

CSA District Director Reports

Gregory M. Gullahorn, M.D.— District 1 (San Diego and Imperial Counties): Local events in San Diego have continued to be overshadowed by broader challenges on a statewide, national, and worldwide stage. Given the magnitude of current events, we are very thankful that nothing in San Diego rivals their stature. As we mark the passing of 9/11, we remember a day which brought to the fore the worst of humanity, but also showed us the best. In the aftermath, all our lives have been indelibly altered.

Many San Diego residents have gone in harms way to defend our freedom. Many reservists have been called to active duty, including several members of the anesthesia and broader medical community. I would like to take a moment to recognize some of the local CSA members and others who were mobilized to serve. They have helped to fill vital roles in San Diego, the East Coast, Afghanistan, Kuwait, Iraq and elsewhere:

From Anesthesia Service Medical Group:

Bob Brucker, M.D.
Greg Gullahorn, M.D.
Jason Lujan, M.D.

From Kaiser Zion Medical Center:

Don Drew, M.D.
Don Lathen, M.D.
Mike McBeth, M.D.

From Balboa Anesthesia Group:

Brian Wamsley, M.D.
Ken Wingle, M.D.

These individuals joined with the more than 25 CSA members at the Naval Medical Center San Diego, under CAPT Bruce Laverty, and Naval Hospital Camp Pendleton, under CAPT Kathy Rohleder. At times, more than 20 active duty staff from the Anesthesia Department at Balboa were deployed with Marine units and at sea, yet they were actually able to increase the number of operating rooms running. Bravo Zulu!

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I would also like to give special recognition to their families and their partners. I know the sacrifices and services of families are at least as great and as important as those of the service members.

I feel the best way we can remember, honor, and respect those whose lives have been lost—and those whose lives have been forever altered—is to open our hearts and reach out across borders and cultures, not to close our hearts and try to shut the rest of the world outside. We must prepare ourselves and our communities for events and horrors we hope will never occur. We must also try to bridge differences between ourselves, and with peoples in other countries and cultures.

Organized medicine is one way of accomplishing these goals. Participation gives us the building blocks to improve the lives of our patients and communities, and opens routes for interchange with colleagues overseas. I would also like to advocate strongly for participation in humanitarian medical organizations—especially international ones. These non-governmental organizations provide an avenue for providing direct assistance to people in need. Further, they give us an incredible opportunity to develop cooperation, understanding and friendships across cultural and political borders. In this way, we move towards making the world a better place not only for the individuals we serve, but for the larger community of mankind and for future generations. Our world is much too important merely to leave in the hands of politicians and governments.

On a more local level, the anesthesia community and medical community in general waits to see how state budget cuts, Medi-Cal reductions and Workers' Compensation reform will trickle down and impact our practices. We certainly have participated in the rapid growth of ambulatory surgery centers over recent years. Many of these have based a significant portion of their case mix (and income) on Workers' Comp. With the likely changes in the fee schedules, these cases may well become extremely unattractive—particularly in free-standing outpatient centers where anesthesiologists depend on a good payer mix to offset decreased unit production (compared with the inpatient setting). We will have to see how these changes may alter the survival of some of the ambulatory centers, manpower needs, and the distribution of manpower.

At present, we continue to see improvement in our ability to attract and recruit high caliber anesthesiologists to San Diego—very encouraging given the dra-

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matically different environment of just a couple of years ago. Many other specialties and medical groups are trying to follow the lead of the anesthesia groups to eliminate or reduce capitation and HMO penetration. We feel this is not only to the benefit of medical practice, but first and foremost to the betterment of care to our patients.

