GRABOWSKI Book

THE GREEN SHEET

News About the U.S. Department of Health, Education, and Welfare

Vol. 22 - No. 209 Thursday, October 28, 1976

Wash. Post
Oct. 28, 1976, p. C-8

Major Area Groups Agree to Seek Health Expenditures Curb

By Victor Cohn
Washington Post Staff Writer

The metropolitan area's major jurisdictions have finally, after 15 years trying, agreed among themselves to work together to prevent the unnecessary expenditure of millions of dollars for unneeded hospital buildings and sophisticated medical equipment.

While the jurisdictions have agreed to agree, they remained unable to put together some kind of joint body commission to oversee major health care capital expenditures.

Three new health planning agencies in Northern Virginia, Montgomery County and Southern Maryland and including Prince George's County, have voted to cooperate in reviewing requests by hospitals for permission to build, expand, buy costly new equipment or set up programs to offer expensive services—like heart surgery and kidney care—already offered at other area institutions.

District of Columbia health officials said yesterday they will sign the new Department of Health, Education and Welfare gives official approval to a recently established health planning division within the D.C. department of human resources. That approval is expected in about a month.

This parallels a compact for interstate cooperation in health facility planning signed on July 22 by D.C. Mayor Walter Washington, Maryland Gov. Marvin Mandel and Virginia Gov. Mills Godwin Jr.

"The metropolitan area agreement will for the first time make it possible to address health issues on a metropolitan basis," Barry Wilson, vice president of Washington area Blue Cross—a body that has been ardently seeking area-wide health planning—said yesterday.

"This is the most important step that could be taken now to develop an effective, economical health system. It's the only alternative to enormous waste and expense," he said.

But much waste already has occur-

beds now being added in suburban areas at a cost of about $200 million, though the vast majority of them may be absolutely unnecessary."

Hospitals and health centers also have been rushing to buy new devices like half-million-dollar computerized X-ray machines, resulting in much unnecessary duplication of expenditures.

Each of the area's four health planning agencies—the District's and those in Virginia and Maryland—still will be responsible for decisions and recommendations in its own jurisdiction.

Their officials, according to their memorandum of agreement, will exchange reports and views and invite each other to sit as nonvoting but vocal members when the bodies examine new requests for buildings and equipment.

"We will have to see how successful this will be in achieving our goal, which is to get an area-wide view of

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N.Y. Times
Oct. 28, 1976, p. 1

NEW YORK SEEKING MEDICAID PATIENTS

City Aims to Fill All Empty Beds to Maximize U.S. and State Aid

By RONALD SULLIVAN

In a move seeking to add millions to the income realized from Federal and state Medicaid funds, the New York City Health and Hospitals Corporation is attempting to fill every empty city hospital bed with Medicaid patients, it was disclosed yesterday.

To counter such practices, state nurses and physicians are looking through admission-room and patient records in an effort to determine whether the hospitals are admitting bed patients who could be treated for far less money as outpatients.

The state inquiry represents pressure by the Carey administration to reduce inpatient Medicaid costs for treating the poor, since the state pays 25 cents of every dollar spent.

Corporation officials said that they anticipated another major confrontation between the corporation and the state, with

Wash. Post
Oct. 28, 1976, p. A-2

Cell Directed To Produce An Enzyme

SAN FRANCISCO, Oct. 27 (AP—Scientists experimenting with genes have successfully ordered a tiny cell to produce an enzyme, a discovery they say may lead to new, less expensive sources of insulin and other drugs.

In an interview before publication Thursday of the findings in the journal Nature, Dr. Herbert Boyer said scientists may soon be able to reconstruct genes that will turn cells into "factories" for the production of biological substances.

"We've gone out of the area of basic science," Boyer said, "into the area of practical application."

Through such genetic engineering, he said, cells could be ordered to produce drugs like insulin, essential to the survival of about a third of the nation's 10 million diabetics.

Boyer, who directed the research at the University of California-San Francisco, said such production might be only five years away.

The genetic engineering is based on the technique of "recombinant DNA" research reported in 1973 and 1974 and for which the University of California and Stanford University have together applied for a patent on the commercial use of the technique, the universities announced. Recombinant DNA research involves combining the deoxyribonucleic acid of one organism with the cellular material of another.

Boyer's work in reconstructing parts for DNA, the basic chemical unit of heredity, parallels the breakthrough announced last August by Har Gobind Khorana and others at the Massachusetts Institute of Technology, the University of California said.

