

Former health chief gives views on cutting costs

By Teri Banas
staff writer

The rising cost of health care coupled with the "graying of America" could lead to a debate over euthanasia and health care "rationing" far more serious than that for abortion, said Joseph A. Califano, former secretary of

Health Education and Welfare in the Carter Administration.

Addressing a group of Health Alliance Plan (HAP) officers and employees last week in Livonia, Califano presented a somber message of the country's health care dilemma and called upon "all the players" — the medical profession, business, government and private citizens — to address the problem.

"Without the most energetic pursuit of efficiency we will soon face a world where there is no kidney dialysis for people over 55, no hip replacements and operations for those over 65. A world where the eligibility for expensive anti-cancer therapy will be based on statistical assessments for success and key organ transplants severely limited to special cases of virtual certainty for recovery — and all as defined by pages and pages of government regulations," Califano told the gathering at the dedication of the Oak Creek Medical Center.

Praising the HAP plan's development of another ambulatory care center in the Detroit area, he said: "... What makes places like these so important is that we don't have the money to keep going along the way we are."

NOW A senior partner with a Washington, D.C., law firm, Califano is less in the limelight than during the days when his national anti-smoking campaign and his squabbles with the White House were chronicled in daily headlines across the country.

Today, he is authoring his seventh

book and sits on the board of directors for three major U.S. companies, including Chrysler Corp., American Can Co. and Automatic Data Processing Inc. On the Chrysler board, Califano is active as chairman of its health care committee.

Recovering from a bout with the flu, Califano delivered an urgent call for cost cuts in health care, with a detailed overview of how the system developed into a current national expense of \$1 billion a day.

He discussed Medicare, Medicaid and a prognosis of what's in store for the future of health care in this country.

Califano called the country's aging population "sobering" in light of government figures that suggest the Medicare hospital insurance trust fund program will "go bust by the early 1990s."

"Now those of us who live to be 65 have a life expectancy of 82. Think about that when in a world in which Franklin Roosevelt proposed Social Security it was the most expensive life insurance program ever enacted because the life expectancy in this country was 64 for a program that promised retirement at 65," he said.

Government's next role could become "the rationer of health care" as already is being done in Great Britain, he said. "This is reinforced by the fact that the federal government funds 90 percent of all basic biological-medical research in America and, together with state and local government, pays most hospital bills. Bluntly put, Uncle Sam will soon be playing King Solomon with your mother and father and you and me."

TODAY'S health care costs for business alone, are staggering. The present unfunded cost of care for some 15-million retirees of the Fortune 500 companies, for example, is nearly \$2 trillion for companies whose total assets were \$1.3 trillion in 1983.

And while inflation appears to be abating, the recovery isn't as viable in the health care business.

"In 1984 the Consumer Price Index went up 4.3 percent and hospital costs still rose twice that rate. In Michigan inpatient hospital costs rose 11.7 percent and out-patient costs rose 16.4 percent," he said.

Califano puts the blame for what he termed the "health care Frankenstein" on all segments of society from the patient who rarely questions or glances at a medical bill before passing it on to an insurance company, to labor unions and management that negotiated for "more and more benefits," to government.

"In the past, we let costs rise even when there was no correlation to better quality care so that today we use more tests, get more X-rays, and spend more time in the hospital for medical procedures than anywhere else in the world."

FUELING the problem has been the system's structural problems, such as

hospital reimbursements on a cost or cost-plus basis and doctors' fee-for-service basis and the third-party payment system.

And "judges, juries fed this Frankenstein with malpractice litigation that established unprecedented and unrealistic standards of negligence and whopping judgments against hospitals and doctors that failed to run one test or another."

Government also contributed to the problem, he said, recalling an anecdote from the Johnson Administration when the President was battling to get his Medicaid package out of a House ways and means committee and on to floor action.

In a caucus in the presidential office one night, then congressional liaison Larry O'Brien told the president the only way to "get it out" would be to concede to the doctors' fee-for-service and the hospitals' cost-based reimbursement system. The president asked the cost, and O'Brien said a half-billion dollars.

"Only \$500 million; get it out," Califano recalled the president saying.

"That's exactly what we did, and we've been paying the price ever since," Califano said.

CALIFANO predicts health maintenance organizations (HMO) are the "wave of the future" for cost containment and today the growth is averaging 15 percent annually. He particularly sees this happening in the dentistry field, forecasting a 50-percent saturation in the next 10 years.

When asked about a national health insurance program, Califano said he would favor "some sort of plan after costs are contained."

The plan, he suggested, is for employers of more than 50 workers to provide a minimum package of health insurance, as required by law, with the government responsible for the poor and elderly. "And for the small employers we need some sort of mechanism for him to buy health insurance at a reasonable price."

In response to questions, Califano criticized the Reagan Administration for its poor performance on social issues.

"To cut 25 percent (of medical research funding) is really to tamper with the future," he said.



Joseph Califano



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families when a member has a respiratory illness.

The free program will be 7-10 p.m. Thursday, Feb. 28, in Room J-294 of the Orchard Ridge Campus of Oakland Community College, Farmington Hills.

"We're going to be looking at the emotional aspects of this," said Dr. Bruce Dubin, one of the program's speakers. Other speakers will be Mary Kilnert of the National Jewish Hospital/National Asthma Center in Denver, Colo., and Margot Gershow, nurse-educator at Botsford General Hospital in Farmington Hills.

For additional information, call 353-LUNG.

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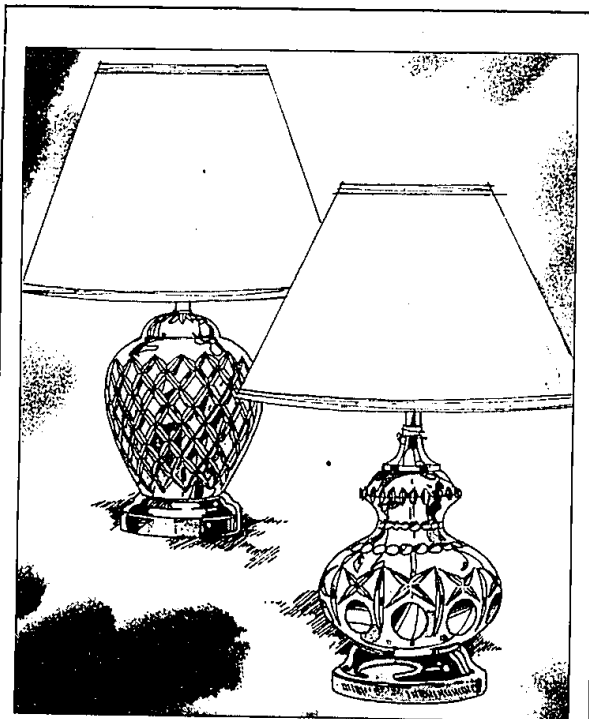
Funeral practices vary widely, from continent to continent, and country to country. Even within the same country, these practices vary according to various religious, cultural, regional and community customs and preferences.

On the other hand, funeral services have one important element in common: they satisfy man's need to ceremoniously bid farewell to the departed.

This seems to be a universal and innate imperative. Even prehistoric man was known to have rather sophisticated burial practices. The Smithsonian has displayed a 30,000-year-old "corpse" of a Paleolithic man discovered in a burial cave in Spain. In northern Iraq, archaeologists found a Neanderthal burial site said to be 60,000 years old. Among their discoveries was the fact that Neanderthals used flowers as part of the burial ceremony. There is nothing new about dying — nor how we bid farewell to the deceased.

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