

Comparing Quality in Managed Care and Fee-for-Service Delivery Systems

John T. Kelly, MD, PhD, and Jeane M. Kelly, MD, MPH

As the American healthcare system continues to evolve and new delivery systems emerge, evaluation of the quality of healthcare in managed care and fee-for-service practice has developed into a major area of public interest.^{1,2} Policy makers, regulators, researchers, employers, healthcare professionals, consumers, and others would like a straightforward answer to the seemingly simple question: "How does quality compare in managed care and fee-for-service settings?"

Numerous research studies have shed some light on this important issue, but published analyses of their results often are complex and confusing. Two meta-analyses of existing research, both of which were published in 1994, offer the most-comprehensive look to date at quality in managed care and fee-for-service. In the first study, two researchers from the University of California-San Francisco³ concluded from their analysis of 16 research studies that "HMO and indemnity plans provided enrollees with roughly comparable quality of care, according to process or outcomes measures." In the second study, an independent researcher commissioned by the California Association of Health Maintenance Organizations deemed the quality of care in HMOs to be at least equal to that found in the indemnity insurance sector.⁴

A wide array of factors affect the quality of patient care in alternative healthcare delivery systems, including organizational structures, access to care, and processes of care. Moreover, each of these factors is complex and multifaceted. Consequently, in any given study, managed care might score higher than fee-for-service practice on some factors and lower on others. By closely examining individual studies, healthcare leaders and others in the field can identify

both effective approaches for assessing quality and opportunities to improve managed care and fee-for-service delivery systems.

The opportunities and challenges inherent in any attempt to compare the quality of managed care and fee-for-service are illustrated by the impressive Medical Outcomes Study, a 4-year, longitudinal study of 1,208 adults with chronic disease treated in 303 solo and group practices in Boston, Chicago, and Los Angeles. The researchers,⁵ who were affiliated with New England Medical Center, Tufts University, and Harvard School of Public Health, used the following seven "core" measures of primary care to measure quality: (1) continuity of care; (2) comprehensiveness of care; (3) coordination of care; (4) provider accountability, in terms of interpersonal manner; (5) provider accountability, in terms of technical skill; (6) organizational access; and (7) financial access. The researchers found "notable differences" between managed care and fee-for-service systems, although neither system performed consistently higher than the other. On the one hand, patients and physicians rated access to care and coordination of care highest in prepaid plans; on the other hand, they rated continuity of care and provider accountability highest in fee-for-service plans.

Some studies have evaluated the quality of care that patients with specific medical conditions receive in managed care and fee-for-service delivery systems. The conditions include pregnancy,⁶ diabetes,^{7,8} colorectal cancer,^{9,10} hypertension,¹¹ acute myocardial infarction,¹² and congestive heart failure.¹³ Other studies have evaluated the use of preventive services in different delivery systems.¹⁴⁻¹⁶ One study¹⁷ concluded that older HMO enrollees with acute myocardial infarction received better hospital care than did fee-for-service patients. Another study¹⁸ concluded that depressed patients in prepaid settings were less likely to have their depression recognized than were fee-for-service patients. The recent proliferation of "report cards" that rank managed care organizations is an

From GMIS, Inc, Malvern, PA (J.T.K.). Dr. Jeane M. Kelly is an independent healthcare quality consultant.

Address correspondence to: John T. Kelly, MD, PhD, GMIS, Inc, 5 Country View Road, Malvern, PA 19355

example of the expanding interest in comparative information.¹⁹ Typically, various report cards rate specific delivery systems differently.

Fortunately, many new approaches have been developed to assess quality in alternative delivery systems. Researchers at the Harvard School of Public Health have catalogued more than 1,200 different performance measures currently in use.²⁰ Some quality measures are condition-specific; others are generic. Some measures focus on processes of care; others emphasize patient outcomes. Such initiatives as the National Committee for Quality Assurance HEDIS measures have proposed standardized approaches to evaluate quality of care in managed care. Other strategies use practice guidelines, administrative and clinical databases, and performance profiles to assess quality.²¹ These efforts are facilitating progress in evaluating quality of care in managed care and fee-for-service systems.

Nevertheless, enormous challenges remain. Not all managed care delivery systems are alike, nor are all fee-for-service delivery systems identical. Among the important factors that vary substantially in delivery systems are benefit structures, the role of healthcare professionals, and clinical practice. Moreover, because quality is not a single-dimension issue,²² many factors must be considered if it is to be evaluated accurately. In the highly complex and rapidly evolving field of quality assessment, numerous approaches to the evaluation of the various dimensions of quality are available²³; however, the accelerating demand by consumers, purchasers, healthcare professionals, and others for reliable and timely information on healthcare quality continues to far exceed the ability of health service researchers to provide adequate quality measures.²⁴ Consequently, research on quality of care in alternative delivery systems can and will continue to expand.²⁵

Consensus on what constitutes optimal quality of care and on the appropriate measures, data sources, and sampling strategies to use to assess key aspects of quality is elusive. Conclusions about the relative importance of specific quality measures may be controversial. Proponents of managed care or fee-for-service delivery systems may promote performance measures that rate more favorably the performance of their preferred system. Efforts to disseminate comparative information about quality of care in alternative delivery systems are largely developmental.²⁶ Moreover, generalization from research findings on a limited number of patients in a specific delivery system at a particular point in time to broad characterization of managed care or fee-for-service delivery systems is

risky. The diversity and rapid evolution of healthcare systems in the United States precludes developing overly simplified characterizations of quality.

To respond to these challenges, we advise mining the rich and expanding literature on quality for insights into how to evaluate and improve quality of care. Specifically, we recommend that healthcare leaders and others:

- Become familiar with the research literature on evaluating quality of care in managed care and fee-for-service
- Understand the strengths and limitations of research on quality in various settings
- Have access to reliable information about the wide array of performance measures available to evaluate quality of care
- Understand the strengths and limitations of these performance measures
- Use reliable sources of data to assess clinical performance and to evaluate quality of care
- Use clinical performance profiles and practice guidelines to evaluate quality of care
- Promote research on improved methods to assess quality of care
- Facilitate the education of healthcare professionals about approaches to evaluating and improving quality of care
- Encourage the use of reliable performance measures in quality assessment systems
- Use quality assessment systems effectively to monitor and to improve quality of care
- Understand the strengths and limitations of various approaches to characterizing and disseminating information on quality of care in specific delivery systems
- Dispute the validity of biased comparisons of quality of care in alternative delivery systems.

The work required to achieve these goals is significant. Nevertheless, through these efforts, healthcare professionals will be positioned to better understand, maintain, and improve the quality of care in managed care and fee-for-service delivery systems.

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