howard and with Marion Folsom and some with Fleming during the time they were working on this committee. This was mainly an information-please thing. Part of the time I was in the Secretary's office and later ~~at that point.~~ ^{in the office of the Surgeon General.}

Q: What is your feeling about the purpose and the usefulness of that committee at that time? What do you think it set out to accomplish and do you think it did achieve that purpose?

Pond: I think it set out to try to clarify the issues on how you handle the health insurance for the aged problem. That was the purpose of it. And it was made up of a group of people

who were obviously responsible citizens. It was clearly oriented to the development of ^a~~the~~ Republican position that would be viable. And I think in the final analysis it contributed substantially to better understanding on the part of the Congress and on the part of the public to what the issues were and how you might go about resolving them. I think it made a very great contribution. It's part and parcel of the democratic process/, the development of the legislation that ultimately is enacted.

Q: Is there anything we haven't covered that you think we should discuss?

Pond: I don't think so. I'm currently back in on the health insurance for the aged business ~~on~~^a project that hasn't seen the light of day yet. But I'm not prepared to talk at the moment about that.

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