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FIRST DO NO HARM:ACCOUNTABILITY AND HEALTH PLAN DECISIONS, Policy Alert

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FIRST DO NO HARM: ACCOUNTABILITY AND HEALTH PLAN DECISIONS

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The Problem

In 1997, approximately 1.75 million adult insured Californians reported that, as a result of their health plan's decisions, they had not received the most appropriate medical care or what they needed; 1.6 million reported that there were delays in getting needed care; and nearly half a million (480,000) reported that they were denied care or treatment. Of even more concern to policy makers and consumers is our finding that a substantial proportion of Californians who experienced these problems reported that they resulted in serious health consequences.

- ◆ Nearly half of those who were denied care or treatment reported that the denial resulted in the worsening of their health condition or led to a new health problem not previously present.
- ◆ More than one-third of those who reported that there were delays in getting needed care reported that their health worsened or they were permanently disabled as a result.
- ◆ HMO enrollees are more likely than PPO enrollees to report that the problems they experienced with their health plans led to adverse health outcomes.

To increase consumer confidence that health plan decision-making is appropriate and in the best interest of the health of patients, reforms are needed that establish consumer protection standards in managed care plans and hold plans accountable for the adverse health outcomes of their utilization review decisions. Reforms such as health rights hotlines, ombuds programs or a system of external review of health plan decisions are also needed to give consumers a place to go if they encounter problems with their plan.

Policy Options

- ❖ *Establish a system of independent, external review of health plan decisions to prevent, to the extent possible, harm to patients resulting from health plan decisions to delay, limit or deny care.*
- ❖ *Consider establishing a process that would expand the liability of health plans for harm to enrollees due to wrongful denials or delays of health services, as part of a comprehensive package of reform to increase health plan accountability to consumers.*
- ❖ *Establish statewide minimum standards requirements for quality assessment and assurance for all health care service plans and health insurers in California.*
- ❖ *Establish ombuds programs and consumer rights hotlines to assist patients in resolving their problems with their health plan.*

The Evidence

- ◆ Many patients who experienced health plan denials and delays reported a worsening of their health condition as a result.

Of those who reported that their plan denied care or treatment, 50% reported that their health condition worsened as a result (Exhibit 1).

The second most commonly reported health consequence associated with health plan denials and delays was the development of a new health problem that was not previously present.

Most troubling is our finding that, for 10% of enrollees who did not receive the most appropriate care and 9% who were denied care, they report that these problems resulted in a permanent disability that negatively affected activities of daily living.

EXHIBIT 1: HEALTH CONSEQUENCES OF CONSUMER PROBLEMS WITH HMOS AND PPOS, CALIFORNIA, 1997

Reported Health Plan Problem			
Reported Health Consequence	Did Not Receive Appropriate Care	Delay in Getting Needed Care	Denied Care or Treatment
Health condition worsened	47%	37%	50%
New health problem	29%	17%	41%
Permanent disability	10%	2%	9%

Source: California Managed Health Care Improvement Task Force Survey of Public Perceptions and Experiences with Health Insurance Coverage, 1997

- ◆ **HMO enrollees are more likely than PPO enrollees to experience adverse health outcomes as a result of health plan problems.**

As Exhibit 2 shows, HMO enrollees are more than twice as likely as PPO enrollees to report adverse health consequences arising from health plan decisions affecting the appropriateness of care, delays in receiving needed care or denials of care.

We observed very little difference in the health consequences patients experience as a result of decisions made by different types of HMOs, with rates of worsening of health conditions and new health conditions being nearly identical for IPA/network HMOs and group model HMOs.

EXHIBIT 2: HEALTH CONSEQUENCES OF CONSUMER PROBLEMS WITH HEALTH PLANS, CALIFORNIA, 1997

Type of Health Plan			
Reported Health Consequence	IPA/Network HMO	Group HMO	PPO
Health condition worsened	25%	23%	12%
New health problem	17%	18%	7%
Permanent disability	6%	6%	1%

Source: California Managed Health Care Improvement Task Force Survey of Public Perceptions and Experiences with Health Insurance Coverage, 1997

Most troubling was our observation that the rates at which consumers report that their health plan problem resulted in a permanent disability was approximately six times higher in HMOs compared to PPO plans.

These data support recent state and federal proposals to enhance health plan accountability and assure that responsible treatment decisions are made. Accountability can be improved through establishing systems of external review and by expanding health plan liability. External review can be viewed as a preventive measure used before harm to the consumer has arisen from a health plan decision to limit, delay or deny treatment. Health plan liability can compensate consumers who have suffered harm as a result of a health plan decision.

Managed care consumer assistance programs such as health rights hotlines or ombuds programs are other approaches that can be implemented to enhance consumer protection standards in managed care. These programs can inform enrollees about their rights and responsibilities and how their health plan operates, and can provide assistance to consumers who need help navigating the managed care system.

There are potential costs involved in establishing these programs, including possible increases in premiums associated with increased utilization of services, and an associated increase in the number of uninsured. These potential costs must be weighed as policy makers seek methods to enhance health plan accountability for consumers in California.

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