

Managed Care



HS 100

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Managed Care

- Industry
 - What is it
 - History
 - Why
- Organizations
 - HMOs
 - Market Response
- Practices
- Next?

Health System Industry

- Providers of Care
- Payers/ Insurers
- Regulators
- Consultants
- Researchers
- Educators

Delivery + Insurance

- Indemnity to comprehensive
- Individual to integrated

History

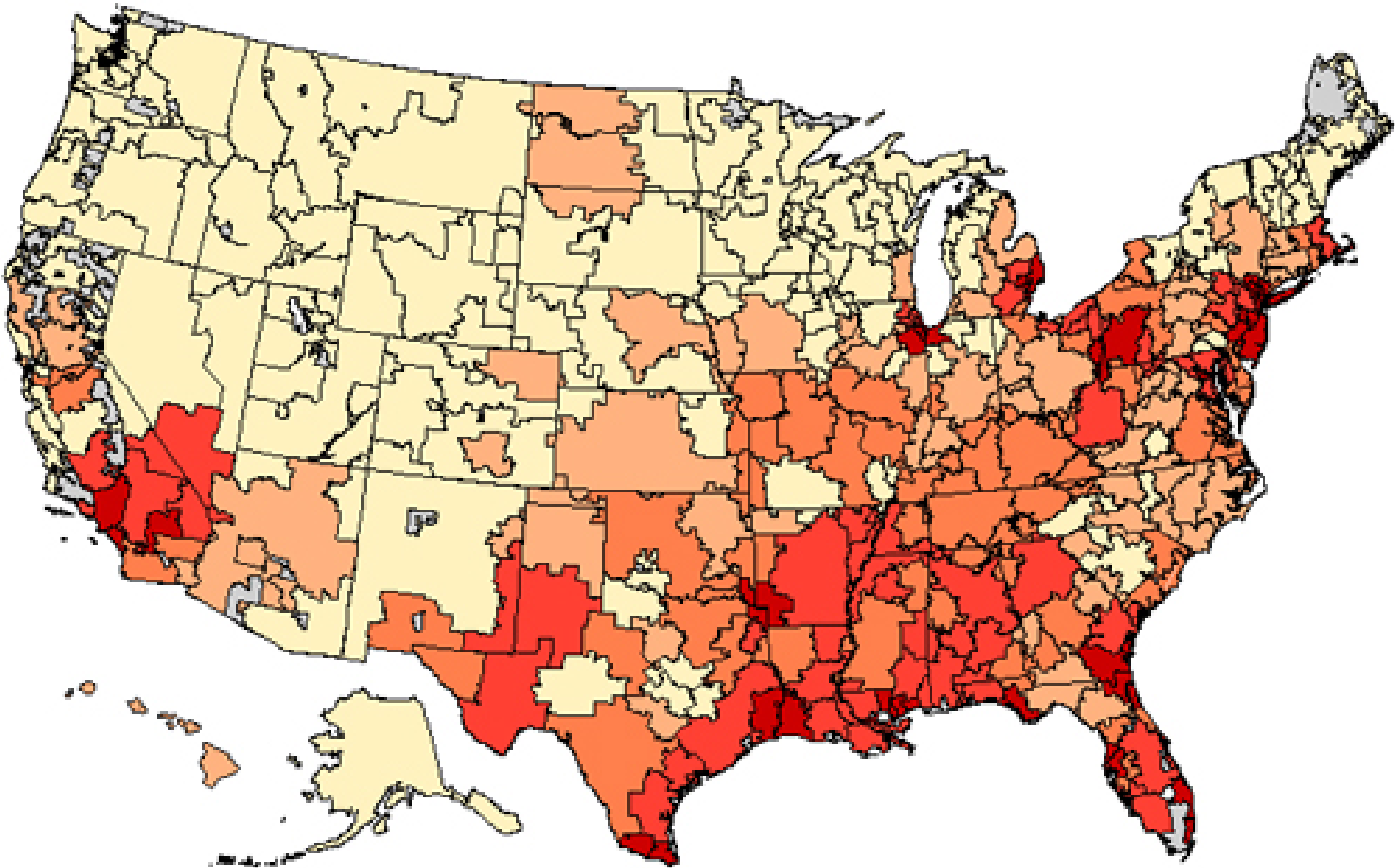
- Medical Insurance
 - Group Practice
 - Integrated Delivery Systems
 - HMOs 1973

Transition and Control

- Blue Cross 1929
- Blue Shield 1939
- Commercial 1950s
- Medicare, Medicaid 1965
- HMOs 1973
- ERISA 1974
- Commercial Indemnity into 1980s