The Khorana group succeeded in linking complex chains of DNA to duplicate the actual gene of a simple bacterium, E. coli, which lives in the human intestine. When this manmade gene was then inserted into the cell, it functioned like its real-life model.

Boyer explained his group had synthesized a section of DNA that orders the genes of E. coli to produce an enzyme used for digesting milk. Normally the enzyme is produced only when the cell needs it.

Wash. Post
Oct. 28, 1976, p. D.C. 15

Jack Anderson and Les Whitten

Paranoid Suspected in Legion Deaths

Congressional investigators believe that "a demented veteran or a paranoid, anti-military type," with some knowledge of chemistry, may have been responsible for the mysterious deaths of 29 American Legion conventioneers in Philadelphia last July.

A study, stamped "Secret Classified," suggests that the madman mixed dry ice with deadly nickel carbonyl. With this, he could have released an invisible cloud of tasteless and odorless gas into the air ducts of the Bellevue Stratford hotel, where the legionnaires stayed.

The study was ordered by Rep. John Murphy, (D-N.Y.), in preparation for hearings next month. His investigators called the handling of the mysterious epidemic a "fiasco."

First, the authorities mistakenly concentrated on swine flu as the most likely cause of the frightening Legionnaires Disease. Not until after vital tissues of the victims had been contaminated did the medical examiners turn to nickel poisoning as the probable cause.

"The failure to save and keep free from contamination the tissues," the secret document charges, "...is clearly the reason that ultimate resolution of the cause of Legionnaires Disease may never be found."

Yet the disaster was not without its heroes. One was Dr. Ernest Campbell of Bloomsburg, Pa., who spotted three individuals with the same symptoms. This was enough to alarm him, so he tried to arrange for immediate tests. But he was told "that the state laboratory was closed for the weekend," the investigators relate.

The Pennsylvania Legion's adjutant, Edward Hoak, also tried to contact state health authorities on July 31. But it was a Saturday, and he couldn't reach anyone.

Belatedly, some 150 federal, state and local physicians, biologists and chemists began a scientific search for the killer. They followed the lead of the federal Center for Disease Control, which directed all efforts "toward the swine flu virus as the causal agent," report the congressional investigators.

Yet "highly qualified professionals" had already warned that the symptoms suggested not swine flu toxic poisoning. The experts finally came to the same conclusion. But it was too late. The contaminated tissues and improper autopsies made the detection of nickel or other toxics almost impossible.

Dr. William Sunderman Sr., a toxicological expert, told the investigators that "medical authorities were remiss in not recognizing toxic symptoms...at an earlier date." He claimed that an antidote he has developed could have "saved a great number of the victims."

Dr. Jerrold Abraham, a pathologist at the University of California in San Diego, told the probers that he had found "tiny bits of metal, suggestive of welding or soldering exposure," in a number of the tissue samples.

His testimony was an embarrassment to the Center for Disease Control, which tried to discourage him from talking. Before he testified, the investigators reported to Murphy, an official of the center told him "to give us nothing."

Sunderman's son, Dr. William Sunderman Jr., who is described by the investigators as "the nation's leading expert in nickel poisoning," offered this startling opinion: "The exposure to nickel carbonyl must have been introduced willfully because the quantity found in the tissues of the victims could not otherwise be explained."

The younger Sunderman theorized that the nickel compound was combined with dry ice and "introduced into the hotel where delegates were meeting or in other public rooms." The dry ice could then "boil off, leaving no residue except that found in the tissues," he explained.

His theory was bolstered by "an anonymous, ominous-sounding letter," which was mailed on July 28, days before the Legionnaires Disease attracted national attention. The letter "referred to substances containing nickel carbonyl and discussed the murder and killing of authority and military-type figures."

Sunderman turned the ominous letter over to Murphy who brought it to the attention of the chief of forensic psychiatry at Walter Reed Army Medical Center. He advised Murphy that the writing was characteristic of "an envious paranoid, full of hatred," who could be murderous.

People with these symptoms, he said, direct their hatred against "an element of personal contact," such as their own physician, or against "a person in exalted circumstances," such as the President or FBI director.

Added the chief psychiatrist: "I would not be surprised if this person were in or recently released from a mental hospital." The writer could commit "acts based on (his) distorted perceptions," said the psychiatrist.

Concludes the secret report: "It is not inconceivable that a demented veteran or a paranoid, anti-military type could have committed an act of murder in Philadelphia's Bellevue Hotel based on these 'distorted perceptions.'"

