

# Blue Cross-Blue Shield: a rip?

**Associated Press**  
WASHINGTON — A preliminary draft of a government report indicates Blue Cross-Blue Shield has not taken advantage of its size to keep health-insurance costs low, a Social Security Administration official said Tuesday.

Dorothy Rice, who heads the Social Security Administration's Research and Statistics office, said the report concludes that management of the giant nonprofit health insurer is less efficient than that of profit-seeking competitors.

The study, said Mrs. Rice, "doesn't make the Blues look good. They could be more efficient."

The government report is consistent with an Associated Press study which showed Blue Cross and Blue Shield rates were increasing faster than the cost of living, in part because the Blues had failed to impose strict cost-cutting measures on doctors and hospitals.

The AP study revealed that the failure to enforce standards had cost ratepayers millions of dollars.

A Social Security Administration

spokesman confirmed the accuracy of excerpts from a preliminary draft of the government's study which appeared Tuesday in the Washington Post.

Blue Cross and Blue Shield,

which handle almost half the private health coverage in the United States, "have not taken advantage of potential economies of scale to reduce the cost of coverage," the excerpts said.

"Instead they have dissipated the potential saving in increased administrative costs," said the draft, written by Ronald Vogel of the Research and Statistics office, and Roger D. Blair of the University of Florida.

## Court ends other suits on Coastal McCarthy refuses FEC audit

**Associated Press**  
HOUSTON — Coastal States Gas Corp. has obtained a temporary restraining order to delay further prosecution of customer lawsuits pending against two subsidiaries, Coastal States Gas Producing Co. and Lo-Vaca Gathering Co.

The order approved by Judge Robert H. Hamilton covers cases with issues similar to those pending in a Houston class action suit filed by United Texas Transmission Co.

on behalf of all customers of Lo-Vaca's gas system.

All customers also were restrained from filing or causing to be filed any new lawsuits raising similar issues.

Pending suits affected by the order have been filed by the City of Austin, City of Brownsville, Central Power & Light Co., City of Corpus Christi, City of San Antonio, and the City Public Service Board of San Antonio.

**Associated Press**  
The Federal Election Commission (FEC) decided against sending auditors from Washington to Eugene McCarthy's presidential campaign headquarters as scheduled today after McCarthy said he would not submit to an audit.

## Haldeman files appeal

**Associated Press**  
WASHINGTON — Lawyers for H. R. Haldeman appealed his Watergate cover-up conviction Tuesday saying he was tried in an atmosphere "supersaturated with the utter assumption of guilt."

The appeal also accused the trial judge, John J. Sirica, of pre-trial maneuvering calculated to help the prosecution.

Also affected would be further action or retrial of a Bryan case in which the Lower Colorado River Authority was awarded a judgment totaling \$26.1 million.

Hamilton, a former Texas Supreme Court justice, set a hearing for next Monday on a temporary injunction. Hamilton has been appointed a special judge to try the United Texas suit that is pending in 113th Civil District Court.

United Texas, formerly Pennzoil Pipeline Co., filed its suit in 1973 seeking to rescind certain transactions that allegedly adversely affected deliveries of gas to Lo-Vaca customers.

The commission meets Thursday, and it will be referred to the commissioners then, a commission spokesman said. "It will be up to them what we do next."

The commission planned to audit McCarthy's books as it does all presidential candidates. But McCarthy's campaign manager said Saturday the auditors would not be admitted today.

Haldeman, the White House chief of staff under former President Richard M. Nixon, was convicted along with three other men of conspiring to cover up the Watergate affair. Haldeman was sentenced to serve 2½ to 8 years in prison.

The appeal filed Tuesday with the U.S. Court of Appeals claimed that pre-trial publicity made a fair trial impossible and that much of the publicity was generated by the government itself.

Lo-Vaca and Coastal States Gas Producing later filed counterclaims seeking a declaratory judgment in the suit, contending they, as public utilities, are entitled to allocate available supplies of natural gas among all customers, in accordance with regulatory authority rules, without liability.

Campaign chairman Ronald Cocomo said "our repeated efforts to learn the purpose of the audit have been met by confusing and contradictory statements from the commission . . . we are forced to draw the conclusion that there is no specific purpose or legal basis for the audit."

