

Health Cuts Unrealistic, HEW Planners Admit

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Nixon administration health planners have admitted that the most controversial, cost-saving parts of the 1974 budget—including increases in medicare costs for the aged and the termination of key programs—"are no longer realistic."

As a result, cost savings of more than \$1.8 billion are not possible, the planners told HEW Secretary Caspar W. Weinberger last week in a preliminary memorandum leading to the development of next year's health budget.

The HEW admissions, released yesterday on the Senate floor by Chairman Edward M. Kennedy (D-Mass.) of the Senate Health Subcommittee, are important now because the Senate has not yet passed

the HEW budget for this fiscal year, which started July 1.

The House-passed version increased the President's budget by \$333.7 million in a Labor-HEW appropriations bill that added a total of \$1.3 billion. The White House's chief domestic aide, Melvin Laird, has said he will recommend a presidential veto. Mr. Nixon twice vetoed HEW appropriations last year.

In the preliminary planning memo, HEW officials foresee the 1975 health budget, which takes effect next July, as totaling almost \$5 billion—an increase of \$672.6 million over the 1974 request.

The memo sets forth a \$150 million health revenue sharing

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program for the states to replace current grants for programs to fight alcoholism and narcotics addiction.

It does not say, however, whether programs eliminated from the 1974 budget—community mental health centers, Hill-Burton Hospital construction and regional medical programs—will be included in the 1975 budget. Congress has continued the authorizations for those programs for another year, and will likely appropriate money to fund them.

Lead-based paint and rat control programs, costing \$19 million, are slated for elimination.

The Food and Drug Administration, which the memo called "constantly underfunded," will receive an additional \$31.4 million—an increase of 19 per cent. "But even that increase will provide only a fraction of the funds which could profitably be used."

The biggest chunk of the health budget—\$21.6 billion—is allocated for the Medicare and Medicaid programs to provide health care to the aging,

the disabled and the poor.

HEW planners estimate in this memo that Medicare payments will double in the next five years—from \$12.4 billion to \$24.5 billion. Medicaid will almost double—from \$5.7 billion to \$9.2 billion.

"Yet in 1972," the memo continued, "Medicare accounted for only 42 per cent of personal health care expenditures for the over-65 population . . . The aged spent as much out of pocket for personal health services in 1972 as they did before Medicare was enacted (in 1966)."

"The major challenge to the Medicare program during 1975-1979, therefore, will be to control costs while maintaining acceptable levels of coverage."

In the 1974 budget, the Nixon administration attempted to do this by making Medicare patients pay a large share of their hospital bills—adding between \$700 million and \$1 billion to the cost of medical care for the 23 million persons covered by Medicare.

"No legislation has been submitted for cost-sharing under Medicare, and even if submitted (it) is unlikely to be

passed," the HEW planners admitted.

"Congress has widely criticized the administration for seeking to reduce program benefits."

To meet the congressional criticisms, the planners recommended to Weinberger that HEW combine the cost-sharing proposal with a liberalization of Medicare to include possible coverage of drugs pre-

scribed by doctors; patients with costly illnesses such as kidney disease, which was included this year, and a reduction in the waiting period needed for the disabled to become eligible for Medicare.

The Medicaid program to provide health care to the poor has jumped 77 per cent since 1970—mainly because more people are being served. In fact, the cost per patient

has dropped from \$335 to \$238.

Nevertheless, an estimated \$700 million in cost savings passed by Congress last year have not materialized because HEW failed to issue regulations implementing them, the memo said.

As a result, Medicaid expenditures will exceed the budget by an estimated \$395 million.

The proposed budget for

biomedical research foresees an increase of \$104 million even though the total budget for the National Institutes of Health goes down by \$840 million. The decrease, the memo explained, is due to funding the last years of community mental health centers in the 1974 budget. However, the memo points out elsewhere, Congress is "unlikely" to approve that provision.

The President's two favorite programs — heart and cancer — get most of the increase (\$50 million for heart disease, \$25 million for cancer and \$74 million divided among all the other institutes).

Health officials indicated in the memo that they are worried that the heart and cancer programs are receiving too large a share of the total research budget.

Even so, cancer is getting far less than Congress authorized when it approved a national war on the disease. In its 1975 budget request, the National Cancer Institute said it needed at least \$616 million and could spend as much as \$720 million. It would be getting only \$550 million if the President follows recommendations in the preliminary planning memo.