

# Medi-Cal Mess Could Provide Next State Scandal

By HENRY C. MacARTHUR

SACRAMENTO — (CNS) — In all probability, the next big statewide scandal to erupt in California will be over the Medi-Cal program.

The suspicion that all is not well in either the administration of this multi-million dollar addition to government welfare, or in the execution of its objectives, has grown ever since it was inaugurated.

It was more than two years ago that the legislature authorized Medi-Cal aid as a means

of providing more and better medical aid to the people who could not afford to meet the rising costs of medical, dental, hospital, and other expenses necessary in time of need.

A good part of the criticism has been leveled at physicians, dentists, druggists and others, including nursing homes, and it has been answered to the effect there is always a certain amount of chiseling by some unscrupulous persons more interested in their private profit than in the overall good result-

ing from a new experiment, designed in good faith to be a benefit to the people.

Recently, disclosures that U.S. investigators have found what may be millions of dollars worth of fraud in California's program, led Jess M. Unruh, Democratic leader of the assembly, and former speaker of the house, to ask Bob Monagan, R-Tracy, the present speaker, to undertake new investigations of Medi-Cal in all fields of its activity, and determine whether the charges of

defrauding the public are true or not, and if they are, make satisfactory provision for punishing the malefactors, as well as refusing to do business with them in the future.

But it might be pointed out here, that apparently not all of the trouble is being caused by the chiselers. Some of the trouble may be laid to administration, in that payments to some of the individuals who are supposed to be getting prompt payment for their services, are being delayed in receipt of their money to the

point where it is hurting their businesses.

In fact, last week Spencer Williams, secretary of the Human Relations agency, announced that Blue Cross of Southern California had suspended six of its employees pending investigation of possible irregularities. Blue Cross is the state's agent for receipt, verification, and payment of claims for Medi-Cal services.

The snafu in claims payment resulted in two former employees forming a billing agency on a private bases to expedite

claims, and the suspended Blue Cross employees are suspected of receiving claims from that agency and short-cutting normal processing, which is taking months for payment, with the result to some claims may have been paid without proper verification.

If such a situation exists, and there seems to be little doubt that it does, it may be blamed on the failure of the administration to insist that suppliers get their money on time, and thus make it unnecessary for

persons who render medical care through nursing homes to seek outside help to get the money due them. In a report from Los Angeles, cost of the outside service was 10 per cent of the bill collected.

It's simple to see how a supplier owed say a half a million dollars, some of it for more than a year, would be tempted to use any means available to collect the debt as a matter of continuing his business, threatened through the inability or unwillingness of the state to settle its claims.

## Your Right to Know

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## Comment and Opinion

A-4 PRESS-HERALD

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### Realtors Saluted

Realtors this week are celebrating Realtor Week under the 1969 theme of "Home Ownership—Foundation of the Nation."

Joining in the observance are the 700 members of the Torrance-Lomita Board of Realtors serving the communities under the direction of L. Milton Isbell, Torrance Realtor and president of the group.

Communitywide programs have been planned throughout the week to direct attention to the professional services rendered by Realtors and their efforts to help solve major problems in our communities.

The 1969 slogan merits particular attention. President Isbell has reported, as a stabilizing force in an era marked by problems ranging from riots and a sagging respect for law and order to soaring housing demands and interest rates.

Home ownership is enjoyed by more than two-thirds of the families across the nation, a statistic which has been enhanced measurably by Realtors.

The term, Realtor, is an indicator of particular qualifications because only a member of the National Association of Real Estate Boards and one of the more than 1,550 local boards can identify himself by that term, according to Isbell. To be eligible for membership, a candidate must demonstrate a superior knowledge of the business, possess a record of business integrity and subscribe to a strict code of ethics.

We salute this community's Realtors for their major role in development of one of the Southland's finest areas.

### An Old Bogey Man

An official of the National Newspaper Association remarked, "Advertising with a Capital 'A,' has taken an unmerciful beating at the hands of consumerists in recent years." The consumerists, he points out, say advertising provides the consumer with no useful information. The truth is that advertising contains a staggering amount of useful product information, beginning with such elemental facts as where an item is for sale, during what hours and at what price. Newspaper advertisements are usually filled with detailed information that enables purchaser and seller to come to a meeting of minds, and thus keep our entire free market economic system rolling along in high gear.

The Association official touched on a phase of advertising with which the public has little familiarity — the policy guides which determine acceptance or rejection of advertising by newspapers. In practice, the self-regulation of advertising content by the newspapers is a more effective safeguard against fraud or deception than a mountain of laws. Yet, it is carried on without impairing the basic function of advertising or the fluidity of the marketplace. Newspaper self-regulation of advertising, as the official observes, is pragmatic and direct, and based upon the "... knowledge and experience of the publisher and his staff."

It should never be forgotten that advertising is the underpinning of a free press.

