

# Managed care cba

[Health & Medicine](#), [Healthcare](#)



In order to better understand the workings of managed care, it is important to understand its history as well as future trends.

Please read the required background materials, and then answer the following questions in a 2 page paper:

1. What is managed care?
2. How and when did managed care begin?
3. How will consumer-driven healthcare impact healthcare delivery?

The following resources will help you complete this assignment:

Scandlen, G. (2005). Consumer-driven health care: Just a tweak or a revolution? *Health Affairs*, 24(6), 1554.

Tufts Health Care Institute: Brief History of Managed Care

<http://www.tmci.org/downloads/BriefHist.pdf>

What is managed care?

Managed care is a system of delivering healthcare in such a way that the costs of the service, quality and the utilization of the service is provided and handled by one healthcare organization, and under one roof. Such an organization is known as the 'Health Maintenance organization' or the 'HMO'. The patients are provided health plans or health packages that cover their health needs. According to the condition the patient suffers from, he/she could subscribe to a particular health plan.

Managed care has continuously evolved as a system of deliverance of healthcare in the US. The impact of such a system has not been understood clearly. Such a system may consume a lot of resources or may be not

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organized in a proper manner. Many patients may get under-treated or over-treated for their condition. The system does not focus on the preventive aspects of medical care. The physician would be providing his/her services in association with a healthcare team, consisting of professionals belonging to other fields.

The patient work may be performed by the professionals belonging to other fields (G. Farfield. 1997). United Health Group is one of the largest Managed care organizations in the US and was founded in the year 1977. It provided health packages for its customers in the year 1979. It began to get listed in the US Stock Markets since the year 1984. The company began to acquire smaller companies and grow gradually. The company is constantly adopting its policy to suit the changing needs of its customers in a very competitive market (United Health Group. 2006).

How and when did managed care begin?

Managed care began in the US in the 19th Century, and was aimed at meeting the healthcare needs of the masses. At first, selected group of people organized healthcare packages with the physicians. These included workers, laborers, rural dwellers, railroad workers, etc. Their employers wanted to meet their healthcare needs and hence organized healthcare plans with local physicians and hospitals. Societies were also involved in organizing such programs in cities.

A nominal amount was paid by the employer to provide healthcare services to the employees for a certain period of time. Dr. Shahid was one of the first

physicians to initiate a healthcare plan for the farmers (in 1929). Dr. Ross and Dr. Loos provided medical care to the employees of LA Water and Power Department for a nominal amount (in 1929). In some plans, the employers paid a part of the amount and the employees paid another part. Henry Kaiser provided medical care services in return for a prepaid amount during the World War II time. He began offering such services to the public, once the war ended.

Slowly, the prepaid health service packages began to develop in managed care, and such organizations were known as 'HMO's'. They offered comprehensive medical care services. The members could select a customized healthcare package according to their healthcare needs. The AMA initially objected to the development of the HMO's. It felt that soon medical care would become a business, and companies would be involved.

The Supreme Court's Decision in 1947 ensured that the AMA would not interfere in the development of the HMO's. During the 1960's and the 1970's, the politicians began to show greater amount of interest in Managed care. President Nixon brought out a plan in 1971, to develop HMO's. The loans offered to HMO's for development was increased. During the 1980's and the 1990's, the HMO's began to grow. Now people utilize Managed Care to supplement Medical Insurance. More than 600 HMO's are present in the US and about 25 % of the population has a managed care package (TMCI, 1998).

How will consumer-driven health care impact healthcare delivery?

Consumer-driven healthcare may not just provide a mere modification to the present healthcare system. The manner in which it could be impacted includes: -

Providing more health information to the consumers so that an informed decision can be made and they can exercise greater control over their bodies.

Cost-effective services.

Provision of high-quality services.

Providing tax-free benefits to the consumers.

Encouragement of medical tourism.

Removal of anticompetitive measures that exist in the healthcare delivery market.

Use of modern technology and equipment (Greg Scandlen. 2005)

References:

G. Farfield, D. J. Hunter, D. Mechanic, Et al “ Managed care: origins, principles, and evolution.” BMJ 314 (1997): 1823. <http://www.bmj.com/cgi/content/full/314/7097/1823>

Greg Scandlen. “ Consumer-Driven Health Care: Just A Tweak Or A Revolution?” Health Affairs 24. 6 (2005): 1554-1558.

Tufts Health Care Institute “ Brief History of Managed Care.” TMCI (1998).

<http://www.tmci.org/downloads/BriefHist.pdf>

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United Health Group “ Principles of Ethics & Integrity Your Guide to Business Conduct.” United Health Group. 2006. United Health Group. 15 Apr. 2007  
<http://www.unitedhealthgroup.com/global/PrinciplesofEthicsandIntegrity.pdf>