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Medicare changes reflect population growth

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Congress has finally addressed a glaring inequality in Medicare: The high cost of living, including medical care, in formerly rural areas of California.

Since it was instituted in 1966, Medicare's regulations have included extra payments to doctors in high-cost urban areas. But California has become an anomaly — many areas that were rural in the 1960s have since been developed into urban communities. During that period, the state's population has more than doubled, from 15.7 million in the 1960 U.S. Census to 38 million today. Yet the new urban areas still reimburse doctors at "rural" rates.

On April 1 President Barack Obama signed into law H.R. 4302. A key section in the bill, the Geographic Practice Cost Index Fix, was written by Rep. Sam Farr, D-Santa Cruz, whose district also includes Salinas. Farr's office told us that, beginning in 2017 and for the next six years, the Index Fix will phase in higher Medicare reimbursements to doctors in 14 counties in California, including Riverside and San Bernardino.

"Counties were labeled 'urban' or 'rural' back in 1966, when Medicare rates were first calculated," reported KPCC. "Many of those areas are anything but rural today, including San Bernardino, Riverside, Santa Barbara and San Diego counties. The 'rural' designation was supposed to be re-evaluated every few years. It never happened."

Doctors across the state will be paid more, encouraging them to treat elderly patients in their areas. KPPC found that, "Rural physicians are paid as much as 10 percent less than 'urban' doctors each year," costing those doctors as much as $50 million a year.

Rep. Farr, a former California assemblyman, said he has worked for 15 years to deal with constituent complaints that the low reimbursement amounts in certain areas have led to a scarcity of doctors taking Medicare patients.

He wrote on Facebook, "We have fought a long time for this but now doctors all over California will finally be fairly reimbursed for treating Medicare patients. This means more doctors will want to practice in places like the Central Coast, seniors will have more choices of doctors to treat them and everyone will have better access to quality health care."

Although this adjustment was certainly necessary, it's only a stopgap. What's needed is to put Medicare itself on a sounder footing, promoting competition that brings better care at lower cost for seniors.

One reform was recommended by Michael F. Cannon, director of Health Policy Studies at the Cato Institute. "Medicare subsidizes the elderly and disabled by giving them a health plan designed and typically administered by government," he wrote in Kaiser Health News.

By contrast, Social Security deposits cash directly into retirees' banking accounts, allowing them to spend it where they think best on food, clothing, housing, entertainment, etc.

If reformed to be more like Social Security, Medicare's 50 million enrollees, instead of depending on costs set by government bureaucrats, would demand lower costs from each doctor and hospital.

We commend Rep. Farr for advancing the cost-of-living reform that will be especially helpful in Riverside and San Bernardino counties. But we hope he also works for bipartisan change that brings 21st-century competition to all Medicare.