THE GREEN SHEET

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

Chronicle of Higher Education; 10/10/78

Senate Passes Education-Department Bill

By Ellen K. Coughlin and Anne C. Roark

WASHINGTON

Rushing toward a hoped-for adjournment Oct. 14, the Senate has passed a bill creating a separate Department of Education.

As approved by a vote of 72 to 11, the new department would have 15,609 employees and a budget of $14.5-billion—much smaller than President Carter originally planned.

The Senate deleted from its bill, S 911, the President's request to include $3-billion in school-lunch and child-feeding programs now in the Department of Agriculture. It also refused to give the new department jurisdiction over $271-million in Indian-education programs, leaving them in the Interior Department's Bureau of Indian Affairs.

In earlier action, the Senate Committee on Governmental Operations had dropped Mr. Carter's request to put the Head Start program in the new agency.

Education Programs Included

What the Senate bill would do is allow the new department to take over all the education programs now in the education division of the Department of Health, Education, and Welfare.

It would also contain a civil-rights office, the college-housing program now in the Department of Housing and Urban Development, the Department of Defense's overseas dependents' school, vocational-rehabilitation programs, and some of the National Science Foundation's science-education activities.

The bill now goes to the House, where a similar measure was awaiting floor action last week.

Some opponents, however, were reportedly hoping to stall House passage of the bill past the adjournment date—or at least long enough to make it impossible for a House-Senate conference to work out a compromise bill.

While the House version includes provisions similar to the Senate's, it would exclude the controversial requirement that $56-million worth of N.S.F. science-education programs be transferred to the new department.

Despite the long list of controversial legislation that remains on the docket, the lawmakers made at least some headway last week on education-related matters.

Appropriations for H.E.W.

Members of a House-Senate conference committee negotiating fiscal 1979 appropriations for the Departments of Labor and Health, Education, and Welfare settled their differences over federally financed abortions by deciding not to decide.

A compromise version of the appropriations measure, HR 12929, will be returned to the House and the Senate with different approaches to government financing of abortions for poor women. The conferees decided at the outset that a committee compromise on that issue would be impossible, and so left it for the respective chambers to work out.

The House-passed version of the controversial provision would restrict Medicaid payments for abortions to cases in which the mother's life is in danger. The Senate would allow federal funds to be spent for "medically necessary" abortions, as well as those where pregnancy was caused by incest or rape.

A year ago, Labor-H.E.W. appropriations were held up for six months while House and Senate conferees, taking positions similar to those they are defending this year, struggled over the abortion question.

In case the abortion issue delays the Labor-H.E.W. appropriations for an extended period, the House has passed a resolution continuing funding for the departments at the fiscal 1978 level. The Senate has not yet considered the resolution.

Another key difference that still had to be worked out late last week was the amount earmarked by each chamber for federal grants to college students. The House wants to provide $3.4-billion in basic educational grants to needy students—up to a maximum of $1,800 per student for members of families making less than $25,000 a year.

The Senate's allowance of nearly $2.2-billion would limit the basic grants to students from families making up to $15,000 annually. The Senators had agreed not to provide enough money to extend the grant program to middle-income students—a major objective of the Carter Administration—until the Congressional fate of the controversial tuition tax credit is decided.

That measure moved closer to passage recently when House and Senate conferees agreed to a compromise that would provide a maximum $250 income-tax credit to persons who pay college tuition.

The conference agreement would allow full-time college students, or their parents, to claim a tax credit of 35 per cent of the tuition paid, up to a maximum of $100 this year, $150 in 1979, and $250 in 1980.

The bill would be retroactive to Aug. 1, 1978, and would expire in 1981. Part-time students would be eligible for the credit in 1980.

The conference bill was a disappointment to private-school lobbying groups because it did not include a controversial provision from the House measure to extend the tax credits to tuition paid to elementary and secondary schools. In a statement issued earlier this year, Attorney General Griffin B. Bell said such credits would be unconstitutional.

Even without the elementary- and secondary-school credits, however, President Carter is expected to veto the bill.

At a White House press conference following approval of the measure by the conference committee, H.E.W. Secretary Joseph A. Califano, Jr., said the tuition-tax-credit bill was inflationary and unfair. An alternative offered by the Administration, which would expand existing federal student-aid programs to include middle-income students, is stalled in the House Rules Committee.

House members hoped to bring the conference agreement on tax credits to the floor by the end of last week, according to a staff member for the House Ways and Means Committee.

At the White House, President Carter signed a bill making fiscal 1979 appropriations for the Department of Housing and Urban Development and several independent agencies, including the National Science Foundation and the Veterans' Administration.

For the science foundation, the bill would provide $827-million for research and related activities and $80-million for science education. It would also earmark $2.14-billion for education and training benefits available under the GI Bill.

Chicago Sun-Times; 10/11/78

Stiffen pot laws, drug fighter urges

By Ronald J. Ostrow

Los Angeles Times Special

NEW YORK—The nation's chief drug fighter Tuesday urged Congress to triple maximum prison sentences for marijuana smugglers, saying that the problem had reached "enormous" proportions.

Laws providing up to five years' imprisonment are "not doing the job," Peter B. Bensinger, administrator of the Drug Enforcement Administration, told the International Assn. of Chiefs of Police conference here.

Declaring that he had discussed the issue with the American Cancer Society and the American Medical Assn., Bensinger said: "Marijuana actually is a greater cancer risk than cigarets."

HE TOLD A PANEL on narcotics enforcement that a person smoking "five joints a week has less ability to exhale air than one smoking 16 cigarets a day."

