

Introduction to Managed Care

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What is Managed Care?

A medical delivery system that attempts to manage the quality and cost of medical services that individuals receive.



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Goals of Managed Care

- Control costs
 - Negotiate lower provider fees
 - Reduce inappropriate use of services
 - Increase competition
- Improve quality
 - Improve population health
 - Increase preventive services

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History of Managed Care

Early 20th century: Prepaid Health plans, e.g., LA-DWP, Kaiser

1960's: Calls for health maintenance organizations to deal with rising costs of healthcare

1973 HMO Act: Created organized health systems

1980's and 1990's: Dramatic growth in Health Maintenance Organizations (HMO)

1990's: Public backlash against restrictions created by HMO's

Current: Nearly all working individuals with coverage are insured through some form of managed care

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Types of Managed Care

Health Maintenance Organization (HMO)	Preferred Provider Organization (PPO)	Point of Service (POS)
<ul style="list-style-type: none">• Primary Care Provider (PCP) acts as gatekeeper• Non-emergent care requires prior approval	<ul style="list-style-type: none">• Member has freedom to select provider• Out of Pocket costs used to encourage utilization of lower cost providers	<ul style="list-style-type: none">• At time of need, member selects HMO or PPO pathway

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Polling
Question
#1

What year did the HMO Act create organized health systems

- a. 1960
- _____
- b. 1973
- _____
- c. 1990

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Polling Question #2

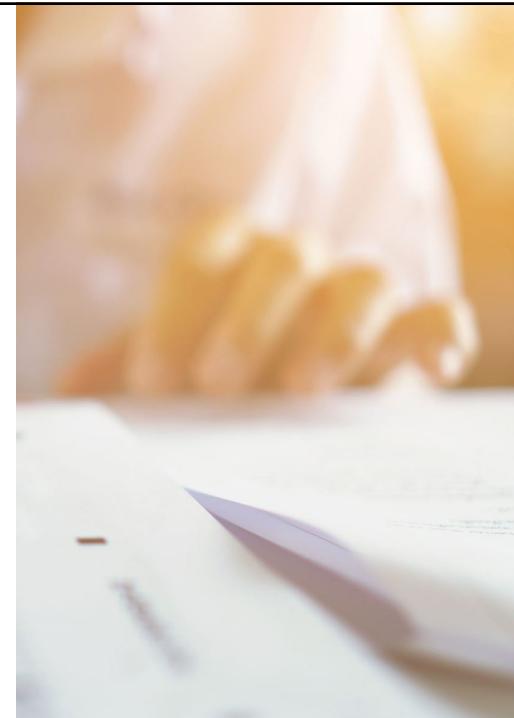
What are one of the goals of managed care?

- a. Control costs
- b. Improve Population Health
- c. Increase preventive services
- d. Improve quality
- e. All of the above
- f. a and b only

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Provider Payment Types

- Fee for Service – Negotiated rates for individual services
- Bundled Payments
 - Per Diems – Amount paid per day patient is in hospital
 - DRG's – Payment based on diagnosis of patient
 - APC's – Payment based on bundle of services rendered
- Capitation – Fixed amount paid per member per month



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Healthcare Reform in Massachusetts

- Massachusetts Health Care Reform (Romneycare) was passed in 2006 and served as the model for the Affordable Care Act (Obamacare) passed by the federal government in 2010
- Like Obamacare, Romneycare resulted in a reduction in uninsured individuals. However, it did not result in a reduction in healthcare spending as was hoped



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Healthcare Regulation In Massachusetts

- In 2012, Massachusetts established a Health Policy Commission (HPC) as an independent government agency to lead collective efforts to make health care more affordable
- Tools at the HPC's disposal include:
 - Center for Health Information and Analysis (CHIA) – collects data on the cost of care and makes this information available to providers, payers, and regulators
 - Healthcare cost benchmark – The benchmark represents a shared goal that total health care spending by all payers in the state will not grow faster than the state's economy



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Polling Question #3

What is one type of provider reimbursement?

- a. Fee for Service
- b. Bundled Payments
- c. Capitation
- d. Alternative Payment Models
- e. All of the above

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How is Massachusetts Doing?



Ranked 3rd highest among U.S states for the **quality** of its Health Care System¹



Ranked 3rd highest among U.S. states for the **cost** of its Health Care System²

¹ U.S. News & World Report <https://www.usnews.com/news/best-states/rankings/health-care>

² Becker's Hospital Review <https://www.usnews.com/news/best-states/rankings/health-care>

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What's Next?

Medicare and Medicaid managed care

Consolidation

Consumerism

Healthcare reform?

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