Many of you have now heard of the complaint lodged with the Federal Trade Commission against two of the anesthesia groups in San Diego. Anesthesia services at Grossmont Hospital (part of the Sharp Healthcare system) are provided by two groups, Anesthesia Service Medical Group (ASMG) and Grossmont Anesthesia Services (GAS). The coverage is fairly evenly divided between GAS and the ASMG subgroup at Grossmont, with the schedule and call shared jointly. Over the past year, ASMG and GAS had discussions about how to approach the hospital for providing a stipend for OB anesthesia coverage (in house), which is the norm among San Diego hospitals. They also had discussed how to seek reimbursement for uninsured emergency cases—it should be noted that there is a mechanism for reimbursing the surgeons and other specialties for care of uninsured emergency patients. ASMG and GAS submitted a joint request to the hospital for an OB stipend of \$1,000/24hrs. This request came to the FTC's attention in the course of investigating a complaint apparently made by a managed care company regarding ASMG policies. The full FTC frontal assault in response to the original complaint found no ASMG wrongdoing insofar as the challenged policies were concerned, and could only focus on the joint request by the two groups. In the end, all parties merely settled with a Consent Agreement, stating that neither ASMG nor GAS would share information in negotiations and would not limit call coverage as a tool in negotiations. This affair again points out the inequities in the rules governing physicians and medical groups, compared with healthcare organizations and payers.

As the investigation of Tenet Healthcare proceeds on a national basis, the Justice Department has issued a series of indictments in San Diego. In June, an 8 count indictment was issued against the CEO of Alvarado Hospital (the only Tenet hospital in San Diego), alleging conspiracy and bribery for physician kickbacks for referrals to Alvarado. In July, a superseding indictment was issued, accusing Tenet Health Care and Alvarado Hospital of the same charges, over several years, involving approximately \$10 million, which were listed as "practice relocation expenses." The initial response from the hospital administrator was that these were legitimate expense reimbursements, neces-

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sary to attract physicians to practice in San Diego. We will watch developments with interest.

Stanley D. Brauer, M.D.— District 2 (Mono, Inyo, Riverside and San Bernardino Counties): I would like to begin this report by leading the members of our district in thanking Dr. Rebecca Patchin for her years of service as District Director of District 2. As most of you are aware, Dr. Patchin has just been elected to serve on the AMA Board of Trustees. This is certainly a distinction that we can all be proud of and will further the representation of anesthesiologists' interests within the AMA. Dr. Patchin also continues to be active in the CMA and is President-elect of the Riverside County Medical Association, and we wish her well with all these responsibilities.

Other news from our district includes residents who finished their training at Loma Linda in June have reported an abundance of practice opportunities both within and outside of the state. Their practice opportunities have arrived from virtually all areas of the state including those previously believed to be "difficult" to obtain jobs. This reflects the high cost of living with the relatively low reimbursement with which, unfortunately, we are all familiar.

Challenges continue to face anesthesia groups in obtaining stipends for call coverage. Some groups in our district have successfully negotiated recent increases or new call stipends. On the other hand, the administration at Parkview Hospital in Riverside has threatened to cut the call stipend by 50%. Efforts are continuing to increase trauma call stipends that would cover the true cost of coverage at Columbia-owned Riverside Community Hospital.

Earl Strum, M.D.—District 3 (Northeast Los Angeles County): Representatives from throughout District 3 met on September 11 at a dinner meeting held in Pasadena. Guest speaker Matthew Cook, M.D., addressed issues related to the use of dexmedetomidine in various surgical settings. We were fortunate also to have CSA President Doug Roberts, M.D., who spoke on various current topics that concern anesthesiologists, including workers' compensation and medical staff issues. Both speakers were very well received. Prior to the dinner meeting, Dr. Roberts met with a group of USC residents at Los Angeles County Hospital and lectured on the roles of CSA and ASA.

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The recent computer virus problem played havoc with computer systems all over the country, and all hospitals in this district were affected to some degree. Down time ranged from a day to at least a week. OR scheduling became a major challenge at USC University Hospital (USCUH) because almost all of the scheduling process has been computerized. This emergency has been a wake-up call that should force all of us to become better prepared for future catastrophes such as this one.

Despite a heat wave that seemed to have no ending, construction workers have labored hard to keep on schedule with various construction projects at the USC Medical Center. The new tower addition (with 14 ORs) is growing rapidly alongside USCUH and is expected to open in December 2004. New staff is being added to the Anesthesiology Department to fill current needs in several specialties, and continued additions will be needed as the tower ORs open. The sale of the Kenneth T. Norris Jr. Cancer Hospital—an important part of the USC Medical campus—to Tenet Healthcare has been approved. The current site will become a research center, and the Norris operations will be incorporated into the new tower (Norris Tower).

