

State *Of the* State Survey

*Managed Care in Michigan:
Consumer Satisfaction and Concerns
in a Changing Health Care Environment*

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Briefing Paper No. 96-15

Managed Care in Michigan: Consumer Satisfaction and Concerns in a Changing Health Care Environment

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SUMMARY

- Over one-quarter of privately insured Michigan adults are now enrolled in managed care health plans. Managed care enrollees, motivated by costs, select plans with restricted provider choices and are slightly less satisfied than other privately insured Michiganians. As with no-frills airlines that offer low fares but few travel amenities (seating room, food service), managed care plans appear to be responding to purchaser demand for lower cost. While enrollees are generally satisfied, they acknowledge tradeoffs.

BACKGROUND ON MANAGED CARE

Under traditional health insurance, insured Americans had free choice of doctors and hospitals, and clinical decisions were left to the individual doctor and patient. This system had its virtues, but placed little restraint on the growth of health care costs, which increased about 470% on a per capita basis between 1960 and 1993, after adjustment for inflation.

In recent years, a managed care revolution has swept through the portion of the U.S. health care system that is financed by private health insurance. What distinguishes managed care from traditional insurance is greater insurer involvement in decisions about delivery of care, including selection of providers. Managed care organizations almost always require that the patient's care be coordinated by a primary care physician and place some limits on the access to specialty care.

Michigan's experience with managed care, while not as advanced as in some states and metropolitan areas (for example, California, Minneapolis), is similar to the nation's. Traditional health insurance coverage still holds most of the market, while managed care has a moderate but growing market share and a shorter history. Managed care is also making inroads in public health insurance programs across the nation. Michigan's Medicaid program now requires that almost all non-elderly Medicaid recipients enroll in managed care. Medicare enrollment in managed care in Michigan is currently well below the national average, but it may expand rapidly under some recently proposed congressional initiatives.

Cost savings from managed care are achieved principally through: 1) reductions in the prices of specialty and hospital services; 2) reductions in the number of clinical services used. Achieving these mechanisms requires that a patient's care be coordinated by a primary care physician and that the patient's choices of providers be limited.

While managed care has had apparent economic success in some areas of the country, health policy makers and consumer advocates worry that its cost-saving incentives may go too far, leading to lesser quality, failure to make timely diagnoses, and under-treatment of managed care patients. Michigan's current blend of health care options, coupled with these public concerns for cost constraint and quality, make this a good time to gauge the Michigan public's experience and satisfaction with both traditional and managed care systems.

THE SURVEY

- A telephone survey of 1,013 adult residents of the state of Michigan was conducted by Michigan State University's Institute for Public Policy and Social Research between October 13 and November 10, 1995. This is the fifth quarterly MSU State of the State Survey (SOSS). It fo-

cused on issues related to health policy and managed care. Interviews lasted an average of 17 minutes. Questions about managed care and related issues consumed about ten minutes of that time.

The sample is designed to provide representative information for respondents from major regions of the state: Detroit City, Southeast Michigan (excluding Detroit), Southwest Michigan, Central Michigan (West and East), northern Lower Michigan, and the Upper Peninsula. (See attached information sheet for list of counties included in each region.) The data reported here are weighted to make the results representative of the adult population of Michigan.

- The analyses presented here are based on a subset of 800 privately insured individuals from the 1,013 total responses. Respondents were classified as privately insured if they had a private health insurance policy as either their primary coverage or supplementary to Medicare (Medigap coverage). (Q1, Q2 -- *question wording is given below.*)

Defining “Managed Care”

It is sometimes difficult to tell when someone is enrolled in a managed care program. The recent expansion of managed care has been accompanied by a proliferation of organizational forms. In the original health maintenance organization (HMO) model, the organization contracts with or employs a single group of physicians and agrees to provide comprehensive care to its enrollees in exchange for fixed premiums. Other HMOs contract with multiple groups or networks of individual physicians. A recent HMO innovation is the point-of-service (POS) plan, which allows enrollees to see out-of-network doctors in return for higher copayments. Preferred provider organizations (PPOs) are another variation on traditional health insurance and offer enrollees financial incentives to use a limited panel of preferred providers. Each of these broad classifications of insurance plans includes considerable variation within it. Today, most large insurers offer a full range of managed care products, along with traditional insurance coverage.