Managed Care Status

- Majority of Americans covered
 - 60%
- Focus of legislation
- Costs better controlled
- Quality varies



Small Area Variation

- Science 1973
- Jack Wennberg, MD
 - <http://www.dartmouthatlas.org>
- Eliot Fisher MD MPH
 - http://www.dartmouthatlas.org/lectures/is_more_better_lecture.pdf

Regional Variation

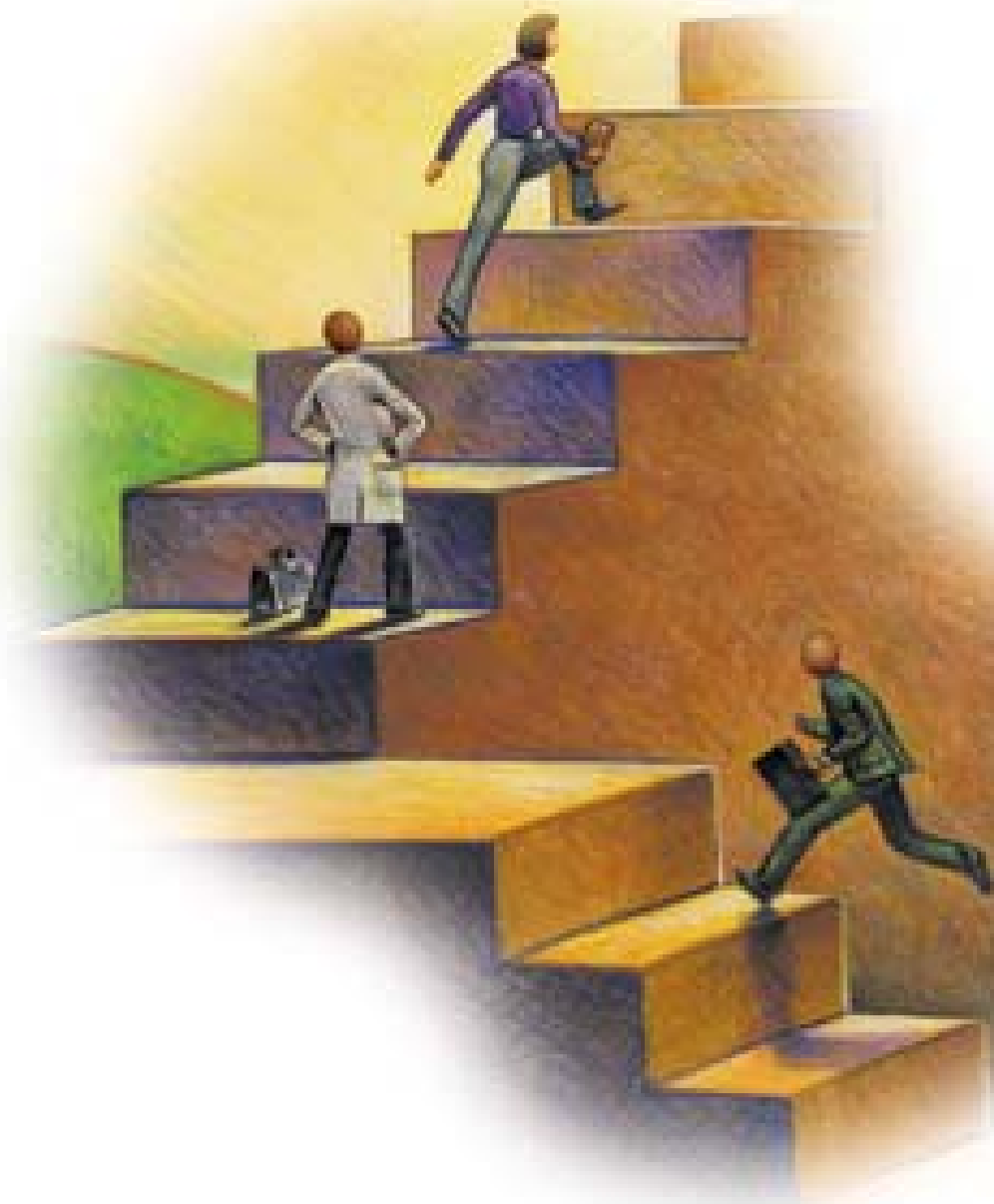
	<u>Lowest</u>	<u>Highest</u>	<u>Ratio</u>
Hospital Beds	1.4	5.1	3.6
Primary Care MDs	34	105	3.1
Specialist MDs	53	227	4.3
Medicare spending	\$3,074	\$9,030	2.9