The problems associated with Tenet Healthcare have not affected the relationship between Tenet and USC. Tenet recognizes the many strengths of the hospital and has reaffirmed its commitment to the new construction and acquisition projects mentioned above.

New construction projects continue throughout the district. Scheduled for completion in the fall of 2004 is a new hospital at City of Hope, which is intended to replace the current one. It will have six ORs and two minor-procedure rooms.

The ever-increasing rate for malpractice insurance coverage has created a constant search for solutions throughout the district and the entire country. USC CARE, the parent organization of the clinical practice group at USC, has changed insurance carriers prompted by a rate increase with its carrier of 15 years.

On the subject of insurance: some anesthesiology groups in the area continue to have a difficult time with Blue Cross and, in turn, with the administration within their own hospitals. Blue Cross is negotiating by offering low rates—in some cases, lower than those provided by Medicare. When the anesthesi-

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ologists refuse to accept the rates, some hospital administrators are pressuring them to do so.

Michael W. Champeau, M.D.—District 4 (Southern San Mateo, Santa Clara, Santa Cruz, San Benito and Monterey Counties): An informal survey of anesthesia practices on the San Mateo Peninsula reveals surgical activity below historical levels, and certainly below that of the dot-com heydays of just three years ago. This summer's slowdown seems to have been a result of the local economic downturn, the uncertainty surrounding the Iraq war and, at least in our practice, aging surgeons simply taking more vacation.

Another trend in our immediate area is the continued migration of younger, healthier and better-insured patients out of the traditional hospital environment into the for-profit, investor-owned (often surgeon-owned) outpatient surgery centers. This trend seems to be occurring both state- and nationwide. While the political environment within these centers is certainly different than the medical staff wars being waged in hospitals, the setting is no more secure for the politically insensitive anesthesiologist. No matter where one practices, good citizenship is critical.

At the rumor level, there is word that Sutter is exploring the possibility of building a new hospital on the mid-peninsula, most likely in the San Carlos area. The timeline for this project would almost certainly be several years, but the implications of this proposal for the existing hospitals in the immediate area (Stanford, Sequoia) are certainly not trivial.

Finally, the district seems to have witnessed yet another major dust-up between a hospital's administration and its anesthesiologists, this time at El Camino Hospital in Mountain View. This appears to have involved a struggle for control of the anesthesia department between the administrator and the existing anesthesiologists. A specific issue at the center of the conflict allegedly was the administrator's desire for the anesthesiologists to participate in all the hospital's managed care contracts. The anesthesiologists allegedly argued that participation in all the contracts would so severely reduce their incomes that it would be impossible to recruit and retain quality anesthesiologists in such a high cost-of-living area. As in other, similar conflicts between administrators and anesthesiologists, there were threats of replacement of the existing group with outside anesthesiologists, but again, the high cost-of-living

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and the reluctance of other anesthesia groups to get involved in this sort of situation apparently prevented this outcome. Were there a frank excess of anesthesiologists in the immediate area, the result of this tactic may have been different. There allegedly was some division of the medical staff on the issue, with strong support for the anesthesiologists reportedly coming from influential surgeons. While the conflict is apparently not yet fully resolved, the existing group continues to practice at the hospital as it has for almost the last 40 years.

Kanwarjit Sufi, M.D.—District 5 (Kern, Tulare, Kings, Fresno, Madera, Merced, Mariposa, Tuolumne and Stanislaus Counties): The new Fresno Heart Hospital will be opening shortly. This new development along with the ongoing construction of the new St. Agnes Cardiac wing, will give the Central Valley two brand new state-of-the-art vascular and cardiac facilities.

The anesthesia service at University Medical Center (UMC) has separated from that of the Community Hospital Systems. The alleged UMC contract appears to have been awarded to a local group of nurse anesthetists. At present UMC is attempting to hire M.D. anesthesiologists to help them maintain Level One Coverage.

The ongoing shortage of anesthesiologists remains acutely felt here in the Central Valley. Recruitment remains difficult, and with the building of two new heart hospitals and additional outpatient surgicenters, it may remain so for the near future.

