Ethics and Managed Care

Based on the work of

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Managed Care: What Is It?

- The management of health, mental health, and/or social services by structural and policy means.
- Structural control of services through Health Maintenance Organizations (HMOs) or other Managed Care Organization (MCO)
- Spectrum of care is provided within a fixed prepaid budget.
Managed Care: Why Have It?

- Growth of health care costs in 1980s put premium in cost control and predictability for buyers of health care.
- Creation of third party (i.e., HMO) could negotiate rates, assess quality, and promote efficiency to save $.$
- Moderate success in cost containment.
Managed Care Strategies: Providers

- Limits on choice of
  - services (best practice)
  - reimbursement rates (e.g. capitation)
- Capitation encourages providers to use services judiciously
- Promise of flow of referrals in return for reduced rate
- Rewarding efficiency through bonuses or punishing over-use through salary “withholds” or deselection from panels
Managed Care Strategies: Patients

- Limits on choice of provider (panels)
- Recipient of services encouraged to be more cautious by
  - limiting reimbursement
  - funnelling access to specialists through gatekeepers
  - penalizing inappropriate use of costly services (i.e., ERs)
  - limiting access to costly medications or treatments
Consequences of Managed Care

- Financial penalties for using emergency care may lead to fatal delays in seeking help.
- Gatekeeping can delay access to specialists beyond crucial stages of a disease.
- Stringent application of “medical necessity” criteria can eliminate care for serious but not life threatening mental health conditions.
- Reimbursement systems set on low utilization provide incentive to choose populations of only the healthiest patients.
- Decisions based on financial expenditures can be made at expense of other considerations.
Informed Consent

Requires health care providers disclose to clients the specifics about procedures to be performed and the associated risks, benefits, and alternatives
- based on presumption of choice
- patient then accepts/declines

- **Difficult process**
  - differences in patient understanding
  - complexity of health conditions

- **Managed care further complicates**
  - structural factors
  - economic factors

that can influence providers’ options and patients’ level of choice
Informed Consent

Appelbaum et al. (1987) “theory based on ethical principles given effect by legal rulings and implemented by clinicians.”

Two key elements:

1) Individuals should be able to act without coercion and
2) They must have adequate facts in order to make informed decision about care
Informed Consent

In fiduciary relationships, where differential power exists, a responsibility exists to share necessary information.

Patients must be able to trust that information will be shared thoroughly and accurately without having to seek it out.

Informed consent generally encompasses the following three standards:

- 1) competence
- 2) freedom from coercion
- 3) understanding and areas of information to be shared with the client
Components of Informed Consent

- Understanding
- Voluntariness/Lack of Coercion
- Disclosure
Understanding

- Patient comprehends information and implications
- Be sure patient understands, clinical and managed care issues
- To understand that doctors are not just concerned with individual’s health, but with costs as well.
- Practice guidelines: limits choice of treatment
- Formularies - physicians steer patients to less costly medications, should allow patients to see all options
Voluntariness

- Consent must be freely given
- Consent rendered under duress is not valid
- Coercion
  - making provision of some services contingent on acceptance of others
  - threatening to end treatment if patient will not agree to certain services
- Concern if recipient has no choice about health plan enrollment.
Disclosure

- Information that should be provided as part of informed consent.
  - Information about variety of plans
  - Enough detail for patient to make educated decisions about which plan best fits needs
  - Cost involvement for patient
  - Promotional materials don’t inform beneficiaries about extent/processes for coverage (Brett, 1992; Levinson, 1987; Mechanic, 1986)
  - Information on appeals/grievances processes
  - Information on “gag clauses”, other conflicts of interests
  - Limits of provider/patient confidentiality
Overcoming Challenges to Informed Consent in Managed Care Setting

- Knowledge of managed care system
  - professional or organizational newsletters
  - trade journals
  - newspaper
  - texts, articles
  - conferences
Overcoming Challenges to Informed Consent in Managed Care Setting

- Use of “process model”: patient receives information over time so that it can be thought over, discussed, and decisions can be made (Appelbaum, 1987)
  - information disclosed in a manner that allows patient opportunity to process treatment options
  - use of effective communication skills
  - use of various information methods (written, discussion, video, etc.)
References


References


