

Miami Hospital That President Called Model Is Heavily in Debt

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MIAMI, April 13 — 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 the hospital petitioned in the United States Bankruptcy Court here for reorganization under Chapter 11 of the Federal Bankruptcy Law.

The hospital's records filed with the court said it had debts of \$9,011,630. This included \$525,000 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 investigation 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.

Bankruptcy Court Judge James Yacos will decide whether to return the present Cedars administration, or to name a

new receiver to run the hospital.

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

When it was operated as a conventional, 252-bed hospital, Cedars was a viable 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.

His ambitious expansion plan included adding 560 beds and building a health testing laboratory, hotel space for patients' families, apartments for physicians, a swimming pool, restaurants and other new facilities.

The Comprehensive Health Planning Council of South Florida, which coordinates all health-related activities here, rejected Mr. 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 unprofitable.

Mr. 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 aid of Bryce N. Harlow, then a White House aide, to obtain the \$62-million Federal Housing Administration guarantee.

Mr. Bronstein's contacts in Washington have also been noted here. He is said to be a long-time friend of James Cavanaugh, the White House health adviser and of other Government officials. Mr. Bronstein is a member of a group of conservative Miamians regarded as friends of the Administration who are challenging the Federal license of Miami Television Channel 10, owned by the Washington Post Company.

See also SFX 28 Apr 74 [New York News]