HEW Shakeup May Bring Health Financing Changes

By WILLIAM BOYLES

WASHINGTON, D.C.—A major shakeup has hit the Health Care Financing Administration and threatens a major redirection in Medicare-Medicaid policy development.

The events began with the firing of HCFA chief Robert Derzon by Secretary of Health, Education and Welfare Joseph Califano. Sources close to the situation say Mr. Derzon was fired for not moving quickly enough on Mr. Califano’s proposals.

Mr. Derzon’s center has left bitter feelings among both industry and government. Health financing leaders who saw Mr. Derzon as a moderate and sensitive force in an Administration which has leaned to bold, immediate initiatives.

There is also a great deal of reservation about Mr. Derzon’s replacement—Leonard Schaeffer, who has served as HEW assistant secretary for management and budget.

Mr. Schaeffer has been described as a strong-willed Califano loyalist who has been largely responsible for bringing many of the younger HEW staffers to Washington. It is likely that if his appointment sticks, he will move quickly enough on Mr. Califano’s proposals.

Mr. Derzon even provoked some in Congress to talk about rushing through a resolution that would force Congressional approval of the appointment of HCFA Administrator Schaeffer. Such approval is not currently required. Since Mr. Derzon is not scheduled to leave HEW until Nov. 1, Mr. Schaeffer’s appointment conceivably could be subject to such a requirement.

But the furor over Mr. Schaeffer’s appointment may be the least of Mr. Califano’s worries, according to other sources. Some have speculated that Mr. Califano’s actions indicate that he himself is threatened by White House displeasure with the failure of hospital cost containment legislation so far this year.

The Derzon firing has been seen by some as an attempt by the Administration to regain lost stock and consolidate forces for a more visible campaign in the early months of 1979.

Changes at HCFA have also included the resignation of William Fullerton, HCFA deputy chief. Mr. Fullerton was HEW’s designated “spokesman” on hospital cost containment.

Mr. Fullerton offered no public explanation of his abrupt departure, but had been known to be dissatisfied in general with the Administration’s positions and political strategy.

In another development at HEW, Dr. Michael Goran, head of the Federal Professional Standards Review Organization program, has also announced his resignation effective Oct. 22.

Dr. Goran is moving to Oakland, Calif., where he will be the new executive director of the Rockridge Health Care Plan.

In an official statement from Dr. Helen Smits, head of the Health Standards and Quality Bureau, Dr. Smits stated she was “personally sorry” to see Dr. Goran go, but “I can well understand that a man of his degree needs a new challenge.”

Derzon: A Varied Background

WASHINGTON, D.C.—Robert A. Derzon, 47, was appointed first administrator of the Department of Health, Education and Welfare’s new Health Care Financing Administration in April 1977.

HCFA was established by HEW Secretary Joseph A. Califano, Jr., during what he termed “the most far-reaching reorganization in the Department’s 24-year history.” It brought Medicare and Medicaid administration under one roof for the first time.

Mr. Derzon came to this post from the University of California at San Francisco, where he served seven years as director of hospitals and clinics. From 1966 to 1970, he was first deputy commissioner for the New York City Health and Hospitals Corporation.

Before 1966, Mr. Derzon was assistant professor of preventive medicine at New York University Medical Center and a research associate and Kellogg Foundation Fellow at the University of Minnesota.

The Milwaukee native is a graduate of Dartmouth College, holds an MBA from Dartmouth’s Amos Tuck School of Business Administration, and is a graduate of the University of Minnesota Hospital Administration program.