Balt. Sun
Oct. 28, 1976, p. A-21

James J. Kilpatrick

FDA Is Strangling U.S. Drug Industry

Washington.

Let me voice a word of thanks to Henry G. Grabowski. He is a professor of economics at Duke University. He has just written a little book that speaks volumes about the meaning of next Tuesday's election.

This was not the gentleman's intention. In fact, his long essay has nothing whatever to do with politics. It is a study of the drug industry, and it is published by the American Enterprise Institute for Public Policy Research, a conservative outfit. Grabowski's conclusions, however, are those of a liberal economist.

Grabowski's subject is the Kefauver-Harris amendments of 1962. These amendments, he says, have had a profound effect on the drug industry. The industry, in this regard, may be divided into two periods—the 13 years from 1950 through 1962, and the 13 years from 1963 through 1975. The first period, Mr. Grabowski notes, has been characterized as "the golden period of pharmaceutical innovation and discovery." In that 13-year period, 703 new chemical entities won approval from the Food and Drug Administration. The average annual growth rate of new drug introductions was 14.1 percent.

Then came the 1962 amendments. Grabowski's study persuades him that the 1962 act "had a significant negative effect on the rate of innovation." The amendments must be regarded as "one of the principal factors responsible for the observed decline" in the development of new pharmaceuticals.

Let me put it more bluntly. The Kefauver amendments of 1962 produced a classic case of the liberal syndrome at work.

N.Y. Times
Oct. 28, 1976, p. 21

Geneticists Spur Chemical Action In Living Cells

By HAROLD M. SCHMECK Jr.
Special to The New York Times

WASHINGTON, Oct. 27—Two scientific teams reported today experiments in which they each switched on a chemical process in living cells by giving the cells an artificial genetic message prepared in the laboratory.

Each team accomplished the feat by splicing the artificial message into natural cellular components called plasmids and then inserting the plasmids into living bacteria that were the subjects of the experiments.

Scientists of both groups said a major significance of their achievement was in the flexibility of the methods used and the prospect for using the method for revolutionary practical applications—for example, inducing bacteria to grow scarce substances such as insulin.

"We've gone out of the area of basic science into the area of practical application," said Dr. Herbert Boyer of the University of California, San Francisco, in a statement released by the university.

The statement was timedforthepublication tomorrow in the scientific journal Nature of reports from Dr. Boyer's group and a group at Cornell University. The two research groups did their experiments independently of each other, but used artificially preapred genetic material from the same source.

The group in which Dr. Boyer is a leading investigator includes scientists from his institution and also from California Institute of Technology, National Research Councill of Canada and City of Hope National Medical Center, Duarte, Calif.

Bacterial 'Factories' in View

In an interview by telephone, Dr. Boyer said he could foresee, within a few years, development of bacterial "factories" for the production of substances like insulin and pituitary hormone using much the same method as that employed in the experiments reported today.

Dr. Ray Wu of Cornell University's department of biochemistry also suggested a very similar possibility in discussing his team's accomplishment.

The plasmids used to insert the artificial genetic messages into the bacterial cells in both sets of experiments are circular structures of the genetic material deoxyribonucleic acid (DNA) that are a major focus of a new scientific field

called beta galactosidase. This was done by inhibiting a normal repressor substance in the cell from acting to prevent the genes from being switched on.

The artificial genetic material for both sets of experiments was synthesized by Dr. Saran A. Narang of the National Research Council of Canada, in Ottawa.The artificial materil used not only included the genetic message but also added seg-

Wash. Post
Oct. 28, 1976, p. A-24

Progress at the National Institute of Education

The Oct. 19 column by Jack Anderson and Les Whitten dealt with a Civil Service Commission report citing a number of personnel problems at the National Institute of Education (NIE). However, the column did not mention an important fact—the commission's report was issued last year (June, 1975) and reported on an evaluation done the previous winter.

Because a great deal has occurred since then, I would like to clarify several points raised by Mr. Anderson:

Quoting from the commission's report, the column stated that NIE "is afflicted with 'unusually and needlessly high payroll costs,' " and that "there is 'no assurance that the work being performed is necessary.' " Since the commission's report was issued, nearly all of NIE's position descriptions have been redesigned, restructured, or reclassified to ensure that they accurately reflect actual job duties and responsibilities. NIE is also carrying out a complete audit of each of its 305 employees to ensure that those position descriptions remain accurate. Last April, the commission expressed its satisfaction with the thoroughness and completeness of NIE's efforts to resolve its personnel issues.

