

Controversy Rages on Whether Municipalities Should Run Own Hospitals

By DAVID BIRD

The battle over whether New York City's deficit-ridden government has enough money to run its new North Central Bronx Hospital has raised a much larger question of whether municipalities should be in the hospital business at all.

New York has been running municipal hospitals to take care of the poor ever since Bellevue opened in 1736, but in the last decade new legislation and the economic pinch have combined to create a force that could make municipal hospitals obsolete.

Traditionally, the municipal hospitals took care of the poor because the poor had no other place to go.

The rich could pay their own way in the more comfortable and prestigious proprietary (private, profit-making) and in the voluntary (private, nonprofit) hospitals.

But in 1966, in a surge of social legislation, Washington brought Medicaid and Medicare into existence that was to pay bills for the poor and the aged no matter where they were treated.

A Trend Is Started

The Government programs started a trend away from municipal hospitals. In 1965, public hospitals cared for 25 percent of the total number of patients. By 1974, the public share had dropped to 19 percent.

The slow erosion of the public system was markedly speeded by the fiscal crisis.

"It was the two factors in combination that really made a difference,"

says Dr. Lowell E. Bellin, the city's Health Commissioner. "The poor had a chance to go someplace else and the city was forced to think of economies that would never have been thought of before."

With a \$1 billion annual budget the city's Health and Hospitals Corporation, which oversees the municipal hospital system, loomed as a large target for budget cutters.

City officials reasoned that if the required budget savings were not taken out of the municipal hospitals they would have to be taken out of vital services like the Fire and Police Departments.

With Medicare and Medicaid many of the indigent could get treatment someplace else, the reasoning went, but fire and police protection could not easily be obtained elsewhere.

But the future of the municipal hospital system could determine the whole future of health-care delivery.

For Municipals

Defenders of the municipal system say it is important to keep the system if government is going to pay more and more of the hospital bills—assuming national health insurance is not far over the horizon—and it is important

for government to run the hospitals too so there will be strict accountability.

Among other issues that defenders of the municipal system are raising now is the specter of the recent Medicaid scandals that have come to the surface as a result of the Government's channeling money to private doctors without adequate control over the funds.

Dr. John L. S. Holloman Jr., the president of the Health and Hospitals Corporation, says that "the fundamental advantage of municipal hospitals is that they spend public money in public and consequently are accountable in a way that voluntary hospitals are not."

Medicaid pays bills only for the very poor. Those earning over about \$5,000 a year still must pay their own way, if they can, or do without care.

'Skimming the Cream' Seen

Dr. Holloman says the voluntary hospitals "have gotten rich by skimming the cream, by cutting losses" through not treating the poor who are not covered by programs to pay their bills.

Dr. Holloman doubts that a poor person really gets the same treatment even when he can get into a voluntary hospital.

"A Medicaid patient legally must be treated in the same way as a private patient paying for service," Dr. Holloman says, but he adds: "It seems to be somewhat naive that this in fact is true, especially when a Medicaid patient doesn't have a private physician."

Another strong defender of the municipal system is Donald Rubin, president of the Consumer Commission on the Accreditation of Health Services, a private activist group.

"We've got to have government-operated hospitals," Mr. Rubin says, "so the fee-for-service physicians will not rip us off."

He contends that physicians who are remunerated on the basis of each service perform unnecessary operations and other procedures just to raise their incomes.

In a government-operated hospital where the physician is paid a straight salary, he says, there would be no temptation to perform unnecessary procedures than can harm rather than help a patient.

Mr. Rubin says that municipal hospital systems have deteriorated because they have been bled by politicians favoring the private sector. He says that government hospitals can be good.

"After all," Mr. Rubin says, "when the President gets sick he goes to a Government hospital not a private hospital." He was referring to Bethesda Naval Hospital, which takes care of Presidents and other Government officials.

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Against Municipals

"There is no point in hanging on to a system that no longer has any use," says Dr. Bellin, the Health Commissioner, who refers to the municipals as an "anachronism."

He says that "for the most part there never has been a tradition in this country of excellence under public auspices" and the municipals have the stigma of being second-class places for the poor.

Dr. Belin says that once there is national health insurance for everyone, there will be no need for municipals.

"If you have the choice of going to the local greasy spoon or the place that serves squab under glass you'll use the greasy spoon only if you don't have money," says Dr. Bellin. "But if I give you a free credit card you're going to go for the squab under glass."

Dr. Bellin denies that the poor receive less than the best care in voluntaries. You now have different classes cheek by jowl in the same rooms," he says. "It's a degree of integration that is taking place no place else."

The Impact of Civil Service

Dr. Ray E. Trussell, who once ran the municipal system here as Hospital Commissioner and is now general director of Beth Israel, a leading voluntary institution, says "the inflexibility of civil service is man's worst enemy when it comes to providing medical care." He says it is almost impossible to get the right person in the right place because of rigid seniority rules that dictate who goes where.

Dr. Trussell denies charges that the voluntaries are for the rich. "Beth Israel was founded to serve the poor of the Lower East Side and that is what we do now."

He agrees that some municipal hospitals would still be needed to take care of the poor who did not have government programs to pay their bills but that eventually national health insurance will enable everyone to go to the voluntaries.

The Outlook

Another former Hospital Commissioner, Joseph V. Terenzio, who is now president of the United Hospital Fund,

which raises money for the voluntaries, sees the future as one in which municipal hospitals and voluntary hospitals will become somewhat the same with the institutions run by voluntary corporations under strict legal controls of accountability on the use of government funds.

Dr. J. Warren Toff, the associate commissioner for New York City affairs of the State Health Department, says the fight among the proprietaries, voluntaries and municipals is not going to be settled easily.

"Each of the three sectors is going for the jugular and the result is mass chaos," Dr. Toff says, emphasizing that he is speaking of his own observations in 36 years in public health here and not necessarily reflecting the official view.

"Each hospital is worried about its own prestige, its own status and there is no concern for the health delivery system as a whole."

He says there is duplication that wastes money because each institution had to have its own equipment and its own staff for every department. Dr. Toff says the health-care system should be regionalized so that there would be only enough pediatrics or obstetrics department, for example, to serve the area's needs rather than one in almost every hospital.

"I see a need for all three types of hospitals if we can avoid duplication," Dr. Toff says, "but in the current battle one type may get knocked out and the municipal system seems to be the weakest of the three."

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