Because the marketplace is rapidly evolving and distinctions between types of plans are not always clear, we expected that many consumers would not know how to respond if asked whether they are in managed care, or know how to classify the type of health insurance that they hold. Looking for a simple and relatively clear way to distinguish between managed care and traditional insurance, we asked survey respondents:

- (1) if their private insurance plan required them to select a primary care physician;
- (2) if their primary care physician (gatekeeper) controlled their access to specialist physicians.

These criteria could be met in a variety of different managed care organizations, including most HMOs and some PPOs.

KEY FINDINGS

How Many Michiganians Receive Managed Care?

- **Over one-quarter of privately insured Michigan adults are enrolled in managed care plans.** Almost 40% met the first criterion of being required to select a primary care physician. Nearly 27% met both criteria for managed care. (See Figure 1.) Further mention of managed care refers to those people meeting **both** criteria. Cases responding “yes” to the first managed care criterion but “no” to the second are excluded from subsequent analyses. Five of 20 cases meeting the first managed care criterion but answering “don’t know” to the second were included in the managed care group because they were either enrolled in a Medicare HMO or had managed drug coverage, indicating a high likelihood of being enrolled in a managed care program. (Q3 - Q7)

People with individual and group coverage are about equally likely to be enrolled in managed care plans, 24% and 29% respectively. Managed care enrollment is lower in the Northern Lower Peninsula (13%) and the Upper Peninsula (22%) than in the Southern Lower Peninsula (27%). Managed care enrollment declines with age (31% under 40 vs 27% between 40 and 64 years) When people become eligible for Medicare at age 65, managed care enrollment drops to 11%. Managed care enrollment is roughly the same across income groups, health status, and the presence of children. (Q1)

Why Do People Choose Managed Care?

- **Few of the privately insured are forced into managed care.** Of the 40% of residents who had no choice of health plan, only about one-sixth were assigned to managed care plans with a required primary care physician gatekeeper. In contrast, among the 60% who had a choice, over one-third chose the managed care option. The majority of those with a choice of health plan selected traditional coverage. (See Figure 2; Q8.)
- **Michiganians in managed care plans are more concerned with the overall cost of their health plan, less with choice of provider.** Among those who have a choice of health plan, 78% of managed care enrollees rated overall plan costs as very important, versus 61% of those in traditional plans. Almost two-thirds of those in traditional plans rated the number and diversity of physicians as very important, compared to less than half of managed care enrollees. (See Figure 3.) On the other two dimensions of health plan choice (provider proximity and reputation for quality), differences between traditional and managed care plan enrollees were not significant. (Q9 - Q12)

How Satisfied Are People Enrolled in Managed Care Plans, and Why?

- **Managed care enrollees are slightly less satisfied with their ability to get care.** Ninety percent of those in either traditional or managed care are at least somewhat satisfied with their access to health care, but those in managed care are significantly less likely to say they are very satisfied (only 53%, as compared to 63% in traditional plans). (See Fig. 4.) Among those who were dissatisfied, people in traditional plans complained most often about the cost of care, while those in managed care plans complained most often about waiting for appointments and restricted choice of provider. (Q13, Q14)

There were no significant differences between managed care and traditional plan enrollees in the other facets of health plan satisfaction: insurance inquiries, paperwork, provider competence and provider manner. (Q15 - Q18)

- **Health status is an important determinant of health plan satisfaction.** Because managed care is relatively new in Michigan, many managed care enrollees may as yet have little or no experience in dealing with this form of insurance. Restrictions on the use of care may not come to a patient's attention until care is needed. For this reason, a subset of respondents was identified who were likely to have sought care in the recent past. About one-quarter were identified as "needing care": those whose current health status is fair or poor, who have a functional limitation, who are disabled, who have a chronic disease or who have been admitted to a hospital in the last three months.