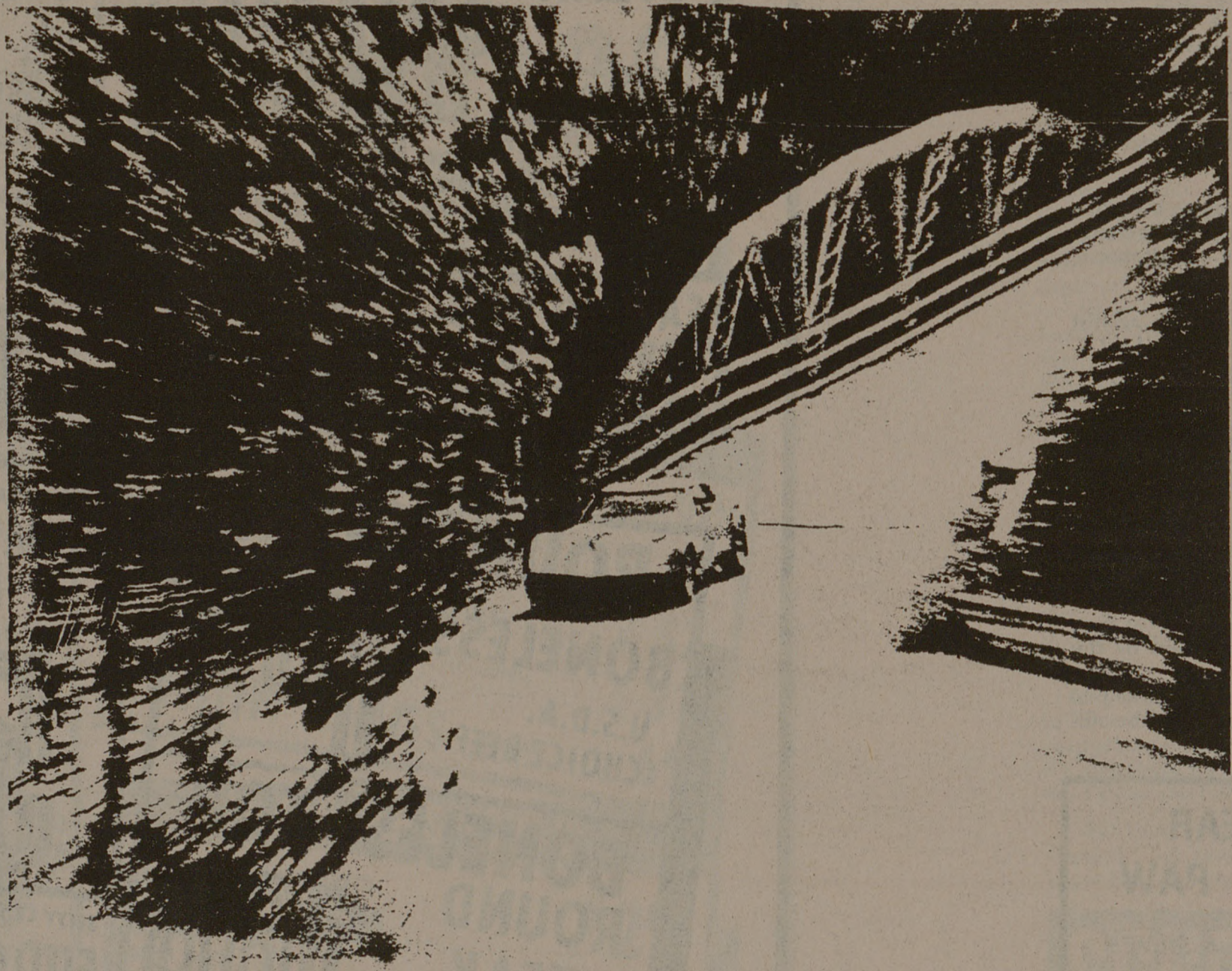
It also claimed Sirica should not have allowed the jury to hear the White House tape recordings and that Sirica gave instructions that were "repetitive, slanted in favor of the government . . . and improperly directed the jury to return a verdict of guilty."

Lone Star Gas Co., one of the cross defendants named by Lo-Vaca and Coastal States Gas Producing, later filed a cross claim seeking damages for gas curtailments.

McCarthy, who sought the Democratic presidential nomination in 1968, now is running for president as an independent. He has opposed in the courts the new election reform law, which created the FEC, as an unconstitutional restraint on the freedoms of candidates and contributors.

A ruling last month against his position is being appealed to the Supreme Court.

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## Inventories fall in July

**Associated Press**  
WASHINGTON — Inventories of goods held by the nation's manufacturers declined in July for the fifth consecutive month, the government said today. It was an indication recovery from the recession is picking up steam.

The Commerce Department said industry stockpiles decreased \$950 million, or six-tenths of 1 per cent, the same as reported a month earlier. The steady decrease since March is unprecedented in more than 14 years.

The reduction of goods in warehouses and stockrooms is considered a vital step to boosting industrial production.

The Commerce Department said inventories in July totaled \$147.1 billion, down from \$148 billion in June.

## Bullock challenged

**Associated Press**  
AUSTIN, Tex. — Interstate Theaters Inc. filed a lawsuit Tuesday challenging the authority of Comptroller Bob Bullock to collect theater admission taxes.

A date for a hearing on the case has not been set. The suit seeks to recover \$230,905 in admission taxes paid to the state during April, May and June. The tax was paid under protest but the protest was denied by Bullock following an administrative hearing.

The petition filed by the theater chain claims a 1962 ruling of the Texas Supreme Court held that the admissions tax was unconstitutional.

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