While marijuana use has some similarities to alcohol consumption, Bensinger said a key difference is that marijuana accumulates in the bloodstream for up to 30 days while alcohol usually dissipates in an hour.

"Organizations dealing in large amounts of marijuana are as sophisticated a criminal group as any we have run up against," Bensinger said. Groups that had been trafficking in heroin and cocaine, the prime targets of federal drug enforcers, now are switching to the less risky marijuana trade, Bensinger said.

Marijuana is flowing into the United States principally from Colombia, the drug chief said.

HE DESCRIBED HIMSELF as "cautiously, relatively optimistic" about recent statements by the Colombian government that it would crack down on the illicit traffic.

Convicted marijuana smugglers are currently being sent to federal prisons for terms averaging 3½ years, which Bensinger said falls far short of providing the necessary deterrent. He called for amending the Controlled Substances Act to increase the maximum term from 5 to 15 years.

Bensinger's call for a crackdown on marijuana was supported by Karst J. Besteman, acting director of the National Institute on Drug Abuse, who said he was "increasingly concerned" about the burgeoning use of marijuana by 12-to-17-year-olds.

Last year, according to National Institute data, 25 per cent more youths in that age category used the drug.

Chronicle of Higher Education; 10/10/78

■ **High Court Will Not Rule on Md. Desegregation**

The Supreme Court has refused to rule on an appeal by the State of Maryland to stop the Department of Health, Education, and Welfare from withholding federal support from the state's colleges and universities to force their timely desegregation.

Two lower courts had upheld a temporary injunction against the cutoff of an estimated $65-million in federal aid to Maryland's higher-education system. The department threatened to hold back the funds in 1976, when it charged the state with not moving quickly enough to carry out its college-desegregation plan.

The Justice Department asked the Supreme Court last month not to intervene in the case, arguing that the Court's review "at the present state of the case is unwarranted."

In other actions:

▶ The Court turned down a government appeal that a federal occupational-safety law bars the dismissal of an employee who refuses to work under hazardous conditions.

▶ The justices refused to reconsider a ruling involving a Stanford University newspaper. Last year's ruling allowed police with warrants to make surprise searches of newsrooms even though no one is suspected of a crime.

THE GREEN SHEET

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

Chronicle of Higher Education; 10/10/78

Biomedical Research May Get 5-Year Federal Planning

By Anne C. Roark

BETHESDA, MD.

Government officials met here last week with several hundred medical educators and researchers to lay the groundwork for a dramatic new budget strategy for biomedical research: a five-year plan.

Spending plans for science are now severely constrained by what Health, Education, and Welfare Secretary Joseph A. Califano, Jr., described as the "inevitable but not always desirable pressures" of the government's one-year-at-a-time budgeting process.

While the recommendations for the five-year plan were far from final last week, one thing seemed evident to most of the health experts at the meeting here:

With the problems now facing scientific research, some long-range planning in the health fields is sorely needed.

"Every one of us believes in research to solve today's immediate and pressing health problems, but we must make choices," Mr. Califano told the participants in the two-day conference at the National Institutes of Health.

With the rising costs of medical care and the public's increasing resistance to government spending, said Mr. Califano, "it is a hard fact, but a reality that not every area of basic research—perhaps not even every promising one—can be explored at once or with equal energy and with equal commitment of resources."

Following last week's conference, the participants were, at the Secretary's request, to draw up proposals—"as specific as possible," Mr. Califano said—that would set out the "important scientific and ethical considerations" that should underlie the government's health budgets over the next five years.

'Full-Scale' Budget by 1979

By the fall of 1979, H.E.W.'s health division intends to have completed its "full-scale" health-research budget, according to Donald S. Fredrickson, director of the National Institutes of Health. He is chairman of the committee that is orchestrating the plans for the new five-year budget.

It will, Mr. Fredrickson said, spell out H.E.W.'s goals for all general areas of research in each of its health-related agencies for fiscal 1982 through 1987. At present over $2.5-billion a year is being spent on health research by H.E.W.'s four major agencies in the field—N.I.H.; the Alcohol, Drug Abuse, and Mental Health Administration; the Nation Center for Health Statistics; and the National Center for Health Services Research.

While it will be possible for government officials to modify the requests for government spending as they are presented to Congress each year, Mr. Califano said he hoped that scientists rather than politicians would make the "many hard [budgetary] choices" that must be faced in the years ahead.

For most scientists, however, such decisions will not come easily—if at all.

Indeed, said Robert Berliner, dean of Yale University's school of medicine, "fundamental research needs special protection" from budget-cutting efforts and political instabilities. While the cost of conducting such research may be high, he insisted, "it is small in comparison to the cost of failing to support it."

Leon Eisenberg, Presley Professor of Psychiatry at Harvard Medical School, appeared to express the attitude of many scientists when he described at the close of last week's meeting what he thought should be the "first principle" of the five-year plan:

"We do not accept the premise," said Dr. Eisenberg, that future federal policies should "preclude any expansion" of biomedical research support. Even now, he said, only 1 per cent of the total $200-billion federal health budget is spent on research. To spend any less, he contended, would be even more "penny wise and pound foolish" than the government now is.

Research on Children

If the testimony presented at the conference is any indication, many scientists agreed:

"It's important—critical, in fact—that we continue high levels of support for our research involving children," said one participant. "In the past this research has brought the striking reduction of infectious diseases in this country. Future testing will bring new vaccines and important discoveries in new areas of research, such as genetic disorders."