Managed care enrollees "needing care" have a different pattern of satisfaction than their counterparts with traditional coverage. Managed care enrollees "needing care" are less satisfied than their traditionally insured counterparts with their access to care and insurance inquiries, but, as Figure 5A shows, they are more satisfied with paperwork. Satisfaction with provider competence and manner is roughly equal in both groups. Only the difference in satisfaction with insurance inquiries was statistically significant. (Q13, Q15 - Q24)

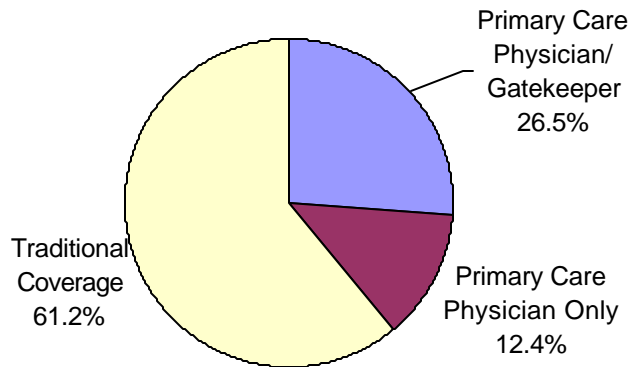
Managed care enrollees and those with traditional coverage who are not in the "needing care" group had roughly equal levels of satisfaction on all dimensions. (See Figure 5B.)

Other Differences between Managed Care and Traditional Plan Enrollees

- **Managed care enrollees are more likely to have prescription drug coverage, but with greater restrictions.** As Figure 6 shows, over 93% of managed care enrollees have prescription drug coverage, compared to only 82% with traditional coverage. Neither group was likely to be required to use mail order pharmacy programs. Managed care enrollees were much more likely to have a limited choice of pharmacy, to be required to use generic substitutes, and to be restricted in the use of brand name drugs. Only about 5% of the privately insured reported having taken less medication than was prescribed due to cost. This rate was slightly but insignificantly lower among managed care enrollees. (Q6, Q7, Q25 - Q27)
- **Managed care enrollees are more pessimistic about the future directions of the health care system.** When asked about the future directions of the U.S. health care system, most people thought that their access to health care and the quality of that health care would remain about the same. Nearly half thought that health care affordability would change, principally for the worse. (See Figure 7.) Of those who thought change would take place, pessimists outnumbered optimists except as regards the quality of care, and this only among those with traditional coverage. (Q28 - Q30)

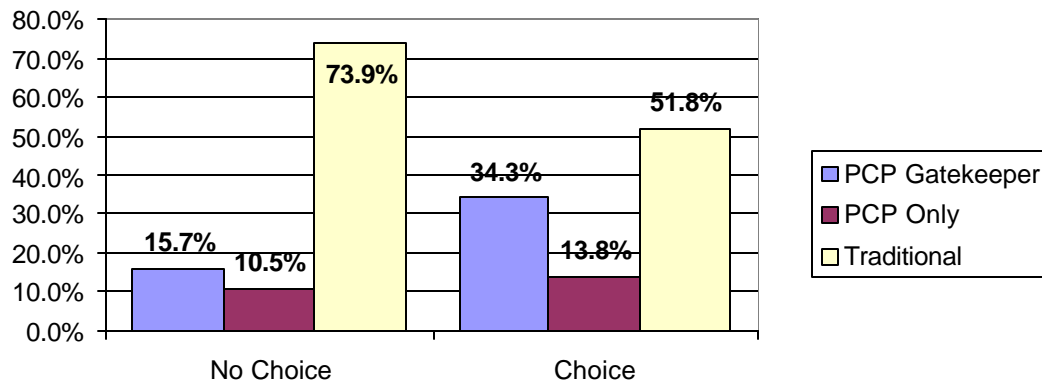
Managed care enrollees and those with traditional coverage were about equally likely to be optimistic about future health system changes, but the percent of managed care enrollees who were pessimistic about the future was uniformly greater than the percent of those with traditional coverage.

