

Significant event impact on health care organizations: managed care essay

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Running Header: SIGNIFICANT EVENT/IMPACT ON HEALTH CARE

ORGANIZATIONS: MANAGED CARE Significant Historical Event/Impact on Health Care Organizations: Managed Care Erich Hayman Monday, May 19, 2008 University of Phoenix HCS/530, Health Care Organizations Professor David A. Olsen, MHA Significant Historical Event/Impact on Health Care Organizations “ By 1995, managed care plans had become the dominant form of health insurance and enrolled 73 percent of all Americans who were covered by employer-based health benefits (Jenson, Morrisey, Gaffney, and Liston, 1997)” (Mick & Wyttenbach, 2003, p.

).

“ In comparing the development of the U. S. , British, and Canadian health systems, Carolyn Tuohy (1999: 7) argues that “ key features of health care systems are ‘ accidental’ in the sense that they were shaped by ideas and agendas in place at the time a window of opportunity was opened by factors in the broader political system” (Oliver, 2004). Health care systems to date are in response to centuries of learning and ethical development. In the period before managed care (Marcus Welby medicine) patients were ineffective purchasers since they had little or no information on their treatment needs or on their physicians” (Feldstein, 2001).

Original managed care systems were introduced to control escalating health care costs. “...managed care represents a series of responses to certain realities within the U. S. health delivery system – some are historical, both ancient and contemporary; others are social and are based on the premises of limited availability or limited resources; and some are human – the product of corruption and greed” (Lieberman & Rotarius, 1999). Without

creative repackaging of the idea of prepaid health plans, the form and timing of the conservative response to the excesses of the medical establishment would almost certainly have been quite different" (Oliver, 2004). " By the start of the 1970s, however, tensions develop between " a medical system geared toward expansion and a society and state requiring some means of control over medical expenditures" (Oliver, 2004).

President Nixon legislative answer came as the health maintenance strategy in 1970 and 1971. Legislation set in motion the managed care health system and the inevitable commercialization of modern medicine. ...Paul Ellwood (along with the Nixon administration), a physician specializing in rehabilitation medicine, who through his Minnesota think tank InterStudy promoted the term HMO and saw it as the building block for an entirely different approach to health care reform" (Oliver, 2004).

According to the National Library of Medicine, " managed care plans are health insurance plans that contract with health care providers and medical facilities to provide care for members at reduced costs" (www. nlm. nih. org). The categories of plans include Health Maintenance Organization (HMO), Preferred Provider Organizations (PPO), and Point of Service (POS). According to the American Heart Association the goals of managed health care ensure that " providers deliver high-quality care in an environment that manages or controls costs, the care delivered is medically necessary and appropriate for the patient's condition, care is rendered by the most appropriate provider, and care is rendered in the most appropriate , least restrictive setting" (www.

americanheart.org). Due to the customization ability of managed care plans individuals control their respective health coverage and allow cost reduction cooperation between health organizations and physicians. HMO systems garnered support from independent practice associations and foundation medical plans. President Nixon leveraged such support in efforts to bolster support for the Health Maintenance initiative. Liberals, lead by Senator Edwards Kennedy, and organized labor forces demanded a national healthcare plan. “ While the health maintenance strategy gained conservative support because of the business mentality it brought to social welfare programs and its potential for cost containment, it gained liberal support because of the comprehensive benefits and continuity of care it offered to patients” (Oliver, 2004). The HMO Act of 1973 was established to expand the competitive landscape, but the system was hindered by legislation, regulation, and the Tax Equity and Financial Responsibility Act of 1982, “ which belatedly expanded the market competition paradigm to Medicare” (Oliver, 2004).

From this point legislation made strong efforts to overcome the backlash of initial manage care efforts, but all policy including; the Jackson Hole Group and the Consumer Choice Health Plan, 21st Century American Health Care System papers, and Clintons Health Security Plan, failed to mitigate the political andscape and grant healthcare as a right. “ As the opportunity for a national health insurance program closed, managed care and managed competition gained new life in a wide variety of public and private sector initiatives” (Oliver, 2004). Managed care as a national healthcare system had

overcame initial impediments through the consequential failure of litigation. “ In common parlance, the term “ managed care” has become closely associated with the worst kinds of limits on health care expenditures, such as blindly-applied, post-hoc denials of coverage by HMOs” (Schwab, et al. 2006). “ Some of the backlash has been fueled by anecdote or widely publicized horror stories; some by individuals’ actual experiences, including those of some prominent advocates of managed care” (Anderson, et al. , 2001, p. 20). Anderson, Rice, and Kominski argue a change in enrollment as the underlying cause for the backlash.

“ As managed care became the major form of employer-sponsored health coverage, enrollment began to include individuals with chronic conditions and those whose employers no longer offered indemnity health plans” (Anderson, et al. 2001, p. 20). Governmental legislation began to mitigate consumer risks and managed care organizations faced with increased regulation promised voluntary changes, including providing external review of service denial decisions, coverage of emergency room visits using “ prudent layperson” definition of emergency, and direct access to obstetrician-gynecologist services” (Anderson, et al. , 2001, p. 20). Certain weaknesses are inherent to a managed care system and/or the current ethical environmental imperative of our era. For example; “ Opportunities for meaningful competition are limited because rural areas do not have sufficient population or enough providers to support multiple managed care plans” (Anderson, et al. , 2001 p. 19).

Additionally, managed care has created an environment mainly void of charity care contrary to the benefit of the larger community. If managed care ends up constraining costs by depriving individuals of needed medical attention (reducing medically appropriate access to specialists, for instance), then it violates the ethical principle of beneficence because such management interferences with doing good for the patient” (Anderson, et al. , 2001, p. 8). Work Cited Andersen, R. , M. , Rice, T.

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