For another participant, it was research on arthritis that's least expendable:

"Arthritis is a major cause of disability in this country. . . . Yet staffing in our medical schools is inadequate. Only one out of four medical schools has faculty [members] teaching arthritis. As far as a research area, it's a good investment—70 per cent of the arthritis and rheumatism people stay in research. Yet it's an investment we're not making."

For yet another scientist, the "critical answers" lie in the field of pharmacy.

"Without pharmaceutical research, no area of health research can make important strides. Greater support for pharmacy can lead to improved primary-care outcomes and cost containment."

Similar pleas by other conferees that their specialties be exempted from making Mr. Califano's "hard choices" were innumerable.

Indeed, most of the scientists at the meetings here agreed that what is most needed—at least within their own disciplines—was more, not less, government support.

They argued, for example, that support for laboratories and the purchase of major equipment had dropped off so much that an increasing number of medical schools and other health-related institutions are unable to keep up with many technological advances.

"Most of us are working out of broom closets in laboratories that are antiquated," contended Joseph A. Bellanti, a professor of pediatrics and microbiology at Georgetown University and president-elect of the Society for Pediatric Research.

Many scientists renewed their long-standing claim that too little money is now available for basic scientific research.

Payoffs Immediate but Limited



CHRONICLE PHOTOGRAPH BY JOHN C. PHILLIPS

H.E.W. Secretary Joseph A. Califano, Jr., told scientists they would have to make "hard choices" about where federal research dollars should be spent.

For years, they have argued that too large a proportion of research time and expenditures is directed toward applied research that has immediate but often limited payoffs. Too little money, they have contended, is directed toward basic or fundamental research that is riskier but infinitely more conducive to scientific discoverys and invention.

Equally disturbing to many medical educators is a recent decline in the number of young physicians who are becoming clinical investigators. According to a study to be released later this month by the National Academy of Sciences' commission on human resources, the number of physicians reporting research as their primary activity has declined by more than 7 per cent a year since 1971.

"Clinical investigation," said one of the conference participants, "is the perfect combination—the doctor who has been trained to work with patients but who also knows how to conduct an experiment in the laboratory.

"There is no better way to apply fundamental research breakthroughs to real health problems and to take real health problems back to the laboratory for solution."

Most of the scientists indicated that they recognized that federal grants for clinical investigation had been decreased because of abuses in the programs.

"Training grants used to be available for young M.D.'s who wanted to become researchers," said William H. Danforth, chancellor of Washington University.

"Because the young doctors could make so much more money in private practice, however, many of them never went back to the laboratory after they had finished their training. Too many of them simply went into practice, having used their studies as a kind of government-subsidized specialty training."

Despite the abuses, said Dr. Danforth, most educators are becoming increasingly—and "justifiably"—alarmed that the trend away from clinical research could have "very serious effects" on the whole field.

The American Heart Association, for instance, recognized the problem and set up a new program to train six to ten clinical scientists a year at a cost of approximately $200,000 each.

Seeking a Model

The program will provide an annual salary of $30,000 to enable each young researcher to spend two or three years in a scientific preceptor's laboratory anywhere in the world. Another $1,000 in expense money will be provided to the preceptor. At the end of the training period, the investigator will be awarded another $20,000 to set up a new laboratory at his home institution.

"We hope this will serve as a model" for N.I.H. and other agencies, said John R. Blinks, chairman of the department of pharmacology at the Mayo Medical School and a spokesman for the heart association.

The H.E.W. officials made more formal recommendations for "priority" areas that might hold back spending, rather than increase spending, in health research.

Among the most controversial, on which scientists are expected to comment in the weeks ahead, is preventive medicine.

While some medical educators have dismissed most preventive-medicine efforts as "forms of quackery" or part of the "health-food craze," many agencies in H.E.W. take a different view:

"The public must be encouraged to improve health by adopting preventive measures and, when necessary, altering nutrition, environments, life styles, and behavior to reduce the risk of disease, disability, and premature death. Such measures, are more beneficial and less costly in the long run than pursuing curative or rehabilitative approaches," the agencies said.

THE GREEN SHEET

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

NY Times; 8/7/78; p.1

5 New York Teaching Hospitals Learning Lessons in Economics

By RONALD SULLIVAN

...spital's physicians were assem-...rand rounds, a hallowed ...ching forum at large medical ... Thomas C. Chalmers, ...f Mount Sinai Medical Cen... an of its School of Medicine, ... a fascinating disease to dis... unusual medical case history ... the white-coated physicians ... uietly in the hospital's audi...

... he talked about a 60-year-old ... no had stayed at Mount Sinai for ... and who had run up a bill of ... considerable share of which rep... l what he said were questionable ... right unnecessary hospital tests.

... re don't stop runaway costs our... ," Dr. Chalmers told his fellow phys... s, "then government will come in ... a meat ax and destroy the quality of ... cal care we have achieved."

... decade ago, when there seemed no ... to the financial largesse pouring out ... government-financed programs such ... Medicaid and Medicare, virtually ... very kind of hospital procedure or gran... iose expansion was approved without ... much thought given to the high costs in... volved.

Now, however, both state and Federal governments are cutting back on inflationary hospital costs. In New York City, respected medical centers in the world, the state is intent on shrinking a redundant hospital system with too many beds that will spend nearly $4 billion this year, more than two-thirds of it public funds.

In the last three and a half years, 249 hospitals have closed in New York City, many of them small, privately run facilities that health officials regarded as expendable. Increasingly, however, the city's continuing fiscal crisis, combined with the state's determination to eliminate 5,000 more hospital beds in the city, has threatened a number of private, voluntary hospitals, some of them in the city's poorer sections.

