

Reagan's HHS choice wants Medicare services widened

Associated Press

WASHINGTON — Otis R. Bowen, President Reagan's choice to head the Department of Health and Human Services, said Tuesday that Medicare should be expanded to cover the costs of catastrophic illness among the growing ranks of the elderly.

"This problem is one of the biggest problems the country is going to face in the next 25-30 years. It's already upon us," the former Indiana governor said during his confirmation hearing before the Senate Finance Committee.

He noted the surge in the U.S. population above age 65, and said, "I think the statistics show it costs 1 1/2 times as much to care for someone 85 as 65. This gives some dimension to the problem."

Bowen suggested the Medicare expansion could be underwritten, without adding to the government tab, by increasing premiums and by creating Individual Medical Accounts. The voluntary IMAs would be similar to tax-sheltered Individual Retirement Accounts: people at age 40 or 45 could put money in special accounts to be used for medical expenses in their old age.

"This is one of my main priorities — to attempt to ease the burden among our senior citizens in the area of acute catastrophic care and then for long-term care for people with

Right now many old people are unprotected if they develop a catastrophic illness that requires a long hospital stay.

Alzheimer's disease," he said.

Bowen was nominated as HHS secretary Nov. 7 to succeed Margaret M. Heckler, who has been appointed ambassador to Ireland. Bowen served as governor of Indiana for eight years and has been a physician for 44 years.

Bowen also chaired a presidential advisory committee on Medicare, and many of his ideas on the government program surfaced on the eve of his nomination hearing in "FAH Review," the magazine of the Federation of American Hospitals.

Bowen suggested Medicare premiums could be increased by about \$12 a month to provide full protection against catastrophic illness in the elderly.

Right now many old people are unprotected if they develop a catastrophic illness that requires a long hospital stay because Medicare covers the full cost of only the first 60 days. On the 61st day, fees of \$100 a

day kick in; on the 91st day, \$200 a day; and after 150 days, the patient is fully responsible.

Many Medicare recipients now buy "Medigap" supplemental insurance to cover that risk, with premiums running from \$500 to \$800 a year. Bowen said his plan would provide equal or better coverage for far less money.

"The reason this could be done as relatively cheap as it sounds is that the cost of the catastrophic care would be spread across the 28 or 30 million people who are enrolled in the Medicare program," he told the committee.

The other side of his proposal involves IMAs, to cover long-term nursing home care for disabling diseases such as Alzheimer's, which is not covered by Medicare. People do not become eligible for Medicaid until they liquidate all their assets and fall below poverty levels.

Bowen proposes that people at age 40 or 45 be asked to set up voluntary IMAs to cover costs in their old age. If they agreed, they could pay a tax-deductible amount to the government to be invested and, in later years, drawn upon. He said he thought the loss of tax revenue would be "minimal."

"It's an idea for long-term care," he said. "It would almost have to be in the next generation, but you have to start sometime."



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Three more blacks die in violence against apartheid in South Africa

Associated Press

JOHANNESBURG, South Africa — Police reported the deaths of three more blacks Tuesday in violence against white-minority rule that has raged through this segregated nation for nearly 16 months.

One of the victims was a black policeman whose body was mutilated and burned, apparently by other blacks who saw him as a sellout to the white authorities.

A police spokesman said the black constable who was killed was visiting his fiancée Monday night in a township near Pretoria when he answered a knock at the door and stepped outside into a group of blacks. His mutilated and burned body was found in the morning in a field nearby.

About 900 people have been killed in the months of violence, about one-third of them blacks who died at the hands of fellow blacks. The rest died in confrontations with police.

Rumors abound that the government is trying to strike a deal with Nelson Mandela, 67, under which he will renounce violence in return for freedom. Mandela rejected such an offer when President P.W. Botha made it last January.

These rumors may be surfacing since South Africa is

experiencing economic trouble due to continued rioting.

The government announced that payments on the principal of foreign loans will be postponed again until March 1. The country is in the grip of recession, inflation and high unemployment that have exacerbated the racial conflict.

Botha's government froze repayment of principal on the \$24-billion foreign debt Sept. 1 and said payments would be resumed Jan. 1.

The extension to March 1 reflects difficulty in arranging a new payment schedule satisfactory to bankers in the United States and Europe, who have become concerned about the effects on the economy of continued rioting.

That lack of confidence caused bankers to call in short-term loans, rather than renewing them automatically, which sent South Africa's currency into a nosedive and prompted the repayment freeze.

Compounding the economic problems are inflation running at a 16.8 percent annual rate and black unemployment estimated to be as high as 30 percent. The government does not keep complete statistics on black unemployment.

Racketeering trial Governor's lawyer calls key prosecution witness liar

Associated Press

NEW ORLEANS — The racketeering trial of Gov. Edwin Edwards and four other men neared the jury Tuesday as the governor's lawyer wrapped up the defense's closing arguments by calling a key prosecution witness a liar.

The case was expected to go to the jury Tuesday night or Wednesday morning following rebuttal arguments by U.S. Attorney John Volz.

Edwards' attorney, James Neal, told the jury, "I don't like liars; I don't like perjurers. They sell themselves for a mess of pottage. They

will say anything to protect themselves."

The Nashville, Tenn. lawyer was referring to John Landry, who testified he was told he would get a good job if he helped make sure the state certified a hospital project owned by Edwards and his associates.

Prosecutors claim Landry was bribed with a promotion as part of an illegal scheme in which Edwards and others made \$10 million. The defendants are accused of using their influence to illegally obtain state certification for hospital and nursing home projects in which they held interest.

Edwards, his brother, Marion; and his business associates, Gus Mijalis, Ronald Falgout and James Wylie, each are charged with one count of violating the conspiracy section of the federal Racketeer Influenced and Corrupt Organizations Act.

The Edwards brothers, Falgout and Wylie also face 49 counts of mail fraud and wire fraud. Mijalis faces three counts of mail fraud.

Prosecution witnesses and documents showed that Edwards had run up debts of more than \$2 million at several Nevada casinos over three years, and that he paid some of them with suitcases full of cash.

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