MANAGED HEALTH CARE IMPROVEMENT TASK FORCE
JULY 11, 1997 PUBLIC HEARING - NOTES

Friday, July 11, 1997
2:00pm
South San Francisco Conference Center
First Floor, Salon "F"
255 South Airport Drive
South San Francisco, California

I CALL TO ORDER [Chair] - 2:00pm

The fourth Public Hearing of the Managed Health Care Improvement Task Force [Task Force] was called to order by Chairman Alain Enthoven, at the South San Francisco Conference Center.

Dr. Enthoven asked Ms. Alice Singh, Deputy Director for Legislation and Operations for the Task Force, to read the Public Notice regarding the Public Hearing portion of the meeting.

Dr. Enthoven discussed the basic rules governing the Public Hearing process, how long it would run and how much time each member of the public would be granted to address the Task Force.

II PUBLIC TESTIMONY & COMMENT

1. Dr. Krems, MD, PhD - American Association of Retired Persons. Dr. Krems commented that recommendations should be made to the Department of Health Services and the HMOs to eliminate the inadequate care currently provided to chronically ill patients.

2. Dr. Roland Lowe, MD - President, California Medical Association Dr. Lowe stated that the CMA is supportive of managed care, but wants to suggest improvements. He highlighted some of the key points in a paper that he distributed to the Task Force members. He stressed the need for more patient choice, especially educated choice; the concern that providers are given less money, yet are being asked to do more than ever before; the need for evaluation processes; and the role of government in health care.

3. Lynnie Morgan. Ms. Morgan talked about her daughter, Amy, who was born with a rare genetic disorder for which there is no cure and little treatment. Ms. Morgan relayed their experiences with Kaiser, which they have been members of since 1977. She expressed her distress and frustration with the quality of care her daughter was being given and the

hassles she had to go through to have tests taken, to get referrals and for basic support. She and her husband have filed a grievance with Kaiser and a complaint against Kaiser with the Department of Corporations.

4. Paula Campbell. Ms. Campbell came to the hearing to speak as a consumer. She wanted to stress that she would like to have her health care managed by her physician and not by an insurance company. She cited problems with length of hospital stays, prescription drug services, and access to insurance for people with pre-existing conditions.

5. Denise Gross, Attorney. Ms. Gross came to testify both as a consumer and as an attorney advocate for persons who are being denied medical benefits pursuant to insurance company provisions. She brought forth examples of two cases, one involving her and one involving a client, in which she felt the insurance companies were attempting to manage the physicians and override their medical decisions.

6. Catherine Dodd - Executive Director, American Nurses Association of California. Ms. Dodd focused on three concerns. 1) She suggested the Task Force recommend that legislative barriers that impede licensed providers, particularly advanced practice nurses, from providing care to the full extent of their licensure be eliminated. 2) She suggested that outcome data be profession-specific. 3) Ms. Dodd felt that pre-regulatory oversight is essential and that a proper balance between efficiency, quality, and consumer rights needs to be established.

7. Kathleen Lynaugh - United Health Care. She believes that in regards to quality, managed care provides excellent case management. She cited several cases where managed care provided case management that was both beneficial and comprehensive. Ms. Lynaugh stated that although managed care is not a perfect system, it does have the capability to do some things very well.

8. Evelyn Rinzler - Contra Costa Health Services Department. Ms. Rinzler spoke about the Ombudsman Program that was established by the Contra Costa Board of Supervisors for the Contra Costa Health Plan. This service was set up to be physically and functionally separate and independent from the plan. It is intended to provide information and support to the patients and to gather data on the HMO itself to be used to analyze the problems of managed care and to recommend solutions.

9. Michael Van Duran, MD - Medical Director, Contra Costa Health Plan. Dr. Van Duran cited an example of how managed care improved the coordination of care for a boy with ADHD.

Q: Mr. Lee asked whether Contra Costa County has a two-plan model and whether there had been any dialogue with the commercial plan to establish a single ombudsman program for all Medi-Cal recipients.

