

# The Backlash Against Managed Care

Are HMOs a Victim of Mistaken Identity?

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**N**ewsweek carried the warning in a bold-faced headline: "Beware your HMO." It's a caution we hear a lot these days. HMOs "lose credibility when their emphasis on cost-cutting destroys the priceless bond between patient and doctor," according to a *Boston Globe* op-ed piece (June 19, 1995). At a time when our health care system requires cooperation and foresight, many of us are busy pointing fingers in accusation.

Clearly, there have been mistakes. In some instances, the quality of health care has been shortchanged in the name of cost control. But to blame managed care for these isolated incidents is really a case of mistaken identity. True managed care enhances quality.

One of the best examples of this lies in the field of workers' compensation insurance. Like health insurance, workers' comp was plagued in the 1980s by inefficiency, fraud, and litigation. Liberal state laws and lack of coordination had created a system in which there was little incentive for employees to return to work after an occupational injury. A case might take years to resolve, amid growing frustration and distrust on the part of both employer and employee.

Like health insurance costs, the costs of workers' comp has skyrocketed (currently \$60 billion annually). What's even more shocking is that 25% of these costs can be attributed to waste — expenses due to preventable injuries, inappropriate services, and poor return-to-work planning.

Some of us wondered: Why not apply the same managed care techniques that were beginning to transform health insurance to the workers' comp arena? Since 1989, many companies have done just that. The techniques are familiar: Preventive services, health education, physician networks, and individual case management are a few of the tools we borrowed from HMOs.

By bringing together employers, employees, and providers, we have created a system in which every part has a common goal: Getting employees back to full health. The success of this idea is dramatic. Companies lower their workers' comp costs by 30%. Employees receive more prompt, more attentive care, and are 60% less likely to pursue litigation.

It is important to note that these results haven't come from skimping on medi-

cal treatment. In fact, paying for top-dollar care often hastens an employee's recovery, and actually saves money that otherwise would have been spent on wage replacement. Like HMOs, we find that early intervention and treatment is better for people — and in the long run, better for the bottom line.

Unfortunately, some insurers see only the bottom line. Rather than changing how care is provided, these insurers only have changed how much. The public should not be misled: This is not managed care as it should be.

True managed care was created out of a revolutionary idea: That by changing the basic way in which health care is provided, it is possible to ensure cost-efficiency and high quality. The early HMOs, for example, invented the concept of "wellness," the use of preventive therapy and education to keep patients healthy.

Why? Avoiding illness certainly requires less time and money than treating it, but there was a more important reason: Avoiding illness is better for patients.

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Every doctor knows that more is not necessarily better; even the best medications must be prescribed in appropriate doses. In the same way, true managed care prescribes appropriate services, instead of allowing unnecessary ones that might delay recovery or actually endanger a patient's health. This is more than cost-efficiency. It's just good medicine.

Before we rush to picket our local HMO, we should distinguish true managed care — as it has been applied in workers' compensation — from health care rationing. And if we are to assign blame, let us blame a system that for years promised almost unlimited access to medical treatment, whether or not that treatment was the most appropriate means to make us well. By using services that weren't necessary or had limited benefits, we have inflated costs and tied up resources so that millions of us now have no access to health care.

We can correct this inequity, and enhance the quality of health services for most Americans by applying the original principles of managed care. Our challenge will be to ensure that they are applied correctly. ☛

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