

NATION/WORLD DIGEST

Flash Floods Kill At Least 20 In Arkansas

CADDO GAP, Ark. (AP) — Floodwaters that rose as swiftly as 8 feet an hour rushed into a remote Arkansas valley early Friday, killing at least 20 people, many of them campers who became trapped by a devastating wall of water. Dozens more were missing and feared dead.

Heavy rains caused the normally quiet Caddo and Little Missouri rivers to climb out of their banks during the night. Around dawn, floodwaters barreled through the Albert Pike Recreation Area, a 54-unit campground in the Ouachita National Forest that was packed with vacationing families who were probably still asleep when their tents began to fill with water.

The water poured through the valley with such force that it overturned RVs, peeled asphalt off roads, and swept away tents and their occupants.

Two dozen people were hospitalized. Authorities rescued 60 others.

Van der Sloot To Prison On Murder Charge

LIMA, Peru (AP) — Angry Peruvian onlookers shouted "Disgrace!" and "Murderer!" at Johan van der Sloot on Friday after a judge ordered him jailed on first-degree murder and robbery charges in the violent killing of a 21-year-old Lima woman.

Prosecutors said the Dutchman, who was taken to a segregated block of an eastern Lima prison, acted with "ferocity and great cruelty" in killing business student Stephany Flores in his hotel room after they met playing poker.

Van der Sloot remains the lone suspect in the 2005 disappearance of U.S. teen Natalee Holloway on the Caribbean resort island of Aruba, and Peru's criminal police chief says the defendant told interrogators he knows where her body is.

Aruba's attorney general, Taco Stein, told The Associated Press on Friday he is skeptical Van der Sloot was telling the truth about Holloway's body. He said Aruban officials will decide whether to send investigators to Peru to question him once they learn exactly what he is offering.

Lima Superior Court Judge Juan Buendia issued a detention order before dawn for Van der Sloot on the murder charge. He was first taken with other prisoners in an armored truck to Lima's judicial palace, then alone to the maximum-security Castro Castro prison.

Rescue Boats Heading To Teen Sailor Drifting

CANBERRA, Australia (AP) — A 16-year-old sailor on a round-the-world journey alone was drifting in the frigid, rough southern Indian Ocean on Friday as rescue boats headed toward her yacht, damaged by 30-foot waves that knocked out her communications and prompted her to set off a distress signal.

After a tense 20 hours of silence, a search plane launched from Australia's west coast made radio contact with Abby Sunderland on Friday.

Her boat's mast was broken — ruining satellite phone reception — and was dragging with the sail in the ocean, said search coordinator Mick Kinley, acting chief of the Australia Maritime Safety Authority that chartered a commercial jet for the search.

But the keel was intact, the yacht was not taking on water and Sunderland was equipped for the conditions, he said.

"The aircraft (crew) spoke to her. They told her help was on the way and she sounds like she's in good health," Kinley told reporters in Canberra.

Pope Begs Forgiveness For Abuses By Priests

VATICAN CITY (AP) — Addressing the clerical abuse scandal from the heart of the Roman Catholic Church, Pope Benedict XVI begged forgiveness Friday from victims and promised to "do everything possible" to protect children at a Mass celebrated by 15,000 priests from around the world.

While symbolic, Benedict's pledge failed to satisfy victims groups who said promises were useless without a clear-cut action plan to root out pedophile priests, expose the bishops who protected them and change the Vatican policies and culture that allowed abuse to continue.

His comments came during a Mass at St. Peter's Square marking the Vatican's Year of the Priest — a year marred by revelations of hundreds of new cases of clerical abuse in Europe, Latin America and elsewhere, as well as cover-ups by bishops and evidence of long-standing Vatican inaction.

It was the first time Benedict had spoken of the crisis from St. Peter's Basilica, the center of the church.

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HEALTH CARE OVERHAUL

Reform To Change Employer Plans

BY RICARDO ALONSO-ZALDIVAR
Associated Press Writer

WASHINGTON — Over and over in the health care debate, President Barack Obama said people who like their current coverage would be able to keep it.

But an early draft of an administration regulation estimates that many employers will be forced to make changes to their health plans under the new law. In just three years, a majority of workers — 51 percent — will be in plans subject to new federal requirements, according to midrange projections in the draft.

Republicans said Obama broke his promise. Employer groups were divided.

It's more evidence that the law will raise costs, said the U.S. Chamber of Commerce. But the Business Roundtable — representing CEOs of major firms — saw encouraging signs of flexibility, though it's withholding final judgment. Some experts believe increased regulation will lead to improved benefits for consumers.

