

HEW Aides Quit Over Health Care

7/4/73

By Victor Cohn

Washington Post Staff Writer

Dr. Gordon K. MacLeod, director of the government's Health Maintenance Organization activity, resigned yesterday, charging that the Nixon administration plans to "all but eliminate" his program. Another health official quit Friday in protest.

MacLeod also charged that the administration has abandoned a goal it announced in 1970 of making HMOs a major part of the health care system. HMOs are prepared medical care plans.

He quoted a May 31 memo from Dr. Fred Stone, deputy administrator of the newly forming Health Services Administration in the Department of Health, Education, and Welfare, as saying that its current health reorganization will "submerge" HMO programs in a new Bureau of Community Health Services.

What this means, MacLeod charged, is that the administration will finance some HMO demonstrations, but has backed far away from its 1970-71 intent—stated again and again by President Nixon and HEW Secretaries Robert Finch and Elliot Richardson—to reshape American health care delivery by including a large HMO component.

The option of joining an HMO and paying a single monthly fee rather than paying doctors for each and every service should be available to 9 Americans in 10, Richardson had said.

MacLeod's resignation was the second in a week by a U.S. health official to protest reorganization.

Dr. Arthur J. Lesser, long chief of services for crippled children and low-income pregnant mothers, quit Friday, charging disregard of congressional intent and downgrading of many goals.

Speaking for Stone, an HEW information officer said, "If the HMO thing does not work out, we will make other arrangements to see that it does work, because it is a high administration priority."

Dr. Charles C. Edwards, deputy secretary for health, said, "There will be a new assistant bureau director for HMOs, and in no way will our

See HEALTH, A8, Col. 5

HEALTH, From A1

reorganization downgrade our efforts to develop HMOs or see that care for mothers and children is available."

In fact, however, HMO's have not been getting as hard a push as President Nixon and his deputies originally promised.

The American Medical Association has strenuously and effectively opposed any big-scale program, accepting only limited demonstrations and prepayment programs designed by county medical societies. Administration officials have generally come to agree that it would be wrong to start too much too soon.

Congressional health subcommittee chairmen Sen. Edward M. Kennedy (D-Mass.) and Rep. Paul Rogers (D-Fla.) have also disagreed on how extensive a program to push, and Congress has not yet passed an HMO bill.

The Senate this year has approved a Kennedy bill to authorize an \$805 million program to help HMOs with

startup costs. Rogers' subcommittee has reported a \$280-million, three-year authorization bill. The administration seeks only a \$60-million, one-year program.

HEW Secretary Caspar W. Weinberger backed a "time-limited demonstration approach" in a letter to the editor in yesterday's editions of The Washington Post.

But MacLeod argues that HMOs are already a demonstrated way of giving preventive health care and cutting the need for costly hospitalization. Some 5 million people, he said, are covered by long-established prepaid group medical practices: West Coast Kaiser plans, group health associations here and elsewhere, medical groups in the health insurance plan of Greater New York and others.

The administration's HMO idea, building on the traditional prepaid group practice, came from Dr. Paul Ellwood, a Minneapolis health thinker and now head of InterStudy, a policy study group.

"It's hard for me to tell

what the administration position is now," he said yesterday. "Around the time of the election it did appear that they were showing less enthusiasm for using HMO as a device to change the structure of health care delivery.

"But with the return of Melvin Laird to an active role in health" — Laird is the President's new counselor for domestic affairs — "I expect the

administration's position on HMO to be strengthened.

"Laird is from Marshfield, Wisconsin, and it was really his enthusiasm that encouraged the Marshfield Clinic, one of the best of group practices, to form an HMO. The administration has still budgeted a sufficient amount of money to start a major HMO program," he said.