A: Ms. Rinzler answered that yes, Contra Costa is a two-plan model county and that they had tried to discuss that possibility with the other plan but they were turned down.

10. **Art Small, MD - Medical Director, United Health Care.** Dr. Small stated that managed care is the best hope for providing health care in the United States to the broadest array of people at the most affordable price and with the highest quality, especially in regards to prevention. He described ways in which managed care is superior to FFS.

Q: Dr. Alpert asked why there is such an outcry against managed care if everything is working so well.

A: Dr. Small felt that because health care is so personal, there is tremendous concern with the changes taking place. He stated that there is fear of change.

Q: Ms. O'Sullivan asked if the savings to employers were going into the wages of workers.

A: Dr. Small cited a study in which they observed a real wage increase and net savings to the average California family due to managed care.

11. **Kathy Schepple - Alameda Alliance for Health.** Ms. Schepple came to address the Task Force as a consumer. She discussed several access issues, including access to transitional coverage for Medicaid recipients, access to specialists under Medicaid, and access to insurance. She also discussed the need for better education about prescribed drugs.

12. **Howard Arkans, MD - Medical Director, Aetna U.S. Health Care.** Dr. Arkans spoke about several positive aspects of managed care, especially disease management. He felt that managed care provided the populations that are necessary to study outcomes, which can provide physicians with a better understanding of disease management. He went on to list several successful disease management cases.

Q: Dr. Alpert asked Dr. Arkans why people are so unhappy with today's health care environment.

A: Dr. Arkans stated that he thought a lack of education about how the managed care system works and how to use it was a big factor in people's dissatisfaction. He also felt there was a concerted publicity effort against managed care. He further stated that some bad plans give a bad name to all the plans.

Q: Ms. Severoni asked what Dr. Arkans felt was the most bothersome issue for Aetna members.

A: Dr. Arkans answered that most complaints have to do with lack of access to providers due to referral management processes.

13. Jane Jackson - Alameda Alliance for Health. Ms. Jackson specifically wanted to know who on the Task Force represented Medi-Cal recipients. Chairman Enthoven responded that six members were appointed to represent health plan enrollees and six to be consumer advocates, but that as far as he knew no welfare recipients were appointed. (A discussion between the Task Force members ensued as to whether Medi-Cal managed care administration is part of the Task Force's charge.) Ms. Jackson felt that there are many problems with Medicare and Medi-Cal and that the Task Force should address those issues.

14. Greg Monando - President, Davies Medical Center. Mr. Monando believes that managed care companies are redlining his medical center because it serves San Francisco's HIV+ populations. He feels that unless there are changes by a governmental oversight agency, inadequate reimbursement will force facilities like Davies to shut down. He felt that managed care has been a positive economic reward for insurance companies and their shareholders at the expense of patients, physicians, and hospitals.

Q: Ms. O'Sullivan asked for clarification as to what "redlining" meant.

A: Mr. Monando stated that the plans will not sign a contract with Davies or its physicians, thereby forcing people to go outside of the community to seek care.

15. Judith Mates, MD - San Francisco Medical Society. Dr. Mates wanted to introduce the concept of cooperative competition in managed care. First, she suggested that the Task Force agree to make access and quality the most important aspect of their deliberations. Second, she suggested encouraging the creation of centers of excellence that can concentrate on the detailed needs of patients with specific conditions.

(recess)

16. William Goodson - University of California, San Francisco. Dr. Goodson discussed managed care's impact on the physician side of the physician/patient relationship. He felt that managed care is steadily increasing the workload of physicians by forcing the patient out of the hospital at a faster rate. Because the last thing to be compromised is patient care, this is causing extreme stress and burn out of the physician.

