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# What's behind the Public's Backlash?

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Having spent much of the 1970s and 1980s bemoaning the rapid increases in spending on healthcare, the country has spent the last two years talking about various statutory provisions to “rein-in” managed care, the strategy most frequently credited with slowing down spending on health care.

While it is difficult not to feel some sense of frustration with this sequence of events, the questions raised by this issue of *JHPPL* are important to address. Is there really a backlash against managed care? Have people actually experienced problems receiving health care under their managed care plans or are they primarily concerned that they might experience problems in the future? Is this an area where the Federal government could craft legislation that would respond to the concerns of the population and if so, would it undo the advantages brought by managed care and return the country to the double digit medical inflation of an earlier period? Obviously not all of these questions can be addressed in a short commentary, but I would like to offer a few observations about the nature of the problem and some suggestions for its resolution.

## Do People Perceive Problems with Managed Care?

As is frequently the case in polling, the amount and degree of public dissatisfaction with managed care depends on the particular survey that is chosen. In general, however, the public indeed seems concerned about

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the effects that managed care is having on the quality of care delivered. According to a recent Kaiser/Harvard/Princeton Survey Research Associates (PSRA) poll, people in managed care plans are more concerned about whether their health care plan will pay the cost of an expensive treatment or do the right thing for their care than people in traditional plans. The same poll reported that substantially more people thought HMOs had decreased the quality of health care for people who are sick than thought HMOs had increased the quality of care (Blendon et al. 1998). Nor is this survey the only instance of such reporting (Louis Harris and Associates 1997).

At the same time, the vast majority of people are satisfied with the care they receive. The percentage of people saying that they are satisfied with their care in 1998 ranged between 80 percent and 93 percent depending on the poll and type of plan they were in (*Washington Post/ABC* 1998; *Time/CNN* 1998). Even with these high percentages, there was a 10 percent gap in satisfaction between those in traditional plan versus those in managed care.

It is also interesting to note that one of the recent polls showing these high measures of satisfaction reported that almost half didn't think their satisfaction would last (Sternberg 1998). This concern about the future may in part reflect the view that "my plan" may be satisfactory but I'm not sure "your plan" is okay, which makes me worried about my plan in the future.

### **What Drives the Public's Perceptions?**

At least part of the answer to the question of why people are concerned about quality and other issues of managed care when they report such high levels of satisfaction is that large numbers are reporting problems with their health plans. Most of this type of polling data makes it difficult to assess whether the reported problems are reasonable complaints or not or whether the problems are regarded as serious or not. An analysis of some recent California polling data suggests that many of the reported problems may not have been serious or even been perceived as being major or serious (Enthoven and Singer 1998).

A more significant driver of peoples' perceptions may be the reports by other people about problems in managed care. The Harvard/Kaiser/PSRA poll reported that less than 40 percent of those who had an unfavorable view of managed care based that view on their own experience. Not surprisingly, the media has had an important role in shaping these

perceptions. The same survey indicated that for 22 percent of those with unfavorable perceptions, media coverage influenced their views.

Concerns about media coverage, particularly biased media coverage as a driver of the public's perception, have been raised by the managed care industry as well as others. A recent study that attempted to assess potential bias in the media concluded there was a noticeable change in the coverage and tone of coverage over the period 1990 to 1997. While there was not a conclusion of bias in terms of all media coverage, it was noted that the tone of coverage became more critical over time. In addition, the study found that the most visible media sources had negative stories in more than half of their coverage and most often used anecdotes (Brodie, Brady, and Altman 1998). Thus the perception that the major media have been a part of the negative view of managed care is well founded.

### **Perceptions versus Reality**

Whether or not there are significant problems with regard to the way managed care health plans function or with the quality of care delivered in managed care is a difficult question to answer. Harold Luft and his colleagues at the University of California, San Francisco have provided the best reviews of what is known in this area (Miller and Luft 1997). He reports equal numbers of significant positive and negative results for HMO performance compared to non-HMO performance but is careful to point out several caveats. There are problems caused by old data, the studies reviewed varied in scope and methods and the dimensions of performance that are reviewed are usually very limited. However, the finding of significantly worse outcomes for chronically ill elderly enrollees in HMOs reported by the carefully done Medical Outcomes Study cannot be readily dismissed (Ware et al. 1996). While this finding needs to be confirmed for larger and more representative populations of the old and chronically ill, it does suggest that research at the subpopulation level may be critical to understanding the relationship between plan types and outcomes.

### **What Does This Suggest for Public Policy?**

Even though the public is largely satisfied with their health care and there are no definitive problems with the health care that is provided by managed care plans, there is a need to respond to the public's concerns.

Deciding on the response that's regarded as appropriate is likely to be more controversial.

I believe there is a need for more and better information for the public. This information should include what we know about the changes that have occurred in the health care environment, the types of plans employers and the public plans are offering, the effects of the changing delivery system, and the relationship of all of the above to quality of care. There is also a need for better information about what we know and don't know about health care outcomes, variations in health care delivery, and quality indicators.

Whether or not people will use some, all, or none of this information, at least initially, does not diminish the importance of having the information available. Over time, the chances are that more of this type of information will become increasingly used and it obviously won't be used if it's not available.

The public needs some assurances that health care plans will "play fair." Insurance commissioners presumably provide this type of assurance for plans they can regulate but some requirements for Employee Retirement Income Security Act (ERISA)-covered plans regarding information describing plans and plan benefits in clear and understandable language, and information about appeals processes and other protections also would be useful.

What may be most important, however, is to give employees a greater choice in health care plans. Many employees have only one plan offered as an employer sponsored plan. While that plan is likely to contain opt-out provisions, it will probably be far more reassuring to most employees to know they can choose to buy other plans with their pretax dollars if they don't want the plan offered by their employers. Structuring this increased choice in such a way that it doesn't push individuals into the expensive individual market or undo risk groupings will take some care. But difficult as this will be, it is far preferable to passing legislation that will substantially increase the cost of health care by forcing all plans to meet someone else's definition of the right health plan.

Unfortunately, or perhaps fortunately, since the likelihood of passing bad legislation is greater than passing good legislation, nothing much is likely to happen this year. Changing the tax laws to allow more choice would appeal to many Republicans and some Democrats, as would providing for some consumer protection but not the right to sue. For most Democrats, only consumer protection legislation that also provides the right to sue is worth passing. Otherwise having this as an election issue

is likely to be preferable to having an incremental solution. Given this likely impasse, the managed care industry would be wise to use the next year or two to craft its own responses to the concerns of the public.

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