The Jewish Hospital and Medical Center of Brooklyn in Bedford-Stuyvesant, for example, is on the verge of bankruptcy. The Bronx Lebanon Hospital Center in the South Bronx is in serious financial trouble and may not be able to save itself by merging as it planned with St. Barnabas Hospital. St. Luke's Hospital Center and the Roosevelt Hospital on Manhattan's West Side want to merge so they can survive, too.

The fiscal problem has also hit the city's major teaching hospitals, and all of them are undergoing painful medical and financial retrenchments. They are widely acknowledged as among the finest medical centers in the country, but they now agree that they can no longer isolate themselves from their surrounding communities nor escape the cutbacks and the socially responsive medical roles that are being thrust upon them.

Dr. Lowell E. Bellin, a former City Commissioner of Health and now a faculty member at Columbia's School of Public Health, said in an interview that the big hospitals "never had to hustle for patients in the gravy years."

"They all have the idea that it is still the 1950's and that what is happening now is only temporary and will go away," Dr. Bellin said. "But the crunch is not going to go away, and some of the big hospitals can't seem to make the transition."

Most health officials count at least five so-called "superhospitals" in the city: Columbia-Presbyterian Medical Center, New York Hospital, Mount Sinai, Montefiore Hospital and Medical Center and New York University Medical Center and its Bellevue municipal complex in Manhattan. Together, they account for about one-fifth of the city's 35,000 general acute-care beds and more than $800 million in hospital-care expenditures this year.

The superhospitals have long been regarded as medical dreadnoughts that could withstand the torpedoes that are sinking lesser institutions in the city. But officials now warn that, unless the big hospitals adapt to the new priorities being established in Washington and Albany, they, too, could face disastrous consequences. Their performance in weathering the situation is an indicator of the effect fiscal realities are having on the city's health-care institutions.

Columbia-Presbyterian on the Upper West Side has long been regarded as one of the country's preeminent medical centers. But Edward H. Noroian, its new executive vice president, concedes that the hospital may have been guilty in the past of "institutional arrogance" and that it now must begin serving its surrounding community.

"There has been more community involvement around here in the last four months," he said in an interview, "than in the last 40 years."

Presbyterian Needs Patients

However, Presbyterian's new-found sense of local concern is not entirely based on meeting a community need. According to health officials, Presbyterian, like most of the other big hospitals in the city, needs patients who qualify for the sophisticated tertiary care in which they all specialize.

While all of the hospitals insist that their reimbursement income from Blue Cross, Medicare and Medicaid does not come close to paying for the actual cost of providing their high degree of specialized care, they also concede that an inadequate Blue Cross or Medicaid rate is better than an empty bed and no reimbursement at all. Presbyterian had an $18 million deficit last year and it had to dip into its endowment to make it up.

Twenty years ago, only 10 percent of the patients at Presbyterian were indigent, that is, poor patients cared for in charity wards. Today, a third of the hospital's patients are indigent Medicaid recipients and Presbyterian now finds itself in the unfamiliar position of having to compete with other hospitals that have undergone similar transformations for the same patients.

There also is less demand for the style of medical care that has been widely identified with hospitals such as Presbyterian, particularly in its famous Harkness Pavilion. While Harkness still caters to the very rich, many of whom still arrive in chauffeured limousines, the frills have been removed from a number of the private rooms in Harkness because there are fewer patients wealthy enough to afford them.

In addition, surveys conducted by the hospital show that while many patients still fly in from across the country and around the world, it is attracting fewer patients from the outlying metropolitan area, from which it used to draw heavily.

According to several officials, the transition from a more cosmopolitan patient mix to a more mundane one has produced an institutional identity crisis for Presbyterian and other hospitals like it in the city.

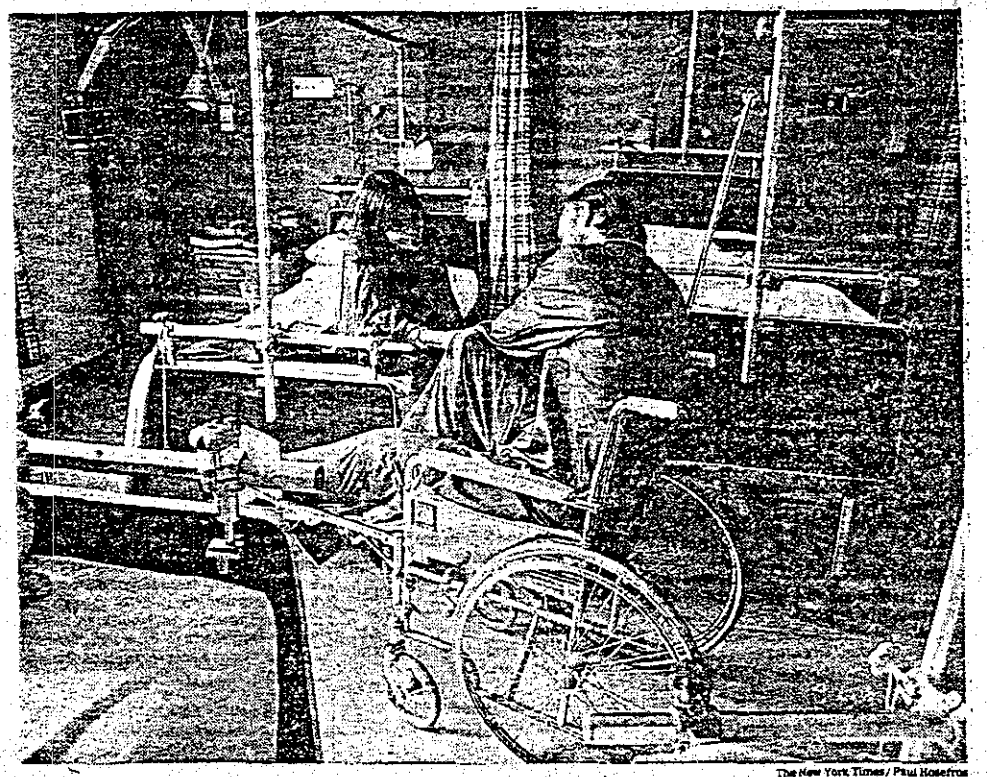
The change has prompted many of them to begin using such Madison Avenue techniques as "marketing" and "merchandising" in seeking to attract more patients.

