Position Statement on Managed Care

The Council on Catholic Healthcare of the Michigan Health and Hospital Association

I. Introduction

In this Position Statement, the Council on Catholic Healthcare of the Michigan Health and Hospital Association (CCHC/MHA) seeks to identify some of the more prominent ethical challenges managed care faces and to make recommendations about how these challenges can be met. In doing so, the Council draws on values and principles rooted in the Roman Catholic tradition. However, these values and principles are not unique to the Catholic tradition. Therefore, it is hoped that people from other traditions can draw upon this document for their own ethical reflection on managed care.

II. Ethically Responsible Managed Care

The Council supports the shift to managed care arrangements from traditional fee-for-service health care financing pursuant to the elements identified in this document. Managed care, in tandem with pre-paid capitation payments, represents an opportunity for health care resources to be allocated appropriately across the full spectrum of the healthcare delivery continuum. This continuum includes prevention, outreach, and emergent, acute, chronic, rehabilitative, and end of life care for improving physical, emotional, and spiritual health. Resources allocated towards prevention of illness as well as appropriate emphasis on the treatment of chronic conditions will result in a healthier population, and one less reliant on costly acute and skilled long-term care services. Value to the patient is also derived from increased benefits and decreased financial responsibility in a controlled provider environment stressing responsible choices and monitoring quality.

True managed care manages care as its first priority; it does not seek primarily to manage access. When the physical, emotional, and spiritual needs of the patient are paramount in decisions made by the stakeholders in managed care, patients will be treated with dignity and respect in the most appropriate setting. Duplication and fragmentation of services will be reduced, resulting in higher quality and cost effective health care delivery. By shifting more of the population into high quality managed care arrangements, there will be attainable opportunities for increased access to health care coverage for those currently uninsured or underinsured.

The CCHC/MHA recognizes that the incentives in prepaid capitation have the potential to result in underutilization and other inappropriate barriers to access and personal choice. Managed care is challenged to successfully incorporate the interests of the plan, purchasers, providers, and patients. Therefore, there are
appropriate circumstances and issues requiring public policy decisions and oversight of managed care arrangements. However, the core elements of managed care must be preserved in order to achieve the worthwhile ends cited above. Those core elements include:

- The ability of the managed care plan to select an exclusive network of providers that meet appropriate criteria for quality, utilization of resources, and access to enrollees;
- The ability of physicians and other providers to manage the medical needs of patients;
- The ability of the managed care plan to negotiate directly with purchasers regarding price, benefits, and volume of enrollees included in managed care contracts; and,
- The maintenance of the appropriate allocation of responsibility and accountability of the various stakeholders in the arrangement—patient, provider, plan, and purchaser.

When purchasers contract for health care benefits on behalf of employees, there are factors that are not in the direct control of all stakeholders. Therefore, managed care plan administrations are encouraged to educate purchasers and to advocate for benefit packages that promote individual and community health. Purchasers and unions are encouraged to negotiate employee benefit packages that provide incentives for health prevention and promotion, managed health care, and appropriate use of the health care delivery system. Providers are challenged to become accountable for clinical outcomes. Patients are challenged to lead healthier lifestyles and to reduce inappropriate demand for health care services.

This document offers the following principles and guidelines as a model of what managed care should be and all stakeholders are encouraged to view it as such. Additionally, the Council hopes that this document will be used as a framework by decision-makers who shape public policy to assist them in measuring managed care programs in light of values and guidelines which best serve the public’s interest.

III. Principles

A. Four core principles, which are of particular relevance for the Catholic health care ministry, are identified here, with a brief explanation of their meaning and significance for Catholic health care in the United States today:

1. Human dignity

   Every human being, regardless of race, creed or national origin, possesses an inalienable dignity presumed from conception until natural death, and must be respected as an inherently valuable member of the human community. Because healthcare is essential for human dignity and fulfilling quality of life, all persons have a right to a basic level of quality comprehensive care.
2. **Special concern for poor and vulnerable persons**

Persons who are marginalized for whatever reason require a special response from the community. As a matter of both justice and charity, structures and systems must be in place to meet their special needs. The poor must have their right to basic health care honored.