### Other Opinions

TERRE HAUTE, IND., TRIBUNE: "The Federal Aviation Administration's chief psychologist, Dr. John D. Dailey, propounds an interesting... theory as to what motivates those who hijack aircraft. Most of the hijackers, he thinks, see this conspicuous act of piracy as giving them one great moment 'of power and glory in a life of failure'... The FAA psychologist suggests something else that might in the long run prove effective, however. He would spread the word that far from being considered 'a big shot in Cuba,' many of the hijackers get poor treatment and may even wind up in jail. This appears to be true. Perhaps intensively publicizing it would persuade some would-be hijackers that they'd better look elsewhere for their kicks."

SIMSBURY, CONN., HERALD: "A recent issue of Aviation Week & Space Technology magazine reveals that the Soviet cosmonauts had to use a capitalist-made ballpoint pens on their space jaunts. Russian-made pens will not function in the zero-gravity of space."

## Public Killer No. 1



## SACRAMENTO REPORT

### Conservationists Win Big Round in Dos Rios Battle

By RALPH C. DILLS  
Senator, 32nd District  
Preservationists and conservation groups scored a major victory recently with the announcement that Governor Reagan would ask the Department of Water Resources to work with the U.S. Army Corps of Engineers to make further analyses of possible water development plans on the Eel River watershed, an area planned to provide supplemental water to southern California.

The move somewhat diminishes the chances that the \$400 million Dos Rios Project, proposed for construction on the Eel River in Mendocino County, will be built as planned. The dam, a multiple-purpose earth-fill structure to be built on the Middle Fork of the Eel three miles upstream from the town of Dos Rios, has been the center of a bitter controversy in the north coastal area

since it was proposed in December of 1967. Numerous groups have been formed since that time to fight the dam and resulting flooding of Round Valley, while the U.S. Army Corps of Engineers, the Department of Water Resources, and various water service agencies and reclamation groups have steadfastly defended the project as needed and necessary.

The purpose for Dos Rios, according to the Corps of Engineers, are manyfold. They claim it would reduce substantially future flood damages in the Eel River Basin; provide additional water supply to meet the State of California Water Project requirements needed by 1985; provide a potential for hydroelectric power; and meet the expanding public need for water oriented outdoor recreational opportunities.

But the project continues to face stiff opposition from groups ranging all the way from the Sierra Club to the Covelo Indian Council. They state in terms loud and clear that the dam would destroy one of the few living rivers left in California, that it would flood Round Valley, the town of Covelo, the Round Valley Indian Reservation, more than 400 archeological sites and 14,000 acres of agricultural land potentially worth over \$3 million annually in production. They claim the dam's cost will run considerably more than the \$398 million projected by the corps, and the project's annual cost may exceed any beneficial return by as much as 25 per cent.

The problem of getting water from where it is to where it should be is an old one for Californians, who are faced with the fact that 75 per cent of the state's water is in the north, while 75 per cent of California's population lives in the south part of the state.

The State Water Project, authorized in 1960, is an effort to alleviate this growing problem and, it would seem, is successful. People can point with pride to the hundreds of thousands of acres of once-fallow land that has been made enormously productive through long-distance water transportation—from the Colorado River, from the Owens Valley, and now from the Feather River in northern California.

The simple fact of life remains that if we cannot move the people to the water we must take the water to the people because, without it, they cannot survive.

While we as Californians' lawmakers cannot ignore the emotions of those who would preserve the state's natural resources, we cannot overlook the growing feeling that protecting resources is more important than developing them. It may be possible that in almost every case we can have both—protection and development—if we continue to look at all aspects of the problem.

## HERB CAEN SAYS:

### Ex-Cop Gives His Pension Away, Then Asks for Help

Caenetti: Ex-Cop and hippy Richard Bergess, more celebrated as "Sgt. Sunshine," rec'd his \$5,300 pension check from the Police Dept. — and immediately gave all of it to a Mission Dist. rock group called the Free Conservatory of Music "because I like to hear people make beautiful sounds." He adds: "And now that I'm flat broke, I need a job. How do I go about becoming a columnist?" I might have told him for about \$5,300... Melvin Belli is suing Sirhan Sirhan for a million dollars on behalf of Irwin Stroll of L.A., one of the bystanders shot by a wild bullet on that awful night in the Ambassador Hotel. "Since he has pleaded guilty," observes Bellicose, "we've already won the case, except for collecting the money, but that's only a technicality"...

Newsman to policeman: "There was no riot here until the police arrived" — at which the audience bursts into applause. This peculiar scene is enacted nightly at the New Royal when the aforementioned line of dialogue is spoken in "Mayerling" — a movie set in the Vienna of the 1890s.

