

# HOSPITAL LEADERS FEAR COST PINCH

A.H.A. Aides Warn of Cuts  
in Services to Patients

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WASHINGTON, Feb. 5—Leaders of the American Hospital Association warned today that new Federal policies would force some institutions to cut patient services and even face bankruptcy.

John W. Kauffman, chairman of the association's board of trustees, characterized Federal policies toward hospitals set forth in the last month to con-

trol inflation in health care costs as "one blow on top of another."

Mr. Kauffman, executive vice president of the Princecton (N. J.) Hospital, and John Alexander McMahon, president of the association, said the problems of the association's 7,000 member institutions had been compounded by three recent Federal actions:

¶The continuation under Phase 3 of a maximum increase in hospital charges of 6 per cent, although most other businesses may ask for higher increases if their costs justify the request.

¶A proposal by the Nixon Administration that would, in effect, require the nation's hospitals to return \$300-million in advance payments for hospital bills of Medicare beneficiaries.

¶The dropping of the Hill-

Gurton program, which provided Federal funds to build and modernize hospitals.

Mr. McMahon insisted, although he did not provide details, that Hill-Burton funds were still needed for specific areas of the nation.

During a news conference at the Washington Hilton, where the association is holding its annual three-day convention, Mr. McMahon conceded that "across the country we may have a slight surplus" of hospital beds. But he added that large numbers of hospitals may be faced with real financial difficulties because of the Nixon Administration's new policies and proposals.

Mr. Kauffman said, "There will be some hospitals that will go bankrupt." He estimated that the Princecton Hospi-

tal will, because of the proposal to change advance payments of Medicare bills, "have to return \$113,000."

But this also comes at a time, he said, when during the month of January "10 suppliers [of the hospital] have increased their costs from 5 per cent to 18 per cent," the largest increase being in fuel oil.

"If you put one new thing on top of another you can hurt a whole industry," Mr. Kauffman said, adding, "I'm going to have trouble keeping the door open."

He noted that an alternative for the institutions was the reduction of services to patients. He specifically mentioned providing treatments on a so-called out-patient basis, which is substantially cheaper than caring for people only

after they have been hospitalized.

Mr. Kauffman said, however, that he had been "encouraged" by statements from Administration officials emphasizing that the price controls might not last.

Frank C. Carlucci, Under Secretary of Health, Education and Welfare, told the association's 800 delegates in a speech earlier in the day that the Administration did "not view price ceilings on health care as a permanent fixture. We see them as a temporary tourniquet that will buy us time."

Mr. Carlucci noted, however, that "prices for medical care services have been the fastest-growing item on the Consumer Price Index" and that hospital room costs rose last year at a rate double that of the index.