The Search for Patients

Moreover, physicians who have for decades conducted research at hospitals with little responsibility for direct patient care are now being asked to think about bringing in patients themselves, much as lawyers are asked to bring in clients to their law firms.

In collaboration with its medical partner, Columbia University's College of Physicians and Surgeons, Presbyterian recently sought to generate publicity for its perinatal intensive-care service. Although Presbyterian officials describe

cont. on next page



The New York Times/ Paul Hosefros

A visitor comforts a patient after knee surgery at New York Hospital. Hospital has been attempting to expand role

THE GREEN SHEET

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

cont. from previous page

the service as providing a high degree of specialized care for a regional network of 16 other hospitals on the West Side and in New Jersey, the program also is intended to assure Presbyterian a constant flow of perinatal and neonatal patients — or, as one official described it, "a baby market."

Presbyterian also is saddled with an ambitious expansion program from past years that created such new buildings as Babies Hospital, which still has four empty floors, and the David W. Atchley Pavilion, which has five. At the same time, it is in the process of closing 300 beds in its older main-hospital building.

Institutional Stability Sought

While the hospital and the medical school were busy renovating, the surrounding neighborhood was deteriorating to the point that the hospital provides security guards to escort personnel from one building to another, especially at night.

With an operating budget of $128 million for 1978, Mr. Noroian and the hospital's chief executive, Dr. Felix E. Demartini, have started a number of new programs that are designed to halt further financial erosion and to create a basis for future institutional stability.

For one thing, to trim fat and to reverse a series of past managerial inefficiencies, Mr. Noroian has been recruited to the hospital he left 20 years ago.

For another, the hospital has begun its first community-affairs program to identify the medical needs of the Upper West Side and then provide programs to meet them before some other hospital does.

"Let's just say Presbyterian wants to become your friendly neighborhood hospital," one official remarked facetiously.

A Touchy Relationship

The relationship between the hospital and the medical school has been described as occasionally stormy. Although all Presbyterian physicians are required to hold faculty positions in the medical college, there have been occasions when the president of the hospital was not on speaking terms with the dean of the medical school.

And since both answered to separate boards of trustees, their past antagonisms generally have had a deleterious effect on both institutions.

Now, both boards have reactivated a joint administrative board in an effort to achieve a cohesion that has escaped them in the past.

"The problems we face," Mr. Noroian said, "are not unique. they are the same problems facing virtually every major urban teaching hospital."

Two hospitals that took a hard look into the future and did not like what they saw are Montefiore in the Bronx and Mount Sinai on the Upper East Side. In differing degrees, both hospitals saw nearby neighborhoods deteriorating and threatening to turn their institutions into isolated medical fortresses surrounded by poor, alien constituencies.

A Giant in the Bronx

Dr. Martin Cherkasky is the president of Montefiore, a 1,312-bed institution on East 210th Street. Allied with the Albert Einstein College of Medicine, Montefiore, with a budget this year of $170 million, is the single biggest commercial enterprise in the Bronx.

Furthermore, Montefiore is regarded by many health experts as one of the most socially conscious of the city's big hospitals and has thus prepared itself both financially and medically for the community involvement that is being forced upon the major teaching institutions, particularly in providing primary medical care in surrounding neighborhoods and producing physicians who know how to do it.

"New York's big teaching hospitals are simply spectacular institutions," Dr. Cherkasky said recently. "Moreover, there is hardly a Governor, Mayor or legislator who hasn't been cared for by one of them. So the emotional incentive to keep them alive is enormous."

One of the things Dr. Cherkasky has done to keep Montefiore solvent has been to build up the single largest Medicare practice in the country, accounting for $60 million of Montefiore's income. He also has been developing plans for a consortium between private voluntary and municipal hospitals in the Bronx to make sure that the borough's increasingly scarce medical and hospital resources are more evenly utilized and extended to desolated sections of the South Bronx.

"The crunch that we're all going through," he said, "is going to force us to reorder our priorities and change a disastrous system that has only wasted more money as it was poured in."

Montefiore is only a few subway stops away from the kind of poverty-induced blight that has made a wasteland of the South Bronx, and there are fears among some hospital officials that the blight ultimately may reach neighborhoods surrounding the hospital and undermine its capacity to survive.

"The single most important task we have undertaken," Dr. Cherkasky said, "is the creation of a preservation committee that will look at nearby neighborhoods and try to figure what happened, and in that way we can prevent it from happening here."

"If Montefiore were to ever go — and I don't believe that will ever happen," Dr. Cherkasky stressed, "then the entire Bronx is finished, too. And I don't believe that is going to happen, either."