**Figure 1. "Managed Care"
Among the Privately Insured**



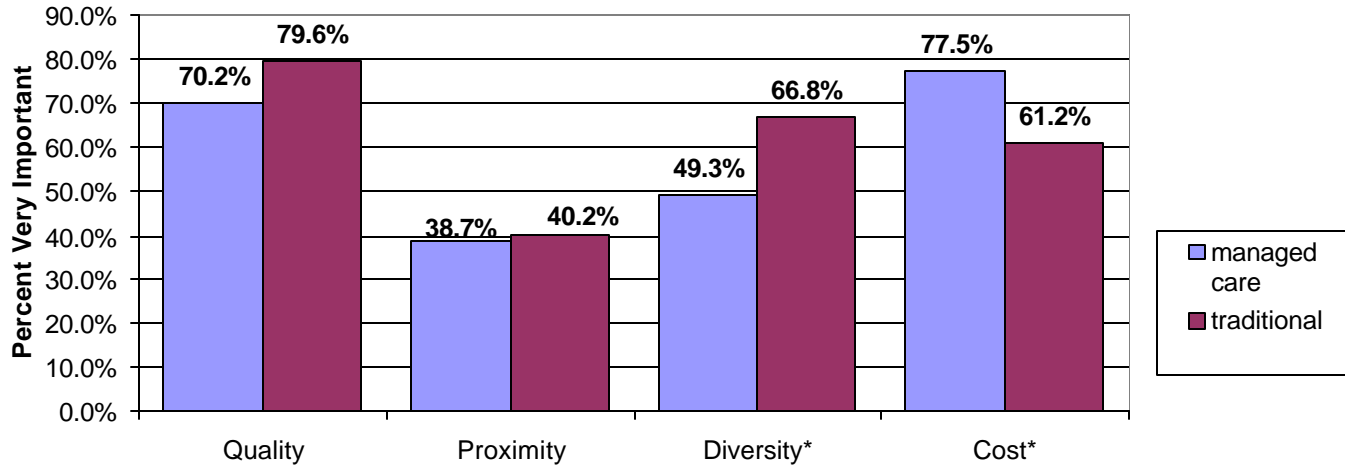
MSU State of the State Survey (SOSS), October 1995, N=800, Michigan State University, IPPSR

**Figure 2. Choice of Health Care Plans
Among the Privately Insured**



MSU State of the State Survey (SOSS), October 1995, N=800, Michigan State University,

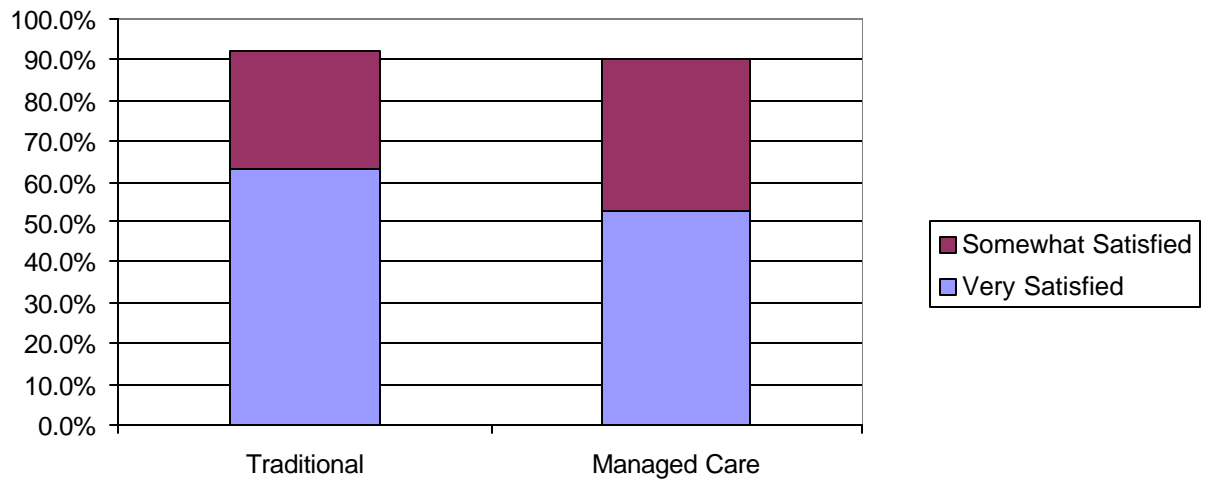
Figure 3. Factors Affecting Health Plan Choice