I would like to thank the CSA members of District 5 and especially Dr. Linda Hertzberg for entrusting me with this important responsibility. I hope to serve the district faithfully.

Douglas J. Martin, M.D.—District 6 (San Francisco and North San Mateo Counties): Sutter Health continues its efforts to make California Pacific Medical Center its tertiary care referral hospital for the Bay Area. In that quest, they have added several low-volume, high-skill surgical programs (pediatric cardiac, lung transplant) and reinvigorated other established programs (cardiac transplant) by the addition of subspecialty surgeons in those fields. In the process, the demands on the anesthesia department (both scheduling and financial) and operating room have come as an afterthought.

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As the number of concurrent late night transplants rises, so does the likelihood of multiple disruptions in an already busy elective operating room schedule. In a misguided attempt to alleviate this iatrogenic overcrowding, surgeons are being urged to take their elective (read insured) cases to other Sutter hospitals to make room for tertiary care (read underinsured) patients at the parent institution. Of course there is no guarantee that the surgeons will take their elective cases to a Sutter hospital. In fact, several new surgicenter operating rooms are scheduled to open this autumn.

Helen T. O’Keeffe, M.D.—District 7 (Alameda and Contra Costa Counties): District 7 is composed of Alameda and Contra Costa counties, mainly urban areas east of San Francisco Bay, and over the hills to the less developed areas. This district contains the County Hospitals for Alameda and Contra Costa, in Oakland and Martinez, with patient care and teaching responsibilities. The rest are both private and Kaiser hospitals, with tertiary and general community hospitals, as well as free-standing ambulatory surgery centers in both systems. There is one exclusively pediatric hospital, Children’s Hospital East Bay, a highly-regarded tertiary care center.

This district is not reporting any major difficulty in recruiting good anesthesiologists. While there are concerns about our projected economic future, at this moment the situation seems stable.

Peter E. Sybert, M.D.—District 9 (Del Norte, Humboldt, Lake, Marin, Mendocino, Napa, Siskyou, West Solano, Sonoma, Trinity, Colusa, Glenn, Butte, Plumas, Tehema, Shasta, Lassen, and Modoc Counties): The background landscape of outpatient care continues to change. There is evolution in alignments, realignments and restructuring of ownership in the many outpatient facilities as well as new facilities opening. This further concentrates high acuity care in the in-patient facilities.

In Redding, the very public problems in the open-heart program at Tenet’s hospital has resulted in the program’s closure. When it will reopen is apparently unclear. Not unexpectedly, patient flow has declined there in other areas as well. This has impacted the local facilities as they deal with the shifts in patient flow.

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The Health Plan of the Redwoods bankruptcy proceeding is moving along slowly but hopefully will end within the next several months, allowing a final payout to physicians. It will be nice to close out this chapter in health care financing. There have not been other large bankruptcies among the remaining insurers in the last several months. Even the smaller hospitals have stayed open for now. Hopefully, some stability is returning to these parts of the health care delivery system.

Johnathan L. Pregler, M.D.—District 11 (West Los Angeles County [western portion]): Anesthesiology workforce trends that have been previously reported for the western part of Los Angeles continue to develop and change. Most of the residents graduating from UCLA were able to secure jobs in the Los Angeles area or Orange County. It appears that many anesthesia groups are experiencing a high demand for anesthesia services and a relative shortage of anesthesia providers. One common theme identified by several groups is that some of the new graduates do not appear to be flexible with shift assignments or receptive to assuming call duties. The shortage of anesthesiologists has also meant that some hospitals are relying on locum tenens physicians to provide complete anesthesia coverage.

The shortage of operating room capacity in the district may be worsened depending on the future of Century City Hospital. Tenet Healthcare Corporation runs the hospital but the building is leased. Tenet and the owner of the building were supposed to come to an agreement about the future of the hospital by the end of the summer. This has not happened as of this time. The existing structure will require seismic upgrades to meet the new state requirements and it is unclear whether the owners of the building will be willing to proceed with the required work and the terms of a new lease. Overall in the district most hospital operating room departments appear to be functioning near capacity.

