

'Model' Miami Hospital In Deep Financial Straits

Same story in NYT 15 Apr (filed W/gate) has additional details on Bronstein. Also SFEx 28 APR 74, FILED W/6008

Miami

The Cedars of Lebanon Hospital of Miami, described in February by President Nixon as a model for his privately financed national health insurance plan, is in deep financial trouble.

In 1970, the \$75 million medical facility received a \$62 million federal loan guarantee despite the opposition of local health experts. On April 5 of this year, the hospital petitioned in the U.S. Bankruptcy Court here for reorganization.

The hospital said it had debts of \$9,011,630. This included \$25,000 owed to the

Internal Revenue Service for taxes withheld from hospital employees, some of which dated back to 1973.

Withheld federal taxes are supposed to be paid within two working days after each payday. IRS regulations specify that "responsible (corporate) officers" are held personally liable for unpaid taxes and for a 100 per cent penalty.

According to the hospital's affidavit, Cedars expects an operational loss of about \$250,000 during the next 30 days.

"I would not be at all surprised to receive soon a complaint or information that could lead to an investi-

gation of a possible criminal activity at Cedars," Richard E. Gerstein, Dade county state attorney, said.

A prominent Miami lawyer who has been close to the case for months said there could be as much as \$600,000 not properly accounted for at the hospital.

Despite repeated attempts, Alan G. Greer, attorney for Cedars, could not be reached for comment.

The hospital, which opened in 1961 and is run by a nonprofit corporation, has for years been controversial and trouble-ridden.

When it was operated as a conventional, 252-bed hospital, Cedars was a stable health care facility. But in 1969 its president at the time, Sanford K. Bronstein, conceived the idea of expanding it into what he visualized as the Mayo Clinic of the South.

The Comprehensive Health Planning Council of South Florida, which coordinates all health-related activities here, rejected Bronstein's plan.

Among other arguments the council said that by 1975 the year all new facilities were scheduled to be ready for use, Dade county would have a considerable surplus of hospital beds, thus making Cedars' operations non-profitable.

Bronstein then applied for federal loan guarantees. According to a report by the Miami Herald, William Bayer, trustee and paid lobbyist for the hospital, sought the help of Bryce N. Harlow, then a White House aide, to obtain the \$62 million federal housing administration guarantee.

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