Mount Sinai Less Worried

At Mount Sinai, there is a similar concern for the surrounding neighborhoods from the high East 90's north. But Mount Sinai physicians genuinely believe that Manhattan is far different from the Bronx and that the city's established political and economic forces would never allow an area so close to Manhattan's East Side to go to ruin.

Like Presbyterian, Mount Sinai has recruited a management efficiency expert and administrator to cut waste and achieve economies.

When there was plenty of money, for example, hospital physicians routinely ordered test after test and purchased exotic medical equipment on the assumption that reimbursement income from Blue Cross, Medicare and Medicaid would simply absorb the costs. Some physicians continued this practice when the city's fiscal crisis began even though the reimbursers had stopped paying for much of it, and the hospital itself was left to absorb the costs.

As a consequence, Mount Sinai, with a budget this year of $135 million, has established a system in which every capital expenditure — from a relatively inexpensive microscope to a $500,000 X-ray machine — must be approved by a forum of hospital physicians.

Recognition of Problem Gained

Samuel Davis, director of Mount Sinai, said: "We have cut capital outlays from $14 million to $2.5 million without sacrificing quality care. Moreover, the procedure involves all the physicians, and they are the ones who ultimately determine the cost of hospital care. The process gives them a personal recognition of the problem."

Dr. Saul Farber, chairman of the Department of Medicine at the New York University School of Medicine and at Bellevue, said a similar forum had been established at his institutions. "No one can buy anything anymore," he said, "without arguing his case before a committee."

N.Y.U.'s special relationship with Bellevue, an arrangement that goes back to the last century, represents the city's closest tie between a medical school and a municipal hospital. In the 1950's, other big teaching hospitals and their medical-school partners saw municipal hospitals as a market for their services and a supply of patients for their young doctors. This perception, and the city's need of their medical services, has since produced $160 million in affiliation contracts with municipal hospitals.

One major exception is New York Hospital and Cornell University Medical College, its medical-school partner on the East Side. Cornell once provided some medical services at Bellevue, but it now has no municipal affiliation. Like every other big hospital in the city, however, New York Hospital finds itself competing for patients and it is looking for additional outlets for its medical resources.

Surrounded by East Side affluence and with its back to the East River, New York Hospital does not have to worry much about urban decay. But hospital officials admit that they have entered the same "marketing" arena as Presbyterian on the other side of town.

Wash. Post; 8/

Welfare Rolls D

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From staff reports and news

Wash. Star; 8/5/78

Senate OKs Flu Vaccine Program

The Senate yesterday ignored warnings of another "swine flu fiasco" and approved a limited plan to vaccinate 4 million elderly people and children against Russian flu this winter.

The controversial $8.2 million administration program was tacked onto a supplemental appropriations bill which is expected to be passed Monday and sent to conference committee with the House.

The amendment by Sen. Dale Bumpers, D-Ark., was passed by voice vote after he told the Senate it would only provide shots for high-risk persons over 65 and children with chronic illnesses who could die from flu. It would actually protect against three kinds of influenza.

"We are playing Russian roulette with the Russian flu," warned Sen. Richard Schweiker, R-Pa., in opposing the shots. He said recipients could come down with polio-like Guillain Barre syndrome as they did in the government's abortive swine flu program two years ago.

HEW Secretary Joseph Califano sent a letter to each senator Thursday urging support of the flu vaccination effort.

THE GREEN SHEET

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

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St. Jrnl; 8/7/78

Tobacco Firm Study Over 14 Years Finds Cigarets Are Hazard

* * *

king Helps Cause Lung, Heart Diseases, May Be Tied to Ulcers, Book Says

CHICAGO (AP)—Cigaret smoking helps cause lung and heart diseases, and nicotine may cause peptic ulcers, concludes a 14-year study financed by six major tobacco companies.

Results of the study were released recently in a 369-page hardbound book by the American Medical Association, which sponsored it.

The study concluded: " . . . the bulk of research sponsored by this project supports the contention that cigaret smoking plays an important role in the development of chronic obstructive pulmonary diseases and constitutes a grave danger to individuals with pre-existing disease of the coronary arteries.

. . . Studies include new mechanisms by which nicotine may influence production of peptic ulcers."

"The study doesn't have much new, it just mostly confirms what others have said," AMA spokesman Frank Chappell said.

The impact of the study, however, seemed to be that research funded by the tobacco industry itself supported earlier research that smoking is hazardous.

There wasn't any immediate reaction from tobacco industry spokesmen.

Although conducted with the backing of the AMA, the study was paid for by the tobacco industry in response to a 1964 report in which a report to the U.S. surgeon general concluded cigaret smoking is a health hazard.

The industry said that conclusion was based on inconclusive evidence and formed the Committee For Research on Tobacco and Health to conduct more exhaustive studies.

The committee coordinated the work of

See TOBACCO, p. 10

Wash. Post; 8/6/78



United Press International

President Carter reaches for the hand of young supporter as he moves through crowd following his address in Wilson.

A Delighted President Goes Politicking

By Fred Barbash
Washington Post Staff Writer

WILSON, N.C. — President Carter left Washington and many of his troubles behind him yesterday for an old-fashioned, small-town Southern political rally with crowds unabashedly delighted to see a president.

It was the kind of day when the president seemed free to joke about even his most embarrassing problems—like the Peter Bourne drug affair—and to poke fun at even his greatest liability here in tobacco country, Joseph Califano and his antismoking crusade.

The crowds cheered when they were supposed to and laughed when they were supposed to and when it was over the obviously delighted president took off his coat and moved into the crowds for a round of campaign-style handshaking.