3. **The common good**

Human life is a life in community. The common good is the sum total of those conditions necessary for all persons to have fulfilling lives. In seeking to promote the good of individuals, consideration must be given for the needs of the community. Decisions about the use of resources must be made in light of their potential to contribute to the good of the whole community. Health care resources, one of many social goods, are limited and must be managed wisely. Responsible stewardship of health care resources can be accomplished best in dialogue with people from all circles of society, while acknowledging that responsibilities should normally be held and decisions made by those most affected by them.

4. **Healthcare is a service**

Healthcare is a fundamental good. It should never be treated as a mere commodity, nor should it be used primarily as a means to maximize profits or provide returns to investors.

**IV. Guidelines and Strategies**

NOTE: Legislative initiatives should be supported that encourage health care organizations to implement managed care in line with the following guidelines and strategies in order to achieve the principles set out above.

**Access and Allocation**

1. Managed care partnerships and contracts shall meet minimum solvency standards.

2. The managed care plan shall seek partnerships and contracts that shall not undermine the understanding that health care is a basic human right.

3. Partnerships and contracts shall permit patients to have equitable access to basic, comprehensive health care benefits sufficient to maintain and promote good health, as well as to treat disease and disability.

4. Treatment shall not be unreasonably denied to patients with preexisting conditions, recognizing the moral hazard issue and within the risk-adjusted financial ability of the Plan.

5. Capitation contracts shall be appropriately constructed so as to ensure that providers and patients are able to discuss any and all medically valid and effective treatment options.
6. An analysis of the health needs of the communities served shall be made. Based on that analysis, elements shall be included in the benefits package that advance the health status of the community.

7. Substantive efforts shall be undertaken to provide health care to the uninsured and underinsured in the communities served by the managed care plan, whether or not they are members of the plan.

A. **Operational and Patient-Provider Relationships**

1. The managed care plan shall seek partnerships and contracts that enhance a commitment to human dignity and respect for the sacredness of human life from conception until death.

2. The managed care plan shall seek partnerships and contracts that promote a reasonable choice for patients in selecting their physician or other providers and encourage a strong and an ongoing patient-provider relationship.

3. The managed care plan shall implement policies and procedures that ensure patient access to all information necessary for making informed decisions, including the disclosure of all clinical and financial implications or incentives and arrangements.

4. The managed care plan shall maintain responsive and just processes for patients or providers to appeal any denials, curtailment, or alteration of treatment.

5. The managed care plan shall not deny payment for any emergency treatment that a "reasonable" or "prudent" lay person would consider an emergency.

6. The managed care plan shall ensure that language and cultural differences are not barriers to treatment.

7. Patient confidentiality shall be protected especially in the areas of behavioral medicine, AIDS, genetic testing, and other conditions for which there are significant social repercussions.

8. Patients shall have advance disclosure regarding the plan’s policies and procedures including due process rights, how to access prevention services, how to make use of patient advance directives for their care, and the right to refuse treatment.

9. Resources shall be available for adequate pain management; and care providers shall be educated so as to be able to provide adequate pain management.

10. The managed care plan shall utilize objective criteria and clinician oversight in determining quality and making clinical judgments.

11. Physician risk arrangements shall be structured in such a way so as not to compromise acceptable standards of patient quality care.

12. The managed care plan shall adhere to nationally recognized quality standards and shall have quality indicator information available for public review.

B. **Medical Education**

1. The managed care plan shall promote and support educational opportunities for medical staffs and other professional caregivers
to enhance their knowledge and understanding of the core elements of managed care, including its ethical issues.

2. Teaching programs shall include collaborative arrangements with managed care plans to best equip residents entering the professions in a managed care environment.

3. The managed care plan shall appropriately recognize the cost of graduate medical education and research in their financial arrangements with providers.

C. Marketing Practices

1. The managed care plan shall seek negotiated rates that are actuarially sound.

2. The managed care plan shall adopt mechanisms to ensure that advertising is truthful, equitably distributed and marketed, and representative of the plan’s values and ethical commitments. Marketing and enrollment offices shall be accessible to all.

3. Marketing plans shall not define their market area in a manner that will inappropriately discriminate against individuals, providers, or businesses.

4. Compensation payments shall not have incentives inconsistent with the guidelines identified in this document.

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