Results of Variation

- Not explained by need
- Related to capacity
- Do high resource communities get...
 - More beneficial care? No
 - More discretionary surgery? No
 - More supply-sensitive services? Yes

Managed Care Organizations

- HMO
- PPO
- POS
- IDS
- DMP



MCO STRUCTURE

- Managed Care Practices
- Governance and Management
- Organizational Structure Variation
- Benefits

MCO Functions

- Contain costs
- Organize providers
- Pay providers
- Manage care
- Communicate with consumers
- Maintain health

Managed Care Techniques

- Provider selection
- Payment methods
- Medical policies
- Utilization controls
- Quality management
- Population responsibility

Managed Care Practices

- Financial
- Health Service Integration
- Management of Clinical Care
- Population Care
- Prevention

Financial Practices

- Provider Contractual Relationships
- Capitation Payments
- Shared Risk for Service Cost
- pmpm
- Complex Insurance Arrangements

Health Service Integration

- Medical Groups
- Physician Organizations
- Vertically Integrated Systems
- Service Segmentation
- HMOs
- Provider Choice

Clinical Care Management

- Utilization Management/Review
- Pre-certification
- Referral Authorization
- Medical Policy
- Formularies
- Primary Care Gatekeeper
- Case Management

Population Care

- Quality Assessment
- Physician Profiling
- Disease Management
- Outreach

Prevention

- Health Maintenance
- Screening
- Primary Care Emphasis
- Health Education

MC Summary

- Pervasive
- Evolving
- Culturally Acceptable Alternative
- Need to interpret
 - Techniques
 - Potential

Evolution



- Affiliations
- Mergers
- Dissolution
- New Models

- Source: Co. Reports/web sites, March 2005

Managed Care Firms National Enrollment in Millions

Health Plan	Enrollment
WellPoint /Anthem/BC	28
Aetna U.S. Healthcare	13
Cigna HealthCare	10
United Health Group	19
Kaiser Foundation HPs	8
Humana	7
HealthNet	7
PacifiCare Health Sys	3

Conclusions

- We have evolved a complex system to meet the agenda's of many without increasing consumer clarity.
- If you have seen one Managed Care Organization, you have seen one Managed Care Organization.

Organizations



HMOs

- Health Maintenance Organizations
- Prepaid
- Organized Medical Care
- Comprehensive Benefits
- Qualified

HMO Models

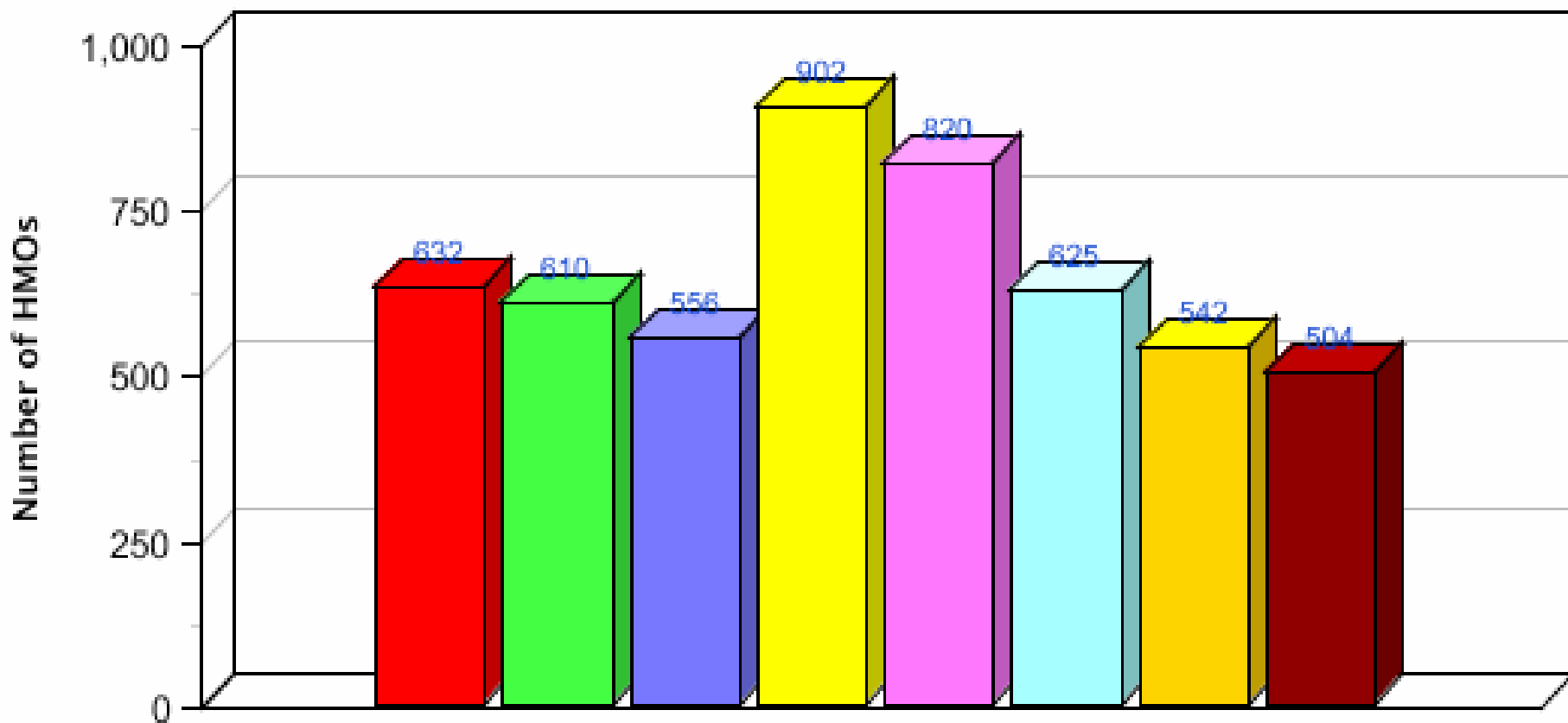
- Group
- Staff
- IPA Independent Practice Association
- Network