* Difference significant at $p < .05$

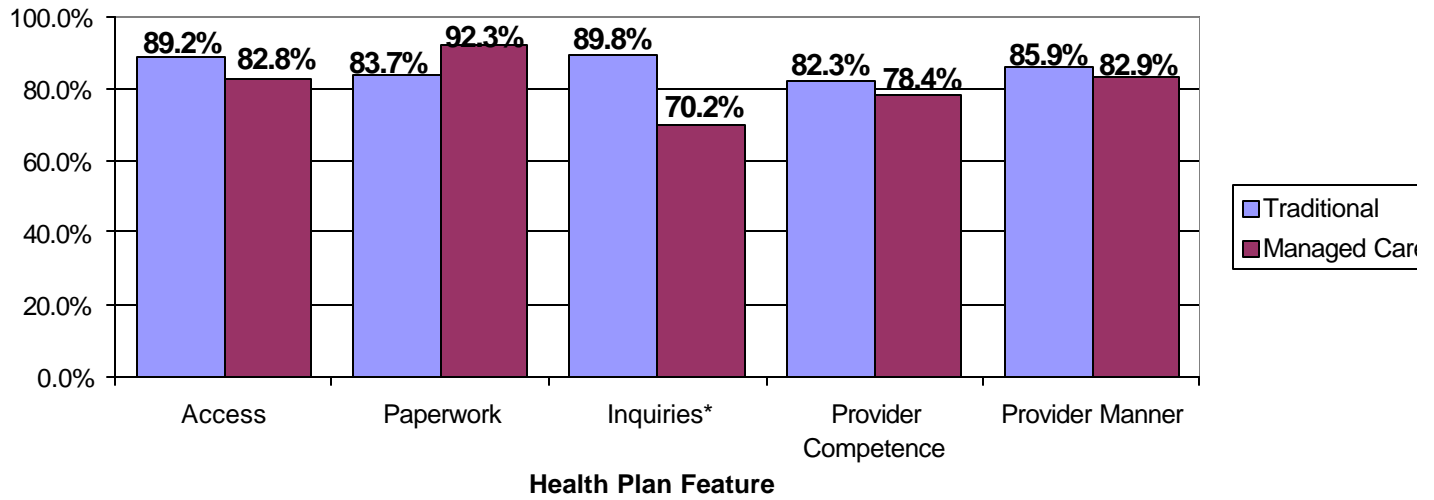
MSU State of the State Survey (SOSS), October 1995, N=449, Michigan State University, IPPSR.

