Every action causes a reaction: the inevitable backlash against managed care

THE STRUCTURE of health care has changed more in the past decade than in the previous 50 years, and the pace of change is accelerating. The reasons: health care costs too much, and those who pay for care (business and government) have too little control over the process, while those who choose the care (the patients) often do not pay for it.

The primary result of these pressures is the rise of managed care, which is at the heart of almost everyone’s prescription for health care reform. Managed care seeks to control costs through the “realignment” of incentives (capitation, payment denials), utilization management (preauthorization and precertification, case management, gatekeeping), and more-direct approaches such as discounts, fee schedules, and limited formularies.

THE PHYSICS OF HEALTH CARE REFORM

Newton’s third law of motion applies here: every action begets an equal and opposite reaction. The rush to managed care is producing an inevitable backlash against real and feared abuses of the new system. This backlash takes two forms: media reports of egregious events, and legislation aimed at correcting the problems of managed care.

The media have reported on HMO gag rules that limit physician discussion with patients, questionable financial incentives for restricting access to care, inadequate postpartum and postoperative lengths of stay, disallowance of payments for “experimental” therapies, and similar issues. Even relatively minor billing errors, which would hardly raise an eyebrow if they occurred in the fee-for-service environment, have gotten national attention when they occurred in managed care. There is also concern about the amount of money being taken out of the health care system in the form of profits and high executive salaries.

The backlash against managed care is not confined to the popular press. Medical journals have reported similar concerns, especially about managed care’s effect on the quality of care.

In response, state legislatures and Congress have begun to consider a wide range of anti-managed care bills, some of which have become law. Such bills would mandate:

- Access to any willing, licensed provider.
- Minimum lengths of stay for specific conditions such as childbirth and coronary artery bypass surgery.
- Disclosure of options for care and of financial incentives for providers.
- Access to emergency care and specialist care.
- Unitary pricing of pharmaceuticals.
- Due process for providers dropped from plans.

A TAINT OF SELF-INTEREST?

At least some of the anti-managed care lobbying carries the taint of self-interest. Organized medicine, for example, promotes any-willing-provider and due-process laws in...
The backlash to managed care has the potential to create a whole new regulatory structure. We should be wary of getting carried away with HMO-bashing, lest we create a nightmarish system that has all the limited choices of managed care—without reducing costs.

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REFERENCES

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