National Managed Care Enrollment 2004

<http://www.mcareol.com/factshts/mcolfact.htm>

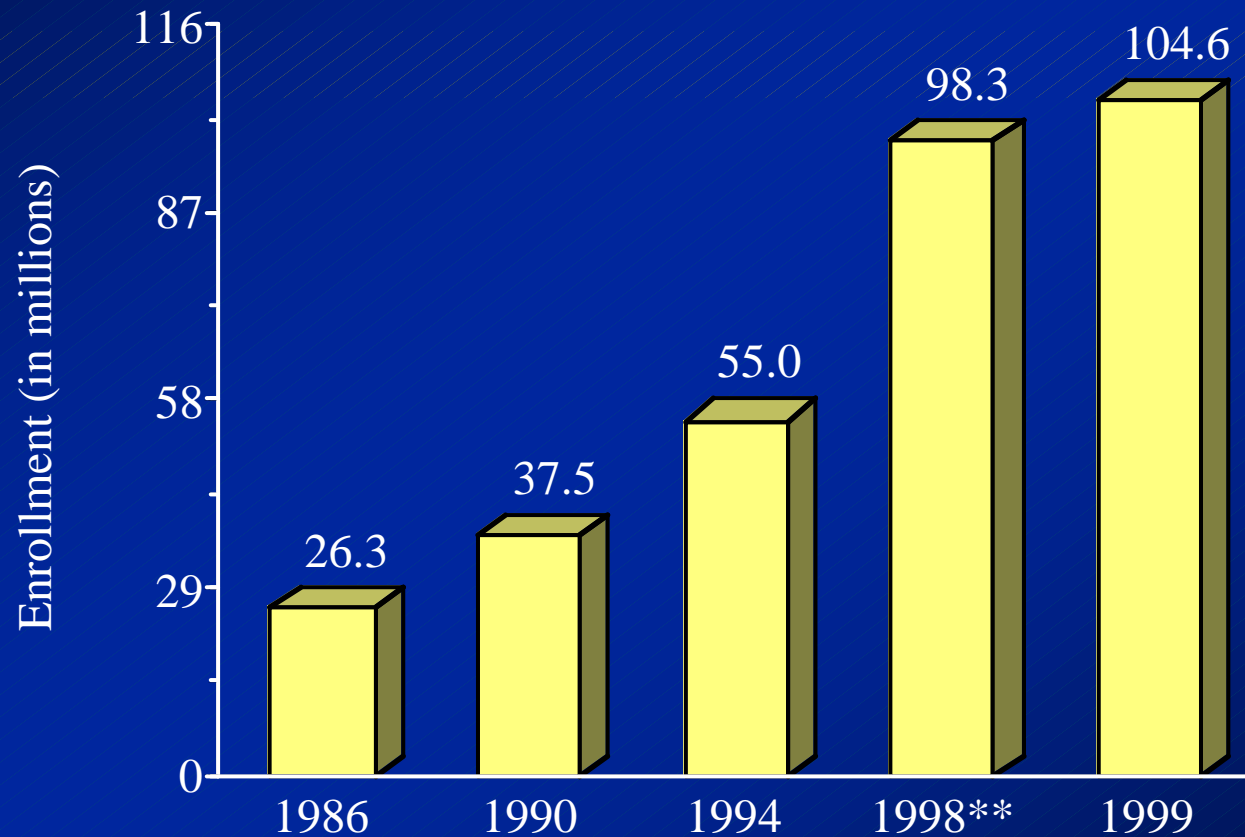
TYPE	MILLION
HMO	69
PPO	109
Total	178

Number of Operating HMO Plans, 1986-2002(1)