Figure 4. Satisfaction with Access to Care by Private Health Plan Type



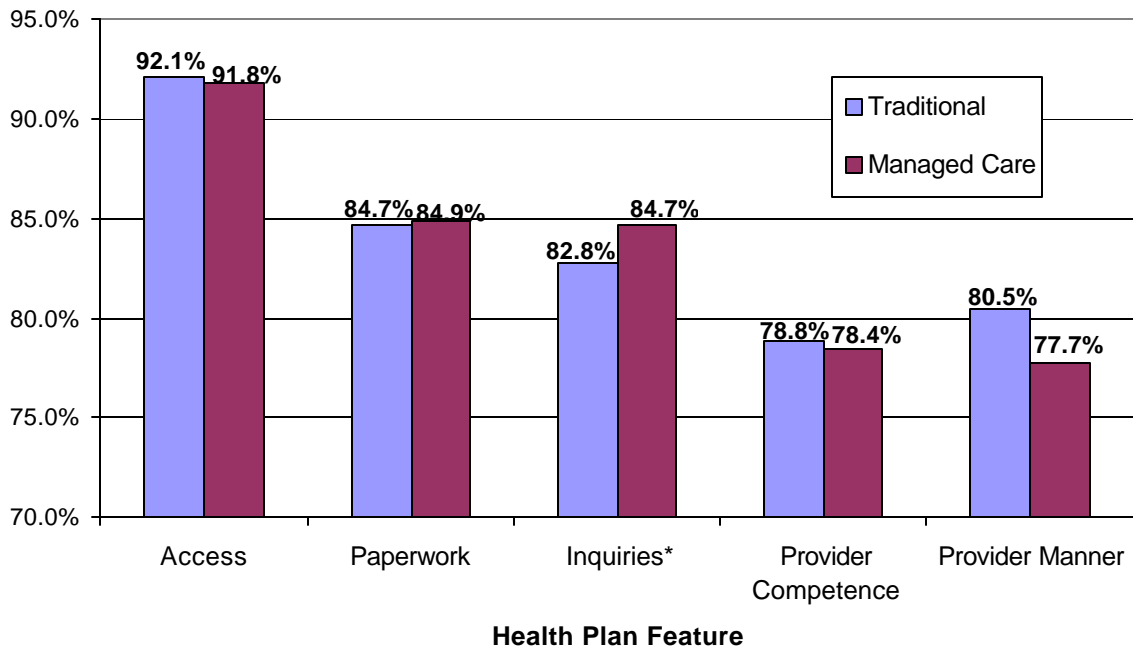
MSU State of the State Survey (SOSS), October 1995, N=637, Michigan State University, IPPSR

Figure 5A. Percent Very/Somewhat Satisfied with Private Health Plan "Needing Care"



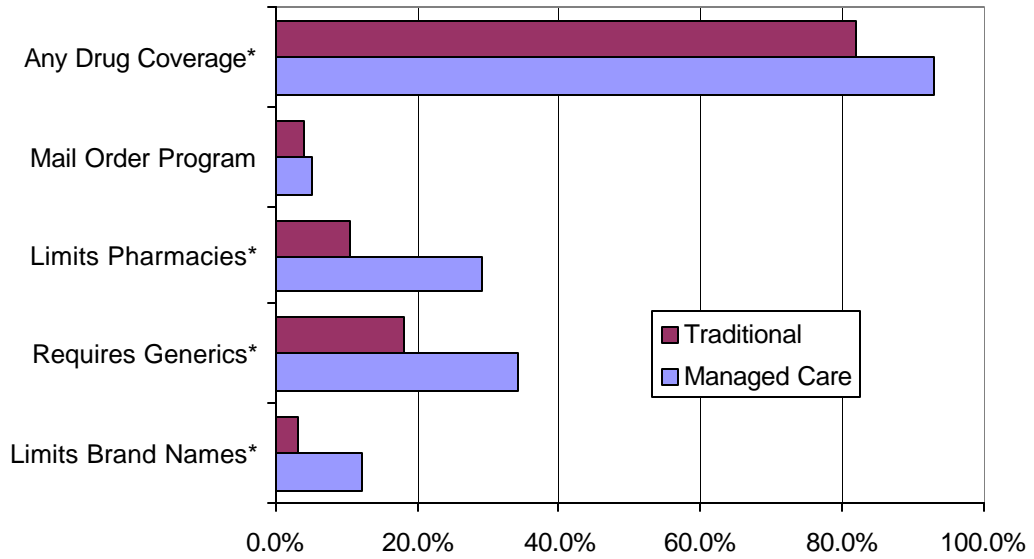
MSU State of the State Survey (SOSS), October 1995, N=194, Michigan State University, IPPSR

Figure 5B. Percent Very/Somewhat Satisfied with Private Health Plan Not "Needing Care"



MSU State of the State Survey (SOSS), October 1995, N=606, Michigan State University, IPPSR.