17. Ruth Clifford, MD - President, California Coalition for Ethical Mental Health Care. Dr. Clifford has resigned from all managed care plans because they were intruding on her treatment decisions. She cited problems with the pre-authorization process, utilization management practices, and restrictions on the number of covered mental health visits. She stated that managed care is a person-destructive system.

18. Frederick S. Mayer - Pharmacist Planning Services. Mr. Mayer first related a personal story about his difficulty accessing necessary care for his daughter under managed care. Second, he discussed the number of pharmacies in the Bay area that are shutting down because of pressures from managed care. He also discussed managed care's high administrative overhead costs and high corporate profits. Mr. Mayer asked if there was a representative on the Task Force who would be willing to meet with the pharmacists to discuss their issues. He also requested that the Task Force adopt the standards for pharmaceutical services outlined in materials he handed out.

19. Laura Thomas - Public Policy Associate, San Francisco AIDS Foundation. Ms. Thomas discussed things that managed care must do to ensure that people with AIDS and other diseases are getting quality care. Managed care plans need to continually reevaluate and update their guidelines for treatment while maintaining treatment flexibility. There also needs to be an adequate capitation rate for diseases, like HIV/AIDS, that are very expense to treat. Finally, HMOs need to develop an extensive range of services within the community with a manageable referral system.

20. Rob Sabados - Act Up Golden Gate. Mr. Sabados is a Medi-Cal AIDS patient. He discussed Act Up's efforts to draw attention to problems in managed care. He urged the Task Force to emphasize the adoption of quality assurance measures to insure that people in the population that cannot effectively represent themselves receive adequate health care. He also urged the Task Force to suggest that all Medi-Cal managed care plans be required to comply with federal guidelines for HIV care.

21. Dr. Philip Alper - California Society of Internal Medicine. Dr. Alper stated that the current system of competitive employment-based insurance carries an inherent risk of inadequate chronic care. He felt that capitation rate information should be available to the patient, that there should be actuarially sound reimbursement to the provider, and reimbursement based on geographic area. He suggested creating a way to develop new health care delivery entities, perhaps by relaxing the ban on the corporate practice of medicine.

22. Gerda Miller - Gray Panthers. Ms. Miller spoke about the eroding physician/patient relationship under managed care. She urged the Task Force to look at Medicare managed care and the problem of the number of uninsured in California.

23. Dr. Bill Updike - President, San Francisco Chiropractic Society. Dr. Updike spoke about quality of care and its relationship to the patients' continuity of care. He expressed concerns that the doctor/patient relationship and continuity of care is compromised when the health plan deselects a provider. He suggested that plans be required to provide a rationale for terminating a provider and that patients be allowed to switch to a plan that contracts with their terminated provider if such a plan is offered by the patient's employer.

24. Oliver Baer - Patient, Bay Valley Medical Group/Secure Horizons. Mr. Baer shared his experiences with FFS versus managed care Medicare. Under FFS Medicare he had to pay 80% of his substantial hospital bills, while under his HMO the health plan paid 100%. He is very happy with his health coverage and his plan.

25. Dorothy Elward - Patient, Bay Valley Medical Group. Ms. Elward stated that she is very happy with her Medicare HMO and the managed care system. She received a wide variety of services, all in a timely, caring manner. She stated that she is in favor of managed care "for all strata of our society."

26. Gladdy Cash - Patient, Bay Valley Medical Group/Pacificare. Ms. Cash is a cancer survivor under managed care and satisfied with her plan. She felt that most people don't take the time to read and become knowledgeable about their managed care plan. It is a very confusing and complex system that takes some effort to understand.

27. Daniel D. Morgan, MD - Washington Hospital. Dr. Morgan discussed confidentiality and physician/patient relationship issues. He recommended depersonalizing coding systems in databases, allowing patients to review their records, purging information from databases after service is concluded, notifying patients when information from their records is released to government authorities, and holding plans liable if confidentiality guidelines are not met.