On his afternoon show, KSFO's Dan Sorkin is running an "Original Amateur Min-

ute," featuring listeners who phone in to sing, whistle, do bird calls, or whatnot. Last week he had a lady who said "I just moved here from Anchorage and I'd like to do the mating call of the Alaskan

Report from Our Man in San Francisco

moose." Dan: "Wonderful! Go ahead." Lady, in a most sexy voice: "Here, moosie, moosie, moosie..." (Humor was better in October, 1942?).

Now Friday would have been a beautiful day for an open-air eating place in Union Square (well, Joe?). As it was, all we found were a few pigeons roosting on the Dewey monument, a lot of hippies, and the usual sour-faced oldsters. Twenty hippies organized themselves into a squad and marched around and around the Square under the command of a tough ex-GI hippie who kept barking "HUP-two-three-four — straighten up there, mister! — Left-right left-right! — Get in step there, soldier, or no weekend pass for you!" and so on. The saddest sacks I've ever seen, and also a hilarious putdown of the military. But the oldsters and the pigeons

were not amused... David Hicks of London, Lord Louis Mountbatten's son-in-law, flew here aboard a TWA plane whose stewardess said "We are about to serve luncheon." "My dear," drawled David, "don't be so dem fawncy. We stopped saying 'luncheon' in England around 1924, and it has been just plain 'lunch' ever since. Now give me another gin and tonic and bring on the chow."

Caenetti: Author Irving Wallace has raised \$250,000 for a TV special protesting the Anti-Ballistic Missile — and is now trying to talk one of the networks into providing an hour of prime time just prior to the Senate's vote in mid-May. Sens. Mike Mansfield and John Sherman Cooper have agreed to appear, and H'wood stars like Warren Beatty and Dick Van Dyke are ready and willing, too... The format: a series of blackouts described as a sort of "Nothing-to-Laugh-at-In" with vignettes by Arthur Miller, Edward Albee, Carl Reiner, and Wallace, who adds: "If all this is too controversial for the networks, we'll buy time on independent stations." I think we're about to find out how independent they really are.

## THE MONEY TREE

### Crime, Security--Allied Industries Growing Well

By MILTON MOSKOWITZ

What's a good business? Crime. It may be risky but the capital investment is low and returns are munificent.

By the same token, crime-prevention is turning out to be a dandy business. The two go hand-in-hand.

Consider, if you will, the opposite sides of this coin.

Every category of crime is on the upswing in the United States but none more so than robbery. It ranked first in growth last year with a thumping gain of 29 per cent.

At the same time, private police forces have mushroomed to handle the overflow which is too much for the governmental forces to cope with. Security is one of our fast-growing industries.

The growth of these two allied industries — crime and security — means you pay more for everything you buy. First, you pay for the merchandise which is stolen. Then, you pay for the guards whom companies have to employ to foil the robbers. It's all built right into the price structure.

How much does it cost? Plenty? H. Bruce Palmer, a businessman who is now leading a national crusade against crime, recently came up with some interesting figures.

Mr. Palmer said that the nation's largest retailer, Sears, Roebuck & Co., figures that one and one-half per cent of its \$8 billion in sales (that's \$120 million) was built into the price structure to offset the value of stolen goods.

He said that the nation's largest food chain, A&P, loses more in stolen merchandise than it makes in profits. He said that members of the National Retail Merchants Association estimate the larceny

A Look at the World of Finance

factor at 2.6 per cent of their annual sales of \$9 billion.

To fight crime, companies are paying plenty for their own sheriffs. Mr. Palmer reported that Sears maintains a police force that is larger than the 14,000-member Chicago Police Department. (A Sears spokesman has denied this. And he said that General Motors spends \$60 million a year "for the security of the lives and property of its people.")

What's poisonous for the populace at large is meat for the companies which provide crime-fighting forces.

You remember the name Pinkerton? It was notorious in the days of the labor-management wars. Started in 1850 by a Chicago detective, Allan Pinkerton, this is now Pinkerton's Inc., and it supplies guard services as well as Lady Pinkertons and a special K-9 patrol of German shepherd dogs. Pinkerton's is doing all right: Its sales have jumped from \$42 million in 1936 to \$100 million today. That tells you also how well crime is doing.

Remember another old famous detective, William J. Burns? He was a Secret Service agent who set up a com-

pany in 1909 at the behest of banks. Today, it's William J. Burns International Detective Agency Inc., and it also supplies uniformed guards, as well as alarm systems. Its sales have increased from \$40 million in 1963 to \$70 million today.

Another of the big crime-fighting companies is Wackenhut Corp., which in addition to supplying guards for companies also protects such government posts as the Kennedy Space Center in Florida and the Manned Space Flight Center in Texas. Wackenhut's sales have tripled in the past five years to \$36 million.

Two of the big conglomerates, Walter Kidde and Bangor Punta, also have security services as one of their strong bases.

Here's an industry that is dependent entirely on the growth of crime — and their prospects look exceedingly bright. As George Wackenhut, who started his company in 1964, says: "The future for the security service industry appears practically unlimited."

Of course, the criminals will have to do their part.

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