- (1) Operating plans only. HMOs not licensed by state agencies are excluded from all totals.
- (2) The reduced number of HMOs in 1999 is indicative of a change in the definition of corporate HMOs.
- (3) The reduced number of HMOs in 2000 and 2001 is indicative of consolidation in the industry of the major plans.

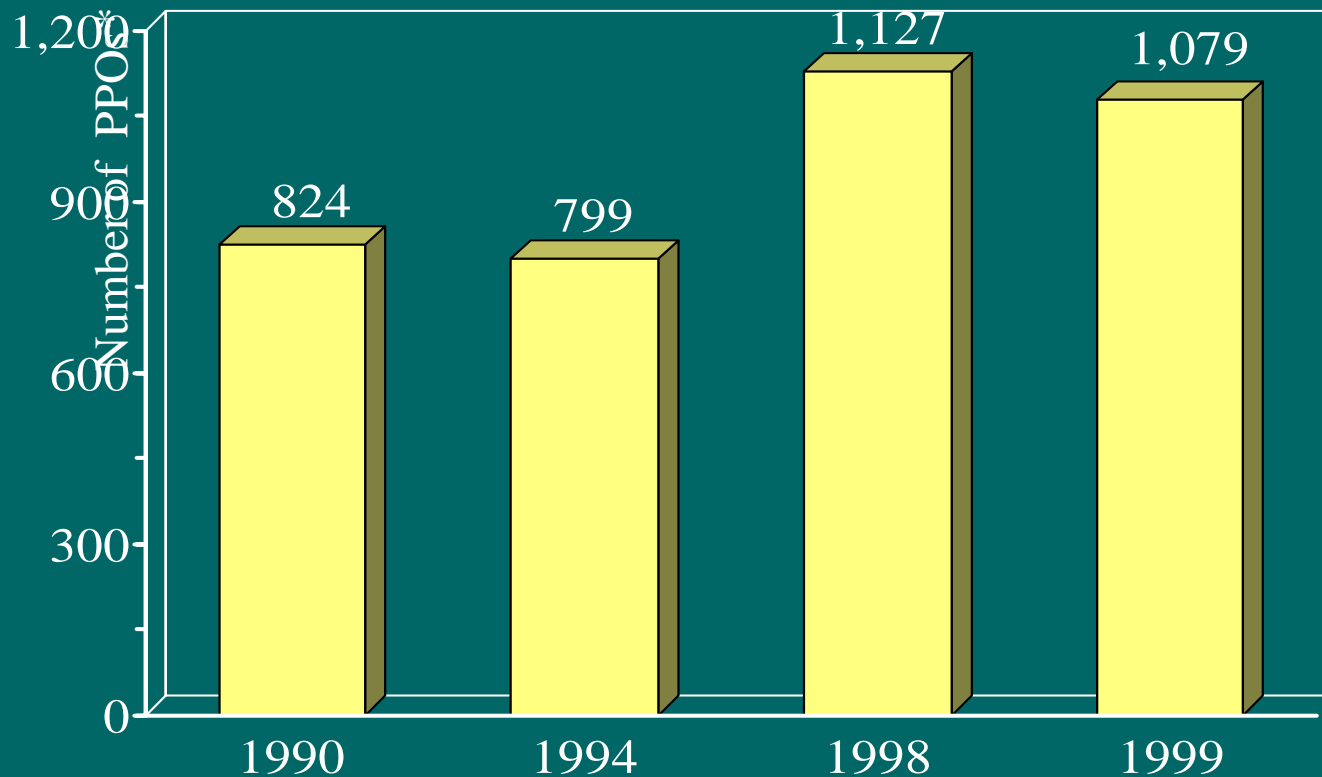
HMO Enrollment, 1986-1999*



PPO

- Preferred Provider Organizations
- Provider Network
- Payment discounted fee for service
- Consumer choice to go outside network

Number of Operating PPOs



POS

- Point of Service Plan
- Enrollee selects level of coverage at time of service
- All levels must be available in Plan
- In Network, out-of-network

Percent Insured Enrolled

