



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

**T**HE 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.<sup>1</sup> This backlash takes two forms: media reports of egregious events, and legislation aimed at correcting the problems of managed care.<sup>2</sup>

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.<sup>3</sup> 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.<sup>4</sup>

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.<sup>5-8</sup>

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 TAIN 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

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the interests of physicians as much as of patients. In Ohio, some nursing organizations support greater independence and prescribing authority for advanced-practice nurses but would deny the same to physicians' assistants. And so it goes.

#### ■ MEASURING QUALITY OF CARE

To counterbalance growing concerns about managed care's effects on quality of care, accrediting organizations such as the National Committee for Quality Assurance (NCQA) and the Joint Commission on Accreditation of Health Care Organizations (JCAHO) are developing report cards—and reporting their findings. The NCQA report card for evaluating managed care plans has received wide support. The JCAHO evaluates hospitals, ambulatory care centers, and other provider organizations and has begun to release performance data to the public. Other less well known accreditation organizations are springing up and creating their own evaluation systems.

Although some critics of managed care hail these new quality assessment systems, many view this as the role of government rather than private agencies and fear that assessments of accrediting agencies will be unduly influenced by HMOs, insurers, large networks, or business.

#### ■ THE DANGER: ANOTHER LAYER OF BUREAUCRACY

The introduction of managed care on a large scale elicited a likewise large-scale Newtonian backlash. It is a natural reaction, not surprising, and some aspects of it are healthy skepticism. On the other hand, since we as a nation have collectively if not unambiguously moved in the direction of managed care, we should be careful not to curtail this movement before we have a chance to see what it can do for us.

The backlash to managed care has the potential to create a whole new regulatory

structure to micromanage a system that was supposed to be molded by market forces. 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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