"On the face of it, having consumer protections apply to all insurance plans could be a good thing for employees," said Alex Vachon, an independent health policy consultant. "Technically, it's actually improved coverage."

The types of changes that employers could have to make include offering preventive care without copayments and instituting an appeals process for disputed claims that follows new federal guidelines. The law already requires all health plans to extend coverage to young adult children until they

turn 26. Such incremental changes can nudge costs up.

The Obama administration said the draft regulation is an early version undergoing revision. Nonetheless, the leaked document was getting widespread interest Friday in lobbying firms that represent employers and insurance companies and on Capitol Hill.

"What we are getting here is a clear indication that most plans will have to change," said James Gelfand, health policy director for the U.S. Chamber of Commerce. "From an employer's point of view that's a bad thing. These changes, whether or not they're good for consumers, are most certainly accompanied by a cost."

Senate Republican Leader Mitch McConnell of Kentucky said it showed that Obama's assurance that Americans would be able to keep the plans they currently have was "a myth" all along.

"Since its passage, Republican arguments against the bill have been repeatedly vindicated, even as the administration's many promises about the bill have been called into question again and again," McConnell said. "So Democrats may have passed this bill, but the debate is far from over."

An administration official, speaking on condition of anonymity because the rules are still being written, said the final version will uphold Obama's promise, accommodating employers' desire for flexibility while protecting consumers from runaway costs.

Employer provided coverage is the mainstay of the nation's health insurance system and is expected to remain so even after the new health care law is fully phased in.

The main issue in the 83-page regulation is how to deal with what the government calls "grandfathered" health plans.

Those are plans that predated the health care law and are exempt from many, but not all, of its consumer protections. Lawmakers created the special category to deliver on Obama's promise that people can keep the coverage they have if they like it.

But health plans change frequently. Premiums and copayments keep rising. Coverage is expanded for some services and restricted for others. Lawmakers asked regulators to spell out how much an employer can change a plan and still claim it to be grandfathered, exempting it from closer federal regulation.

Gelfand, the Chamber of Commerce expert, said the draft rules are too inflexible. Generally plans can lose their protected status by increasing copayments and deductibles above certain limits, and Gelfand said they're too narrow.

But Maria Ghazal, health policy director for the Business Roundtable, said she saw signs that the administration is trying to be responsive to employers. For example, plans that only cover retirees would be exempt from the new regulatory requirements — an important clarification. "We think there is some recognition of the challenges ahead for employers," she said.

How employers react to the coming changes will be critical. If many companies start dropping health care benefits, opting instead to pay the government a penalty, Democrats would face a political backlash. Whether there's a tipping point ahead is still unclear.

Less Spending By Americans Could Slow Recovery

WASHINGTON (AP) — Americans are pulling back on their spending, a trend that could slow the economic recovery if it continues.

A sharp drop in retail sales revenue for May shows that shoppers remain cautious, and it could lead economists to curtail their expectations for growth.

Analysts cautioned against overreacting to Friday's Commerce Department report. It could signal a return to modest growth after two unusually strong months fueled by tax refunds, rebates for energy-efficient appliances and higher gas prices.

The 1.2 percent plunge in sales revenue was the largest drop in eight months. But excluding three of the most volatile sectors — autos, building materials and gasoline station sales — the figures actually rose one-tenth of a percentage point in May.

And figures for some industries can vary depending on how

they are calculated. For example, Commerce said auto sales fell 1.7 percent in May, but the industry itself has reported gains of 3.7 percent for the same period. They differ because the auto industry measures strictly sales volume of new cars; the government looks at revenue for cars, auto parts, tires and other products across the industry.

"Both reports are right. They are just tracking different things," said David Wyss, chief economist at Standard & Poor's in New York.

Economists remain concerned that spending won't pick up in months ahead. Households are still facing near-double-digit unemployment. Private employers are not hiring fast enough to bring that number down. Anxiety has gripped the stock market, partly because of the European debt crisis.

Any sustained pullback by shoppers could threaten the

recovery because consumer spending accounts for 70 percent of economic activity.

The overall economy, as measured by the gross domestic product, grew at an annual rate of 3 percent in the first three months of this year. Much of that resulted from a 3.5 percent expansion in consumer spending — the best showing for this category in three years.

Some economists cautioned that estimates of growth for the

current quarter might have to be scaled back.

The sharp decline in retail sales "is a reminder that households are not going to be the engine of growth for some time," said Paul Dales, U.S. economist for Capital Economics.

Contributing to the weakness is a shortage of hiring. Most economists don't expect the unemployment rate of 9.7 percent to fall much in the coming months.

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