

# New funds needed to save hospital

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A new crisis in the cliffhanger to save the Clifton Public Health Service (PHS) hospital loomed yesterday when federal officials announced they will have to close the facility next month unless Congress approves emergency funding for the PHS system.

But Department of Health and Human Services (HHS) sources said the hospital's survival prospects appeared reasonably good because top administration officials, including HHS Secretary Richard Schweiker and Office of Management and Budget (OMB) director David Stockman, have agreed to back a \$16.2 million supplemental appropriations measure to keep the PHS operating through Sept. 30, the end of the fiscal year.

Rumors that the PHS was running out of money were confirmed when HHS officials began notifying affected members of Congress, among them Republican Guy V. Molinari, that the department would have to lay off most staffers in the eight-hospital medical care network Aug. 15.

HHS sources said the move was part of a contingency plan in which all employees at the hospitals would be furloughed except for skeleton crews that would guard the facilities and do essential maintenance work.

The sources said Stockman promised to support the supplemental appropriations bill after receiving telephone calls from Molinari and Republican Sen. Slade Gorton of Washington, who is heading an effort to salvage the PHS hospital in Seattle.

Schweiker also lobbied the OMB chief on the issue, according to the sources.

Molinari confirmed that he heard of the impending shortfall earlier this week and spoke directly to Stockman last night. The congressman said the funding measure could "pop out on the floor" as early as next week, probably as a rider to a larger appropriations bill.

"With Stockman and Schweiker behind it, the likelihood is that it will pass," Molinari said.

The PHS budget crisis has been building since the Carter administration cut the system's allocations last year. Congress promptly put another dent in the budget by passing legislation, sponsored by former Congressman John M. Murphy, that forced the PHS to give its doctors a \$9.8-million pay increase.

The fiscal health of the PHS took another turn for the worse this year when the Reagan administration announced its plan to scrap the system. First reimbursement revenues began drying up as the patient load at the facilities declined. Then HHS was forced to allocate several million dollars to combat a court suit brought by seamen's unions to prevent the shutdown.

The HHS source said Schweiker and other top department officials seemed unaware of the situation until this week despite warnings over the last few months and even barred PHS officials from seeking additional money in the overall 1981 supplemental budget, which cleared Congress in May.

The latest emergency also

caught Molinari by surprise. During the debate on the 1981 measure, he lobbied and won acceptance for a rider that he said assured the PHS adequate funding for the rest of the fiscal year.

The congressman said yesterday that the claim was based on estimates supplied by HHS. "That's the information we had from them," he said. "Where they missed the mark, I am not sure."

The HHS sources explained that the department originally had intended to close the four weakest hospitals July 1 and use the money available to keep open the facilities slated to be taken over by local communities — those in Baltimore, Seattle, San Francisco and Staten Island.

The sources said this strategy was abandoned because officials feared it would generate another major court battle over the PHS phase out.

The sources also said the the PHS employees will get their furlough notice Wednesday regardless of what happens to the supplemental money bill because this procedure is required by regulations directing federal agencies to make advance preparations for cutbacks.