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Congress of the United States
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OVERSIGHT AND INVESTIGATIONS

JOINT ECONOMIC COMMITTEE
CONGRESSIONAL HEALTH CARE CAUCUS,
CHAIRMAN

July 27, 2009

Honorable Henry A. Waxman

Chairman

House Committee on Energy and Commerce

2125 Rayburn House Office Building

Honorable Joe Barton

Ranking Member

House Committee Energy and Commerce

2109 Rayburn House Office Building

Dear Chairman Waxman and Ranking Member Barton:

I am writing today to respectfully request that you, on behalf of the Energy and Commerce Committee, request the Government Accountability Office (GAO) to conduct an independent study regarding the findings of a recent article written by Atul Gawande, titled "The Cost Conundrum: What a Texas town can teach us about health care," published in *The New Yorker* on June 1, 2009. This article examines the high cost of medical care for Medicare enrollees in McAllen, Texas, and, as you may know, has received a lot of attention recently.

After reading this article, I believe health care spending in McAllen needs to be more closely scrutinized to understand why the spending is so much higher in McAllen, than in El Paso, the county used in the article to compare spending. In order for Congress to have a deeper understanding of what is going on in McAllen and whether the high spending can be attributed solely to doctors over utilizing the medical system, we need to have more facts and figures from an independent source, such as the GAO.

The following questions remain after reading the article: are private insurance plans also spending at a higher rate in McAllen than El Paso, as well as elsewhere in the country?; is Medicare more inclined to be charged for more procedures in McAllen than in other areas of the country, and if so, why?; since El Paso is the metric used to determine that McAllen costs more than anywhere else, did El Paso providers hold back on ordering procedures as a result of the Department of Justice prosecution of several physicians and providers for Medicare

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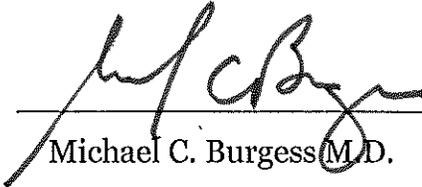
fraud in the 1990's?; given that El Paso is home to a large military base, its Hospital Referral Region (HRR) includes a large section of New Mexico's rural southern region, and its population density is about 1/5 of McAllen's HRR, is El Paso a fair comparison for McAllen?; do the community comparisons in the *New Yorker* article and the Dartmouth study take into account payment difference due to disproportionate share and acuity of illness?; what are the health outcome disparities of this area and where do they diverge from the services being ordered?; do these communities share any economic, education, or population commonalities? If so, are these commonalities a cause for the increased Medicare spending?; are there one or two provider billing addresses or a particular health care sector that seems to bill higher rates of procedures than others in McAllen, or is the higher rate of billing pretty much equally distributed among health care providers?; does the high rate of uninsured residents, unemployment, poverty, and illiteracy impact Medicare spending?; and, is it certain that Medicare services are leading to the increase, and if so, are those services more vulnerable to fraud?

In addition to the questions raised above, I also remain concerned about the accusations of overt fraud in which the article mentions physicians soliciting kick back payments for referrals to hospitals, home health agencies, and imaging centers. Moreover, the article points to what seems to be common knowledge in the physician community that doctors are knowingly ordering extra tests, services, and procedures in order to rack up charges. In the capacity of our subcommittee on Oversight and Investigation, of which I am a member, a GAO analysis could be helpful in fulfilling our responsibility in overseeing the proper use of taxpayer dollars in the Medicare system. I would be happy to work with you on legislation should the GAO determine there is Medicare fraud transpiring in certain counties across the nation.

I am concerned that without an independent analysis and without further examination of what exactly is taking place in McAllen's health care spending, Congress will be inclined to make broad assumptions that lead to inappropriate legislative decisions about how to control costs in health care. These decisions will likely not properly address the challenges of overall spending reductions in McAllen, or elsewhere in the country.

I thank you in advance for your prompt attention to this timely matter. If you have any questions, or need additional information, please contact my staff member, JP Paluskiewicz, at 202-225-7772.

Sincerely,



Michael C. Burgess M.D.

CC: The Honorable Bart Stupak, Chairman Subcommittee on Oversight and Investigations
The Honorable Greg Walden, Ranking Member Subcommittee on Oversight and Investigations