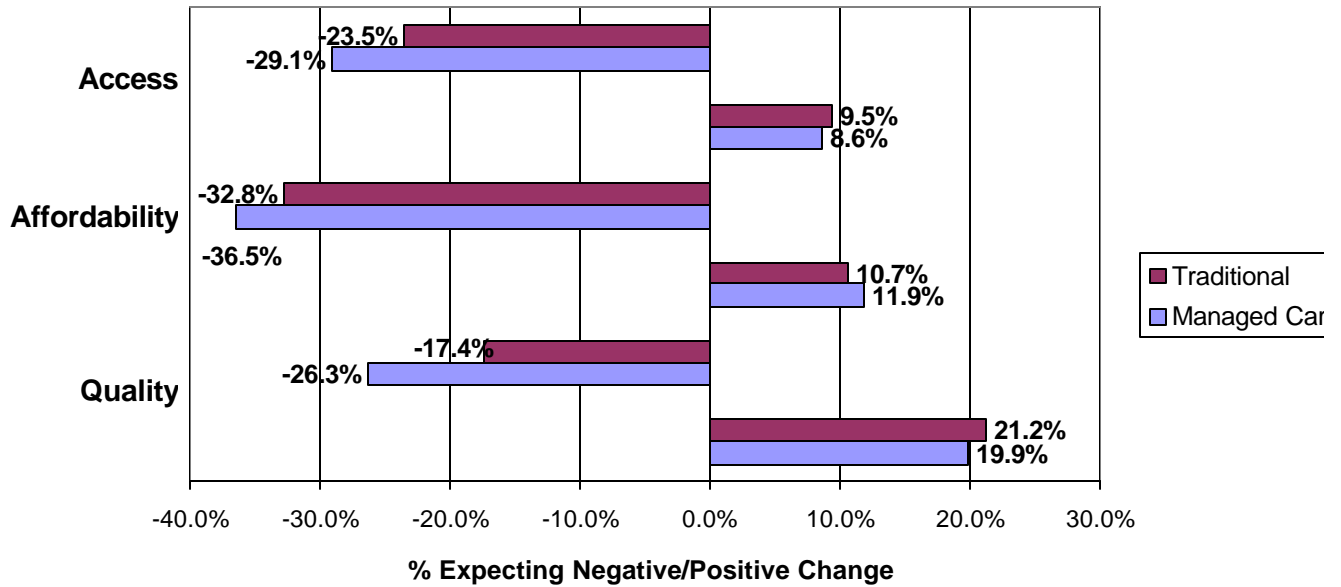
Figure 6. Prescription Drug Coverage



*Difference significant at p<0.05

MSU State of the State Survey (SOSS), October 1995, N=701, Michigan State University, IPPSR

Figure 7. Expectations for Health System Change



MSU State of the State Survey (SOSS), October 1995, N=701, Michigan State University, IPPSR

SURVEY QUESTIONS

NOTE: The full wording of questions for the items discussed in this briefing paper is given below. Answer categories are shown if not obvious from the question. The order in this list conforms with the order of the bulleted items above, not the order of the questions in the survey instrument.

