THE GREEN SHEET

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

Health Care Wk; 10/2/78



Inside Washington

Mr. Derzon Gets the Gate

By Salley Reynolds Barton

The first administrator of the Health Care Financing Administration within HEW apparently disagreed with his boss once too often, because Robert Derzon will be leaving come Nov. 1.

Mr. Derzon, who has a distinguished background as a hospital administrator in California, reportedly wanted to move slower on implementing Medicare and Medicaid reimbursement policy changes than Mr. Califano liked. Essentially, Mr. Derzon was fired—and so suddenly that Washington health circles were set to buzzing in surprise and sympathy.

"The only thing I'd heard is that Califano has been yelling at him a lot in meetings," commented one lobbyist.

Leonard Schaeffer, previously HEW assistant secretary for management and budget, will take Mr. Derzon's job. Mr. Schaeffer is 33. Not only were many health policy watchers surprised at Mr. Derzon's ouster, most of them didn't even know who Mr. Schaeffer is or what he does. Many people are wondering if the exit from HCFA planned this fall by William Fullerton, Mr. Derzon's deputy, is connected with the Secretary's discontent with agency cost containment progress.

Mr. Califano increasingly is relying on people with financial rather than public health or health administration backgrounds, which points up his preoccupation with cost containment.

Tying Up Talmadge

The latest pep rally for the Talmadge bill was held at the White House, no less, as pressure mounts for getting the bill to the floor of the Senate before adjournment.

Mr. Talmadge's S. 1470, the Medicare-Medicaid Administrative and Reimbursement Reform Act, is backed by the hospital industry. The administration is pushing the amendment Sen. Edward M. Kennedy (D.-Mass.) will introduce to substitute the cost cap bill which the Human Resources Committee approved last fall for the Talmadge bill.

If that effort fails, the administration will line up behind a grab-bag amendment to be offered by Sen. Gaylord Nelson (D.-Wis.), which is a middle ground between Sen Talmadge's bill and the original Carter hospital cost cap.

But nothing is going to happen until Sen. James Abourezk (D.-S.D.) removes his hold on the Talmadge bill. A "hold" is a formal request to the Majority Leader that a bill not be sent to the floor until the sponsoring senator can come to terms with the member who has asked for the delay. Since the Senate, unlike the House, operates by unanimous consent, the "hold" request is a tradition never violated. (The House sends bills to the floor through the Rules Committee, which decides the length of debate to be allowed and the floor date.)

Sen. Richard Schweiker (R.-Pa.) also had a hold on the Talmadge bill at one time, but removed it after he entered four amendments to the legislation. Sen. Kennedy asked for a hold when he went to the recent international health meeting in Russia, but likewise removed it when he returned.

Sen. Abourezk is concerned about the provision of S. 1470 that says PSRO's are not subject to the Freedom of Information Act. Sen Schweiker maneuvered to get that section included, but Sen. Abourezk feels it is premature, according to an aide.

The question of whether a PSRO is a Federal agency currently is in the courts and may not be decided for a year or more.

"The senator isn't advocating one side or another," said Abourezk aide Steve Klitzman. "But there have never been any Senate hearings on whether HIA should apply. We don't want to destroy the PSRO program. But Sen. Abourezk feels that, before the Senate rushes to judgment and possibly sets a dangerous precedent, more thought should be given than just a few hours of debate on the Senate floor. It just isn't enough."

Sen. Abourezk is chairman of the administrative practice and procedure committee of the Senate Committee on the Judiciary. All Judiciary Committee members are attorneys, and occasionally they tend to get caught up in the finer points of law. Saying PSRO's don't have to make their information public, however, goes beyond hair splitting.

Mr. Klitzman and other subcommittee staff members met with Sen. Talmadge's staff chief, Jay Constantine, recently, but were not able to come up with compromise language that satisfied both sides. So the hold on the bill will remain.

Schweiker and HEW

Sen. Schweiker's amendments to the Talmadge bill include an exemption for states with their own successful cost control plans, deletion of a requirement that skilled nursing facilities participate in both Medicare and Medicaid if they want reimbursement from either program, and allocation of additional money than that currently allowed in the planning law to help hospitals close or convert unneeded beds.

"I have watched the Department of HEW grow by leaps and bounds over the past few years, with many departments and bureaus overlapping each other in functions and authority. Since HEW already is so involved in the subject of hospital cost containment, I do not understand why we need yet another Commission—one with 11 members paid at the GS-18 level—to perform the function of making cost containment recommendations to the Secretary and the Congress," Sen. Schweiker fumed on the Senate floor.

Easing a Logjam

The day after Sen. Robert Dole (R.-Kan.) and Sen. Birch Bayh (D.-Ind.) introduced the bill to free up a logjam of petitions from universities asking that they be allowed to manufacture medical devices developed in Federally supported programs, HEW Secretary Joseph Califano ordered action on some 30 petitions by the end of the business day.

Some of the petitions had languished in HEW offices for two years or more. Isn't it wonderful how fast the bureaucracy can move when somebody powerful screams loud enough?

Sen. Dole had charged HEW with "suppressing critical lifesaving drugs and medical devices developed under support from the National Institutes of Health." An example Sen. Dole cited was a new method of testing the effectiveness of cancer drugs.

S. 3496, sponsored by senators Dole, Bayh and 11 other members, would allow universities and nonprofit organizations and small businesses to have limited patent protection on discoveries made through government-supported research—which these days is nearly all research.

Uncle Sam would recoup his investment through a pay-back provision.

There isn't time to get the bill passed this session, since Congress now expects to leave town Oct. 14, but staffers say it will be reintroduced in the next Congress.

Legislative Express

Speaking of logjams, the House has begun to break through its overload of health bills waiting in the Rules Committee to get to the floor.

Five bills were quickly passed under a suspension of the rules, a device used only for low-budget, non-controversial items. When a bill bypasses the Rules Committee under suspension, a two-thirds vote is required for passage and no amendments are allowed.

The extension of the Nurse Training Act passed, as did bills funding community health centers, community mental health centers, and migrant health centers. Two bills amending the Medicare program, H.R. 13097 and H.R. 13827, also were okayed. The most significant change is the lifting of the three days prior hospitalization requirement before Medicare will fund home health care.

The extension of the health planning act, H.R. 11488, failed under the suspension procedure, but it will be brought to the floor for a second try after it makes its way through the Rules Committee.