Mr. Anderson's column further stated that "hundreds of promotions have been made that are in violation of the law." In its report, the commission called for a thorough review of each promotion made during a 16-month period during which NIE did not have a formal merit promotion plan in effect. Since then, each promotion has been carefully reviewed and any discrepancies resolved. A formal merit promotion plan also has been developed with CSC approval.

Lastly, the column stated that NIE is "plagued with a lack of organization." I firmly believe that this is no longer the case. Since I became NIE director in May, 1975, we have established clearcut guidelines governing the hiring and promotion of NIE employees. We also have instituted strong equal employment opportunity and affirmative action programs.

Since April, 1976, we have provided the Civil Service Commission with quarterly reports on NIE's progress in resolving these personnel issues. In an Aug. 24 letter to me, John D. R. Cole, director of the commission's Bureau of Personnel Management Evaluation, noted that his review of NIE's most recent report "reveals a strong commitment by yourself and the NIE Personnel Division to improve the effectiveness of personnel management at the institute." He added that "This effort is showing positive results and should continue to do so with your support."

Personnel issues such as these cannot be resolved quickly or easily. Nonetheless, both NIE and the commission believe that definite progress has been made. The situation is no longer as it was when the report was issued 15 months ago.

HAROLD L. HODGKINSON,
Director,
National Institute of Education.
Washington

FDA

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lutely effective. Risks always are present—and risk is abhorrent to the bureaucratic mind. "The FDA official stands to bear heavy personal costs if there is a bad outcome from the approval of a new drug, but he receives little of the benefits of a good outcome." In any uncertain situation, government tends to err on the side of caution and delay. Innovation strangles in red tape.

Does the consumer benefit from this excessive solicitude? Mr. Grabowski says no, and other scholars agree. Americans are being denied drugs of choice available in other nations; and ironically, these drugs often are safer than those approved for domestic use.

Will we learn anything from the sad experience of drug regulation? Probably not Jimmy Carter and his liberal Democratic

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sus in municipal hospitals," said Donald Ashkenase, acting senior vice president for finance.

Another corporation official out it this way: "We definitely are trying to fill every bed we can with Medicaid patients because they represent reimbursable third-party funds."

Action Is Called Forced

While Mr. Ashkenase and other corporation officials agreed that actively attempting to admit additional patients ran counter to conventional health policies, they said they were forced to seek them because of what they described as inequities and inconsistencies in reimbursement policies for public and private hospital care.

According to city and state health authorities, pressure to admit patients stems from the fact that Medicaid, Medicare, Blue Cross and other public and private health care insurers gear their reimbursement formulas to patients being admitted to hospitals, rather than those treated as outpatients.

Every time a Medicaid patient is treated in a city hospital clinic as an outpatient, corporation officials contend, the city loses money because the reimbursement rates do not meet actual costs.

The corporation has up to now sponsored programs that avoid admissions, or at least shorten them, when they cannot be averted.

Health officials said that outpatient services represented a financial drain because they recovered far less Federal and state reimbursement funds than for inpatient care.

Medicaid reimburses the city by an average of $200 a day for every bed patient it covers. And since its costs the corporation about 70 percent of that figure just to support an empty bed, the reimbursement formula encourages it to fill the bed with a patient, whether it is medically justified or not, simply to collect $200.

Formula Pictured as 'Insane'

Dr. Edmund O. Rothschild, a corporation senior vice president, and Mr. Ashkenase agree that the Medicaid reimbursement formula is "insane" and only encourages hospitals to admit patients who could be easily treated for far less money as outpatients.

Stephen Berger, the executive director of the State Emergency Financial Control Board, which seeks to exert pressure on the corporation to cut its spending, described the reimbursement formulas of Federal programs and private insurers such as Blue Cross as "nailing patients to beds."

Mr. Ashkenase said, "If we were properly reimbursed for outpatient care, we wouldn't be trying to admit new patients." But he said the corporation had no alternative and that individual hospital directors were being "pressured to maximize admissions."

As a result, poor persons with Medicaid cards seeking treatment in municipal hospitals are now much more likely to be admitted as patients. On the other hand,

Boston Globe
Oct. 21, 1976

Frauds in SSI being checked

By William R. Cash
Globe Staff

Some 60 to 70 cases of alleged fraud in the Supplemental Security Income (SSI) payment program have been uncovered by the Integrity Office of the Social Security Administration (SSA) since its establishment here, Aug. 1, according to an office spokesman.