It was undoubtedly the best therapy for a troubled politician. The president is faced with worrisome public opinion ratings, resignations and troubles with his legislative program.

This was solid Carter country in 1976, as he kept reminding the crowd yesterday. But his support has been significantly eroded, in part beause of Califano's antismoking campaign.

"I had planned today to bring Joe Califano with me," he said in reference to the secretary of health, education and welfare. "But he decided not to come. He discovered that not only is North Carolina the No. 1 tobacco-producing state, but that you produce more

See PRESIDENT, p. 10

Wash. Post; 8/7/78

Embryo Mice at Hopkins Grown Outside the Womb

By Victor Cohn
Washington Post Staff Writer

BALTIMORE—In a feat that could point the way to the growth of any mammal—including a human being—outside the womb, a scientist here is raising embryo mice in the laboratory until they are halfway through gestation and their heart cells begin beating.

The scientist is Dr. Yu-Chih Hsu of the Johns Hopkins School of Hygiene and Public Health.

The mouse fetuses developing in plastic dishes in his laboratory are not yet complete test-tube babies.

"I don't know whether or not it will ever be possible" to bring a mouse or any other mammal, including a human, completely to "birth" or maturity outside the womb, he said last week.

"It might never be done. Or it might be done in the mouse by someone in a very short time.

"In the human being? I hope never.

See EMBRYO, p. 10

NY Times; 8/7/78

Alleged Suppression of Research By U.S. Is Assailed by Sen. Dole

WASHINGTON, Aug. 6 (UPI) — Senator Robert Dole, Republican of Kansas, criticized the Government today for allegedly suppressing biomedical research on drugs and medical devices developed under support from the National Institutes of Health.

In a statement, Senator Dole said that the Department of Health, Education and Welfare was violating Federal regulations by ignoring requests from universities and research institutes seeking to collaborate with private industry to develop medical inventions.

"While the department continues to study the issue, 29 life-sustaining inventions are languishing on the bureaucratic shelves of HEW," Senator Dole said in his statement.

Part III of Levins' series 'One-Stop Pill Shopping' p. 5

Index

5 SECTIONS, 94 PAGES

News Items..... 1
Edit & Op-Ed....36
Daybooks.....43
Sat Supplement..S1
Regional Clips..R1

THE GREEN SHEET

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

Wall St. Jrnl; 8/7/78

Carter Makes Last-Minute Effort to Inject Some Liberal Proposals Into the Tax Bill

By JOHN PIERSON
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — President Carter is making a last-minute effort to inject a few liberal notions into the tax bill.

One is that any tax cuts should be "progressive," with more of the benefits going to people toward the lower end of the income scale and less to those toward the upper end. The other is that the rich shouldn't get away with paying the government only five cents on the dollar of their capital gains.

Treasury Secretary Michael Blumenthal thinks Mr. Carter has "perhaps a 50-50 chance" of success when the House takes up the tax bill Thursday. But the betting on Capitol Hill is that the President's chances are slimmer.

What's more, the House is the last place where Mr. Carter has much hope of salvaging a little of the philosophy of the tax package he submitted last January. And the Senate these days is even more friendly toward the rich than the House and more hostile toward liberal ideas of tax "reform."

Rules Committee

The House Rules Committee still must decide what amendments can be offered. But it seems likely that come Thursday, the House will have before it:

—The $16.1 billion tax-cut bill, which includes a $1.9 billion reduction in capital gains taxes, approved by the Ways and Means Committee.

—An administration-backed amendment that would increase the overall tax cut to $18.1 billion, transferring more of it down the income scale and reducing capital gains taxes only $1.6 billion.

—A proposal by House liberals for an income-tax credit equal to 5% of Social Security taxes paid by employes, employers and the self-employed. The Social Security credit would add $5.6 billion to the cost of the bill.

—A proposal by Rep. Jack Kemp (R., N.Y.) to reduce individual taxes by about one third over the next three years. That would swell the tax cut to close to $30 billion in 1979.

—A chance to delete a section of the Ways and Means bill that eliminates tax on whatever part of capital gains is due to inflation. This "indexing" plan would eventually cost the Treasury up to $3 billion a year.

In the Background

Except for Mr. Carter's press-conference blast against "huge tax windfalls for millionaires," the administration had remained in the background as the Ways and Means panel dismembered the President's January tax package. The committee rejected most of Mr. Carter's revenue-raising "reforms," tilted the cuts higher on the income scale and added a big reduction in capital gains taxes.

Finally, on Friday, Treasury Secretary Blumenthal and White House assistant Stuart Eizenstat called in the press and announced that the administration was throwing its weight behind a two-part amendment developed by the Treasury and a small group of House liberals. Mr. Eizenstat said the amendment "makes the bill a better bill," and Mr. Blumenthal called it "a significant improvement."

Mr. Eizenstat declined, however, to predict whether the President would be willing to sign the House bill with the administration-backed amendment. "We aren't prejudging what the final bill will look like," he said. Mr. Carter has threatened to veto the Ways and Means Committee's bill.

The Ways and Means proposal cuts individual taxes through adjustments in tax brackets, a higher standard deduction, selected rate cuts and an increase in the personal exemption to $1,000 from $750. The administration-backed amendment would replace these changes with a different set of selected rate cuts and an increase in the general tax credit to $100 from $35 for each exemption.

Mr. Blumenthal said the amendment would provide more tax relief than the Ways and Means bill for all income classes through $50,000. Treasury tables show that this would be so for a typical four-person family with one or two wage earners. It wouldn't be so for most single persons.

