

Dr. Larry deGhetaldi testifies in Washington about Medicare payments

SANTA CRUZ -- Dr. Larry deGhetaldi made yet another attempt Monday to argue for equity for Santa Cruz County doctors shortchanged by Medicare's payment system.

DeGhetaldi, who heads the Palo Alto Medical Foundation Santa Cruz, testified on behalf of the California Medical Association, which represents 35,000 doctors statewide, before the Institute of Medicine, an independent nonprofit tasked by Congress with studying geographic differences in Medicare spending.

The Institute is expected to make a recommendation in 2012.

"Congress will find it difficult to not implement what this commission recommends," deGhetaldi predicted.

The study is an outgrowth of the last year's debate on health care reform when experts cited the Dartmouth Atlas of Health Care analysis showing big variations in Medicare spending region to region. Representatives of Iowa and Minnesota wanted to shift money away from areas with higher Medicare spending to areas that spend less, contending it would reward efficiency.

"We challenged that notion," said Andrew LaMar of the California Medical Association.

He pointed out that Medicare spending is higher in a place like Los Angeles County, where the high poverty rate deters people from getting health insurance and results in Medicare treating older patients with a host of issues.

DeGhetaldi said the Dartmouth studies do not adequately weight for crucial factors such as costs to practice medicine in different regions and differences in patients' income levels, ethnicities and health histories.

"Once you accurately assess risk and cost factors unique to each region, Medicare spending does not differ as much region to region," he said.

Doctors in Santa Cruz County are paid less than their counterparts over the hill in Silicon Valley to treat Medicare patients. Because Santa Cruz County is classified as a rural area, payment rates are lower, and fewer doctors are willing to treat senior citizens at those rates. San Diego and Sacramento counties also are classified as rural under Medicare with lower reimbursement rates for doctors.

The statewide medical association advocates realigning these counties to match Medicare's hospital payment system.

Santa Cruz and six other counties filed a federal lawsuit in 2007 seeking to recoup Medicare underpayments but it may take years for a final decision.

Rep. Sam Farr, D-Carmel, has tried three times to include a "doc fix" in legislation. The most recent, which would have sent \$400 million to doctors in 15 California counties, failed in June when lawmakers from other states considered it "pork."

DeGhetaldi said complex counties like Los Angeles may need to be divided, with different payments based on geography. He recommended adjusting payments based on population risks.

"Low-income, non-English speakers, and inner-city patients have considerable worse health status and must be protected," he said.

He also recommended rewarding communities like San Francisco, where the 14-year Medicare inflation index is considerably below the national average.

In September, deGhetaldi testified to the Institute on how wages and office rents can impact the fee schedule.