Raymond C. Sinibaldi, head of the new office, was away on business, but the spokesman who chose to remain anonymous because of participation in investigatory work said: "There is quite a bit of activity in this office."

He said at least three cases of alleged fraud, locally, have been referred to the US Attorney in Boston for prosecution soon.

Other alleged fraudulent cases have been uncovered in Vermont, where a decision is awaited in one case already tried and several cases have been referred to the US Attorney in Portland, Me., for prosecution, the spokesman added.

SENIOR SET

The SSI Program Integrity Office, located at 100 Summer st., Boston, MA. 02110, covers the six New England States.

Local and New England offices of SSA refer cases to the Integrity Office where fraud is suspected.

The Integrity Office works closely with the District Offices which may receive telephone tips or mail concerning alleged frauds from persons who claim to know somebody is illegally obtaining SSI monthly benefits. Investigators are immedately assigned from Sinibaldi's office to follow up the charges.

The SSI program provides a cash assistance to needy persons 65 and over, also to blind and disabled persons.

Eligibility for SSI is restricted by the amount of income and resources available to an individual or couple.

It is $1500 for a single person and $2250 for a couple. Different living arrangements also have an effect on the payment amounts.

The Integrity Office spokesman said some cases of alleged fraud uncovered found recipients concealed income and savings, after claiming in their applications they were without funds.

He said other abuses of the program included failure to report back interest on savings; recipients working while claiming they were not and couples claiming they are not living together when they are.

SSI recipients found to be in violation of the benefit program and liable for prosecution are first granted an interview or hearing where they are informed of their rights.

Busing
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his approach would produce, he went on: "It seems safe to say, however, that it is highly implausible that —but for the acts of racial discrimination— every grade in every school in northern New Castle County would have been between 10 and 35 per cent black," as the lower court ordered.

For technical reasons, Bork said, the Wilmington case ordinarily should be heard by the Third U.S. Circuit Court of Appeals in Philadelphia before reaching the high court. He noted that if the court wants to hear the Wilmington and Indianapolis cases together, it could exercise its power to bypass the court of appeals. That rare procedure was last used in 1974 to expedite final action in the dispute between the Watergate prosecutor and former President Nixon over the White House tapes.

The court could act in the Austin case as early as Monday but is not scheduled to decide until after the election whether to hold full hearings on Wilmington and Indianapolis.

Health
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projects that really affect the whole area," said Dean Montgomery, executive director of the Northern Virginia agency.

Members of that body wrote the first drafts and called the meetings this summer and fall that finally led to the coordinating agreement.

The years of long unsuccessful effort to form an area-wide health and hospital planning body started in 1961 when President John F. Kennedy asked HEW Secretary Abraham Ribicoff to develop a single council with power to review hospital building for the entire area.

HEW kept pushing for a single area-wide body until a few years ago. In December, 1973, Congress passed a new national health planning act that set as one goal establishing strong regional planning bodies to cut across state lines in multistate metropolitan area.

But—in various combinations at various times—District, Maryland and Virginia officials refused to join in a single agency. Whenever some agreed, others refused.

"In spirit, that's what we'd like to have," said Montgomery. "At least we've taken a forward step, the first

than $100,000. Area health planning bodies usually make recommendations to a state agency, with a final decision usually being made by some state official.

In this area, only D.C. still has an old and weak health planning regulation that has not yet been revised to give the District government clear control over all major new equipment and health centers.

The District also has lagged behind Maryland and Virginia in revising its health planning apparatus to win HEW designation as an approved agency under the new federal law. Virginia and Maryland already have that approval.

The area's health planners meanwhile have been trying, with mixed success, to stem the tide of new building and buying.

Two doctors are scheduled to soon open a $400,000 walk-in, walk-out surgery center in a downtown Washington office building. They were not required to get District health planners' approval, though they would have had to get approval in Maryland or Virginia.

A new Prince George's General Hospital heart surgery unit is ex-

N.Y. Times
Oct. 28, 1976, p. 9

ORDER ON SCHOOL BUSING IS APPEALED IN KENTUCKY

LOUISVILLE, Ky., Oct. 27 (AP)—Jefferson County officials who contend that a Federal judge went too far in ordering extensive busing to integrate schools in the Louisville area took their case to a higher court yesterday.

The Jefferson County Attorney, J. Bruce Miller, said that the appeal was filed in the United States Court of Appeals for the Sixth Circuit in Cincinnati. He said that the appeal condemded that Federal District Court Judge Jamejs F. Godron had misunderstood instructions from the appellate court panel.

Judge Gordon, at the direction of the