The Hunter Group continues their engagement with UCLA. Since my last report, two physicians who were high-level administrative directors have resigned and taken new positions outside of Los Angeles. Most recently, the Medical Center Director, Dr. Michael Karpf, resigned to assume new responsibilities at the University of Kentucky. Members of the Hunter Group will be filling the vacant positions while the search for replacements is conducted. At this time the Hunter Group has not made any changes that directly affect the

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practice of anesthesiology at UCLA. Changes are occurring in the extended UCLA primary care network, which may have some future impact on the volume of surgical cases in the organization.

One group reported that their malpractice carrier has raised rates in Los Angeles in order to cover increased costs and settlements in other parts of the country. It appears that the nationwide malpractice crisis is having a local impact despite the protection afforded by MICRA in California.

The group at Cedars-Sinai reported that the hospital was recently asked to take a reduction in facility payments for trauma patients. It appears that the increase in taxes that was approved by voters to support the trauma system is principally going to county facilities and is not being used to support reimbursement to other hospitals that provide trauma services. There was no discussion of reducing physician reimbursement for trauma services as of this time.

John A. Lundberg, M.D.—District 12 (Southeast Los Angeles County): Martin Luther King/Drew Medical Center made headlines in the local newspapers when their general surgical residency was stripped of its accreditation to train general surgeons. The general surgery program was cited for having too many residents. They had been cited before and placed on probation and did not correct the problem. The family medicine, internal medicine, and neonatal medicine programs have been placed on probation or received warnings over the past two years. The radiology residency program lost its accreditation last year as well.

The fever to open outpatient surgery centers continues here. Surgeons who were not included in already functioning outpatient surgicenters are now jumping at the opportunities to be owners, shareholders, or operators. At least one hospital here has decided to joint venture with a multispecialty group in hopes of recapturing lost cases and reducing the number of lost cases in the future. So far anesthesiologists (pain management excluded) have not been included as founding partners.

The nursing shortage continues. Nursing administrators are now developing programs to train and hire more nurses. For now travelers and registry nurses fill the void.

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District 12 has some attractive anesthesiology practice opportunities for the graduating residents and this should continue for the foreseeable future.

Kenneth Pauker, M.D.—District 13 (Orange County): Orange County anesthetic practice continues to evolve. New outpatient surgical facilities have opened and more are planned, both in the near and the medium terms. Some specialty surgical groups have merged into “mega groups,” and beyond just the field of orthopedics. They are discussing opening outpatient surgical facilities to service their own individual practices, motivated by both economic incentives and issues of efficiency. Large hospital-based groups continue to renegotiate insurance and hospital contracts, pushing reimbursement levels and stipends significantly upward.

A CSA District 13 dinner meeting was held on May 14, 2003, at the Turnip Rose in Orange. Dr. Tom Shaughnessy provided an interesting update on inhaled anesthetics and Dr. Jim DeFontes gave an entertaining overview of the Kaiser Permanente Medical System in Southern California.

On August 1, Cirrus Health (a Texas-based outfit) opened a new ambulatory surgery center in Laguna Hills (the Medical director is former CSA District 13 Director Dr. Kevin Becker) and apparently is looking to open a second Orange County facility in Newport Beach in the near future.

Much of the chronic pain work has moved to outpatient facilities, once again reflecting efficiencies and economic incentives for pain practitioners. Because of the loss of this volume, some hospital-based pain clinics are losing sufficient volume to be pressured to close, pushing even more pain medicine consultants “off campus.” Some anticipate reduced reimbursements for pain medicine practitioners in a revised California Workers’ Compensation system, likely in reduced facility fees and possibly in reduced authorizations for a second anesthesiologist to monitor and sedate while the first does procedures like epidural steroid injections. Moreover, costs such as malpractice insurance may increase, and this could push practitioners to do more procedures to keep pace. Increasing malpractice litigation, especially concerning informed consent, apparently now has become evident, and this may prompt insurers to re-examine the rates for anesthesiologist pain practitioners who at present pay the same rates as practitioners doing operating room anesthesia. Hence, there is

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the potential for some instability in this area of anesthetic practice and an impending problem for patients seeking care for chronic pain issues.

