

What is Managed Care?

By Michelle Fitzwater, Managed Care Contract Specialist
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The term “managed care” has many meanings. In general it describes a system of health care. This system is designed to control health care costs while providing appropriate care. Managed care tends to be more proactive, emphasizing preventive care. A managed care organization will use cost controlling measures like utilization management (a review process used to make sure a patient’s hospital stay, surgery, tests, or other treatment is necessary) case management, and other financial incentives to provide care. Managed care is a unique and changing environment. Its language and terminology are often confusing, even to those of us that use it every day. I want to give you a better understanding of this environment with the hope that you will feel empowered to take charge of your health care benefits.

There are several types of plans that might be offered to you. There is no right or wrong good or bad among these plans. They simply offer different benefits. You need to determine which plan best meets your needs. Let’s start with the most restrictive of plans—the HMO. HMOs are the oldest form of managed care plans. Usually HMOs require you to choose a primary care physician (PCP) who coordinates your care, which means that you must contact him or her to be referred to a specialist. With some HMOs you will pay nothing when you visit a doctor. With other HMOs there may be a co-payment, perhaps \$5 or \$10, for various services. Often HMO plans have no deductibles.

An OAP—Open Access Plan—is typically found as a part of an HMO plan. It allows patients to “self refer” for specialty care. This means that you do not need to see your PCP before going to a specialist.

In a POS or Point of Service plan members are encouraged to choose a PCP and utilize network providers. If they do, benefits are paid like an HMO (no deductible and small co-pay). If you choose a non-participating provider, you are subject to a higher co-pay and substantial deductible.

A PPO has arrangements with doctors, hospitals, and other providers of care who have agreed to accept lower fees from the insurer for their services. As a result, your costs will be lower if you use an in-network provider. If you choose to go outside the network, you will have to meet the deductible and pay coinsurance based on higher charges. PPOs tend to offer a little more flexibility.

A premium is the payment made to the insurance company for coverage. Typically a premium increases as the flexibility of your plan increases. You may decide to pay more in premiums to get the flexibility of a PPO plan or choose to save on your premium cost by choosing an HMO option.

Please remember that there are various options within each type of plan. Usually your employer will determine the way the plans are set up (also called the plan design). It is very important to read the summary plan description that your employer gives you. This is a description of the benefits provided. It will give you specific information on your plan.

There is much to understand when it comes to your benefits. In the next newsletter, look for an article on understanding your benefits. In the meantime if you have specific questions regarding your insurance plan

or using the HoG pharmacy, please contact Michelle Fitzwater, Managed Care Contract Specialist, at the HoG office.

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