Typical Family

For example, according to the Treasury, a typical, four-person family with one wage earner and income of $15,000 would get a $229 tax cut under the amendment compared with a $77 cut under the committee's bill. At $30,000, the same family would pay $423 less next year under the amended bill compared with $304 under the panel's bill. At $50,000, the family's tax cut would be $700 with the amendment and $654 without it.

Under current law, that family doesn't pay any federal income tax until it makes $7,200. The Ways and Means committee's bill would raise that family's tax-free level to $7,400, while the amendment would increase it further, to $8,888.

Under the administration-backed amendment, 87% of the individual tax cuts would go to persons making less than $50,000, compared with about 75% under the bill approved by the Ways and Means panel, the Treasury said.

As for capital gains, the amendment would preserve a provision of the bill that eliminates gains as a preference item under both the 15% minimum tax and the 50% maximum tax on earned income, and another that allows homeowners to escape tax, once, on up to $100,000 of profit from a home sale. But in place of the bill's new 10% "alternative minimum tax," which the Treasury derided as "micro-mini tax," the amendment would place a new limit on the amount of gains that could be deducted from the regular tax base.

Under current law, half of capital gains can be excluded from income, and the remaining half can be "sheltered" from tax by ordinary losses. Under the new administration plan, the exclusion for capital gains generally would be limited to the amount of gains subject to tax.

But the new limitation could never reduce the amount of excluded gains below $5,000. Nor would it be applied so as to reduce the benefits of charitable deductions.

Tax Windfalls

According to Secretary Blumenthal, this would "avoid huge tax windfalls to persons who already shelter large amounts of income from tax." But it wouldn't affect taxpayers whose ordinary income exceeded their ordinary losses.

The Treasury provided several examples, including a person with $1.6 million of capital gains and tax-shelter losses of $1 million. Under current law, he doesn't pay any regular tax but pays a minimum tax of $90,000. Under the Ways and Means bill, he wouldn't pay any regular tax but would have an alternative minimum tax of $60,000. Under the amendment, he wouldn't pay a minimum tax of any kind but would pay a regular tax of $178,740, the Treasury said.

The big difference is that under current law and the bill, he would exclude half his gains before combining his capital gains income and his ordinary losses. Under the amendment, he'd take his 50% exclusion after netting his gains and losses.

Under current law, the Treasury said, many individuals with tax shelters pay tax on millions of dollars of capital gains at the rate of 7.5% or less. Under the Ways and Means bill, a person who was able to shelter all his income from regular tax would pay more than 5% on his gains through the alternative minimum tax.

Under the administration-backed amendment, that person would pay between and 17.5% on his gains. It would raise $300 million from some 119,000 taxpay-

Wash. Star; 8/5/78

But Official Defends Him

U.S. Food Safety Chief Quits After Reprimand

Associated Press

The Agriculture Department's top food safety regulator quit his $47,500-a-year job yesterday after being fined for allowing industry officials to pay $14 for two of his meals.

Assistant Secretary Carol Tucker Foreman said she did not fire Dr. Robert Angelotti as administrator of the Food Safety and Quality Service or force him to resign.

"He asked to be relieved of his duties and he was," said Joseph McDavid, a department spokesman.

"I'm very sad that a couple of minor infractions gave a tinge of credibility to charges (against Angelotti) that were not at all true," Foreman told a reporter later.

IN A LETTER to Foreman, Angelotti cited "numerous attacks on my role" in recent months that "have diverted my attention from carrying out the major goals of the agency and the administration."

"Although these allegations are unfounded, they have weakened my position . . . (and) have undermined my acceptance with the Congress, employees of my agency and the public we serve," said Angelotti, who had taken the job about one year ago.

In a replying letter, Foreman commended him and said she deeply regretted his view that he could no longer be effective.

Angelotti was reprimanded Wednesday by Foreman and fined 10 days' pay for accepting the meals, a violation of the Meat Inspection Act, and for "inadvertently filing an expense voucher that included two meals plus $17 in transportation costs that he did not actually incur."

Foreman said that a meatpacker, Kenneth Monfort, bought one meal and a representative of the Safeway food store chain bought a breakfast.

THE DEPARTMENT'S inspector general forwarded to the Justice Department, without any recommendation on further action, a report on the friendship between Angelotti and Herbert Silverstein, a food industry consultant, that uncovered the false vouchers.

A probe of Angelotti by a special task force of the House Agriculture Committee's subcommittee on livestock and grains was touched off last month by reports that Silverstein, of Encino, Calif., was using his six-year-old friendship with Angelotti as a selling point for his consulting services.

The reports also alleged that Silverstein had been given advance looks at proposed new regulations.

McDavid said yesterday that the inspector general, called in by Foreman when the task force was formed, "found nothing illegal or improper in Dr. Angelotti's actions" regarding Silverstein.

It was well-known among department officials, committee members and reporters that disgruntled employees of the Food Safety and Quality Service had taken the reports to Congress.

ANGELOTTI, A respected Public Health Service microbiologist by profession, was chief of the Food and Drug Administration's Bureau of Foods for several years.

He was known for a fiery temper and abrupt manner. Farmers have complained to Congress of his "arrogance" at field hearings on food issues.

The agency oversees the inspection of meat, poultry, eggs, fruits and vegetables to see that the foods met federal standards for and quality — standards it also sets.

Silverstein had provided information in the last two years for critical analyses of meat inspectors' work by a private management firm, a consumer group and a television network.