Kaiser-Permanente is building a medical office building/surgi-center in the south Orange County Spectrum area (intersection of the I-5 & I-405 freeways). It will house 36 medical providers, a 4-room surgi-center, and a room dedicated to interventional pain procedures. Adjoined to this medical office building complex is a 150-bed Kaiser-Permanente hospital with 8 ORs and 2 interventional radiology suites, planned to open in 2007. The Department of Anesthesiology will administer both perioperative sites.

Administrators at Tenet hospitals (Chapman, Fountain Valley (FV), Irvine Medical Center (IMC), and Western Medical Centers) continue to feel the intense heat of both federal investigators and what has been characterized by some as “muckraking” from the Orange County Register.

Fountain Valley anesthesiologists have successfully formed an integrated group, and the medical politics there have subsided in intensity.

At IMC, a new heart program has begun, with predictions of 75 cases the first year, despite ongoing Tenet heart programs already at FV and WestMed. The reasons for this Tenet decision are not clear, but some suspect it may have to do with the relatively lucrative interventional cardiac catheterization business. Anesthesiologists at IMC have apparently been assured by KP that the new facilities planned near them will not reduce the volume of Kaiser patients now seen at IMC, both in contracted ORs and in the OB service.

Anesthesiologists at WestMed are struggling to staff for caseload fluctuations of 20-25% month-to-month (possibly secondary to large volume contracts with low numbers of surgeons who, when they take time off, significantly impact the OR schedule) while nurses continue on a path toward voting whether or not to unionize.

The situation at St. Joseph's has significantly improved since my last report. Relations with the administrators have improved dramatically and the anesthesia group has become much more involved with hospital committees. The new position of Director of the Operating Room is held by one of the senior anesthesiologists, Dr. Alex Ramirez, and both the anesthesia group and the hospital administration apparently have been quite pleased with the job he is

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doing. Negotiations to renew the exclusive contract for anesthesia services are almost concluded, this time for a 5-year term, and with provisions for significant stipends for various anesthetic services. This, as well as renegotiations of various insurance contracts, many of which have been terminated to facilitate renegotiation, has and will result in significant increases in reimbursements. This in turn has permitted the group to attract strong anesthesiologists to join this still difficult and demanding practice (St. Joseph's is the fourth busiest OR in California), which now is almost fully staffed with 34 physicians.

Morris Jagodowicz, M.D.—District 14 (Los Angeles County [northwestern portion]): Granada Hills Hospital has closed following filing for bankruptcy. The hospital had started construction of a new wing with equal grant monies from the federal government, only to stop construction and close its doors.

Surgery Centers dealing with workers' compensation cases are still thriving in the Sherman Oaks, Tarzana, and Encino areas. Everyone is waiting to see what happens with workers' comp reform before they continue with their expansions.

There still remains a shortage of anesthesiologists in the San Fernando Valley as to hospital coverage. Some new residency graduates start in surgical centers and prefer not to work in hospitals. Workers' comp and indemnity cases are leaving the hospitals. Even HMOs are leaving the hospitals and getting better facility rates at surgical centers. Eventually, only Medicare, Medi-Cal, the Blues, and some HMOs will be left. Their reimbursement rates remain undesirable and results in an exodus of anesthesiologists.

Johnathan Pak, M.D.—District 15: Information is a valuable commodity in today's society. We are inundated with a plethora of bio-psycho-social medical information throughout our training. However, we as residents are rarely introduced to issues of finance in medicine such as billing, contract information, et cetera, specific to the field of anesthesiology. Most residents feel that this is an important lesson that is missing in the educational process of today's physician given the light of today's ever changing economic environment. To be more specific, disability insurance, health insurance after residency, benefits of incorporating, partnership track when joining a new practice, interview questions for a potential practice, umbrella insurance, protecting asset options,

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working conditions in various settings, debt management, contract information, et cetera.

If the CSA were to provide more information and a forum where topics of finance can be openly discussed, such as with a message board in a website, this would be of immense benefit for residents.

ASA Placement Service

<http://placement.asahq.org>