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Dr. Ortiz's report said that "operating a medical-care facility with an inadequate budget is an exercise in futility. It is preferable to open fewer new facilities with adequate budgets."

The Ortiz analysis noted that there was a consensus "that some form of national health insurance will be legislated within the next several years. With outpatient and well as inpatient costs subsidized by National Health Insurance, the municipal system cannot afford to lose new facilities such as North Central Bronx which makes it more than competitive with the voluntaries."

Squeeze on Municipals

Some consumer groups see the private sector as using the current crisis to squeeze out the municipals.

Ed Gluckmann, executive vice president of the Consumer Commission on the Accreditation of Health Services, an activist consumer group, says the private sector "is ganging up on the municipal system. Why don't they press for the closing of the substandard private hospitals in the Bronx?"

Mr. Gluckmann said that four of the seven small private hospitals are so substandard that they technically should not be receiving the government funds that keep them going.

One of those, Royal Hospital, has decided to close and Mr. Gluckmann says that more pressure should be applied to close down the other three, which would help to fill up the municipals.

STATE TO CHANGE 4 NURSING HOMES

Nonprofit Groups to Replace Indicted Operator

By JOHN L. HESS

The State Health Department yesterday disclosed plans to transfer four nursing homes here from their operator, who has been indicted on charges of Medicaid fraud, to nonprofit institutions. It predicted that a substantial number of such transfers would be needed as a result of criminal prosecutions in the next two years.

Commissioner Robert P. Whalen made the prediction in a report to the State Public Health Council on what he called "the Year of the Investigations." He also announced fines against six nursing homes and the closing of another, bringing the total of closings for the year to 61.

The council approved a technical motion clearing the way for leasing of four nursing homes owned by Eugene Hollander, who was indicted last July on charges of stealing \$1.2 million in Medicaid funds.

Trial Date Set

Mr. Hollander's trial is now scheduled for Jan. 5, following a series of postponements he had requested to pursue negotiations for the transfer. A closing conference is set for Monday, but state aides said a hitch might develop over rental of the four homes. The homes, and their prospective new operators are the following:

Congress Nursing Home, 380 Henry Street, Brooklyn, to Long Island College Hospital.
Park Lane Nursing Home, 1455 Coney Island Avenue, Brooklyn, to Prospect Park Jewish Center.

Holland Care Center, 311 West 231st Street, the Bronx, to Beth Jacob Nursing Home.
Gotham Care Center, 2107 Ditmas Avenue, Brooklyn, to Yeshua Nursing Home.

A spokesman for Mr. Hollander estimated that annual rentals for the four homes, with more than 1,500 beds, would total roughly \$2 million. However, state aides contested the figure.

Both parties have agreed that the rents for the Gotham and the Holland, which are new buildings not yet licensed, would be 10 percent per year of building costs as determined by the state. However, on the other two homes, Mr. Hollander is asking for a continuation of the "imputed rents" he has been allowed by Medicaid as owner of the properties.

The state argues that Medicaid has already largely paid for these homes, and their value should now be computed as their original costs minus the depreciation taken by Mr. Hollander over the years.

Committee Head Named

Morton Hyman, a member of the Public Health Council who has long campaigned for curbing real-estate profits in the Medicaid formula, was appointed yesterday as chairman of its key establishment committee. The council, appointed by the Governor, supervises health facilities in the state.

Mr. Hyman said the committee, at its next meeting, Jan. 9, would act on the licenses of two nursing homes whose operators have pleaded guilty to frauds.

Warning that a substantial number of homes would ultimately have their certificates revoked, he said, "We hope that large charitable institutions will at some time recognize their responsibility." He appeared to be alluding to a reluctance of some major charities to take over private homes, which are now becoming available.

Dr. Whalen reported that he had fined the Willoughby Nursing Home, 949 Willoughby Avenue, Brooklyn, \$27,805 for adding a partner without council approval. The home is part of the network controlled by Bernard Bergman, who is also under indictment for Medicaid fraud, and its ownership situation was disclosed by the Temporary State Commission on Living Costs last year.

Also fined for similar reasons were the Astor Gardens Nursing Home, 2316 Bruner Avenue, the Bronx, \$1,000; the New Rochelle Nursing Home, \$15,000; the Hempstead Park Nursing Home, Hempstead, L.I., \$10,000; the Brandywine Nursing Home, Briarcliff Manor, \$3,000, and the University Heights Nursing Home, Albany, \$1,000.

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