28. Lucy Johns. Ms. Johns suggested the Task Force recommend a prudent layperson standard for all emergency care, increased provider and consumer education regarding end of life care alternatives, and timely reporting of all test results. She also recommended that a standard definition of primary care practice be adopted.

29. Jeff Wong. Mr. Wong stated that it is increasingly difficult for pharmacists to get information from the plans about drug formularies. He suggested devising a Web page where all formularies are posted in order to distribute the information to physicians and pharmacists faster. He felt that health plans should be liable for side effects or problems that arise when they mandate a change within a drug classification. Mr. Wong also felt that many pharmacists are being excluded from health plans, which limits consumer choice. Finally, he stated that there should be continuity of care standards for people who switch plans.

30. Dennis Wheeler - Patient, Bay Valley Medical Center/FHP. Mr. Wheeler stated his satisfaction with managed care. He felt that the system can be improved, but that overall it works.

31. Luella Penserga - Asian and Pacific Islander American Health Forum. Ms. Penserga discussed the need for managed care systems to have interpretive services available for their members, and also to contract with or have providers who are multilingual themselves. She felt that one positive aspect of managed care was their interest in prevention and education.

32. Sherri Sager - Director of Governmental Relations, Packard Children's Hospital. Ms. Sager stressed the issue of children's care. She felt that there is a growing problem with children getting the kind of referrals to specialists that they need. Most physicians feel that any adult specialists can care for pediatric problems as well, but children have very special health care needs that need to be dealt with by a children's specialist.

(Several of the members and the Chair spoke briefly about the subject of referrals and the importance of studying the issue closely)

33. Joe Keffer - California Nurses Association & Vote Health Coalition. Mr. Keffer stated that public hospitals have lost funding under the managed care system, burdening county governments. He felt that this funding problem will ultimately decrease access for the uninsured, because private insurers do not want to care for them and public hospitals will be unavailable.

34. Michael Popso Mr. Popso stated as a consumer under managed care that he was extremely displeased with his plan. He needs some special treatment and therapy and is being continually denied that treatment even though several doctors stated that he was an excellent candidate for the procedures he needs. He was extremely frustrated and asked the Task Force to create a level playing field so that consumers have recourse if they are denied specific treatments they need.

35. Isaac Martin - Local 250, Service Employee's International Union. Mr. Martin feels that managed care is an effective, affordable way to provide health care to people, but it requires regulation and enforcement. He feels that the regulatory agencies - the Department of Health Services and the Department of Corporations - are not keeping pace with the changes in health care delivery under managed care. These agencies also allow for very limited access to information and limited public input.

36. Dr. John Gilman - Legislative Chair, California Physicians Alliance. Dr. Gilman discussed capitation rates and incentives. He felt that because of perverse financial incentives, physicians will be providing lower quality care, less time with patients, and less care overall. He stated that the capitation system is transferring the financial risk from the insurance companies to individual providers, which ultimately means the patient is at risk. Dr. Gilman feels that the regulation of these issues is the way to control and improve managed care.

(Members asked Dr. Gilman for some clarification on his remarks, regarding capitation rates and the consumer's right to know)

37. Charla Cooper. Ms. Cooper has medical problems that she felt were heightened if not caused by her health plan. She was denied referrals for six months while her situation deteriorated. She presented documents showing that the Department of Corporations found her health plan, Kaiser, to be in violation of several provisions of the Knox-Keene Act, none of which have yet been corrected. Mr. Zatkin objected to Ms. Cooper's characterization of Kaiser.

38. Bill Tarran, DPM. Dr. Tarran felt that managed care has failed to live up to acceptable standards of care and that it is basically "nickel and diming" consumers to death. He also discussed managed care's negative impact on new physicians by restricting their freedom to practice where they choose.

Dr. Rodriguez-Trias requested that the Department of Corporations report referenced by Ms. Cooper be made available to the Task Force members.

III ADJOURNMENT

Seeing no further speakers, Chairman Enthoven closed the public hearing at 6:15pm.

Prepared by Stephanie Kauss