- Q1. Does your primary health insurance coverage come from Medicare, Medicaid, another government health insurance program, from a plan provided through an employer or union, or from an individually purchased private insurance plan?
- Q2. Many people covered by Medicare or other government insurance programs also have supplementary insurance coverage, either private insurance or from the government through Medicaid. Do you have one of these types of supplemental coverage?
- Q3. Does your insurance coverage require you to choose a primary care physician?
- Q4. Does your primary care physician or insurer have to approve any contacts with specialty physicians before the insurance will cover care from a specialist?
- Q5. Are you enrolled in a Medicare HMO (Health Maintenance Organization)?
- Q6. Does your insurance coverage require you to use particular pharmacies?
- Q7. Does your insurance coverage require you to use generic drugs if they are available?
- Q8. When you or another family member chose this insurance plan, did you have a choice from among more than one different plan, or was this the only insurance plan offered?
- Q9. When you chose your health insurance plan how important were the following factors in your decision? (How important was) the number and diversity of physicians available under the plan? Was this very important, somewhat important, not very important, or not important at all (in your decision)?
- Q10. (How important was) the insurance plan's reputation for quality? (Was this very important, somewhat important, not very important, or not important at all in your decision?)
- Q11. How important was how close the nearest clinic or doctor's office is to where you live? (Was this very important, somewhat important, not very important, or not important at all in your decision?)
- Q12. How important was the overall cost of the plan for you, including premiums, co-payments, deductibles, and the need to pay for uncovered services? (Was this very important, somewhat important, not very important, or not important at all?)
- Q13. Next, I would like to ask you some questions about your overall satisfaction or dissatisfaction with the health care you are currently receiving. Overall, how satisfied or dissatisfied are you with your current ability to get health care when you need it? Would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied? [NOTE: Although "neither satisfied nor dissatisfied" was not a choice offered, enough people volunteered it so that it became a response category.]
- Q14. What is the main source of your dissatisfaction?
<1> COSTS TOO MUCH, <2> TAKES TOO LONG TO GET AN APPOINTMENT, <3> TAKES TOO LONG TO GET THERE, <4> WAIT IS TOO LONG TO BE SEEN, <5> TOO RESTRICTED IN CHOICE OF PROVIDERS, <0> OTHER: SPECIFY [specify] <98> DO NOT KNOW, <99> REFUSED
- Q15. The next two questions are about your insurance coverage. In general, how satisfied or dissatisfied are you with the amount of paper work required by your primary health insurance? (Would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?)

- Q16. In general, when you have questions for your primary health insurer, how satisfied or dissatisfied are you with how your inquiry is handled? (Would you say you are very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?)
- Q17. The next few questions are about the health care provider you usually go to for care. In general, when you receive health care, how would you rate the technical skills of your health care providers, that is, the thoroughness, carefulness, and competence? Would you say it is excellent, very good, good, fair, or poor?
- Q18. In general, how would you rate the personal manner of your health care providers, that is, the courtesy, respectfulness, sensitivity, and friendliness of your health care providers? Would you say it is excellent, very good, good, fair, or poor?
- Q19. I would like to start by asking you some general questions about your current health status. Would you say that in general your health is excellent, very good, good, fair or poor?
- Q20. Has a doctor or other health care professional ever told you that you have high blood pressure or hypertension?
- Q21. Has a doctor or other health care professional ever told you that you have diabetes?
- Q22. We are interested in learning if people have trouble with various activities due to health or physical problems. Because of health or physical problems, do you personally need someone else's help in meeting your needs for personal care, such as getting across a room, getting dressed, taking a bath or shower, going to the toilet, or eating a meal?
- Q23. Finally, I just have a few more background questions. We are interested in learning about the different ways people may earn their living. Last week, were you working full-time, part-time, going to school, a home-maker or something else?
<0>SELF EMPLOYED EITHER FULL OR PART TIME, <1>WORK FULL TIME, <2>WORK PART TIME, <3>WORK AND GO TO SCHOOL, <4>IN THE ARMED FORCES, <5>HAVE A JOB, BUT NOT AT WORK LAST WEEK (ON VACATION OR LEAVE), <6>UNEMPLOYED, LAID OFF, LOOK FOR WORK, <7>RETIRED, <8>SCHOOL, <9>HOME-MAKER, <10>DISABLED, <s>OTHER [specify], <98>DO NOT KNOW, <99>REFUSED - NO ANSWER
- Q24. In the past three months (that is, since last July), have you been admitted to the hospital and stayed at least overnight?
- Q25. Does your insurance cover any of the costs (some or all) of prescription drugs?
- Q26. Does your insurance coverage require you to get some prescriptions by mail order?
- Q27. For some kinds of medications, does your insurance coverage limit which brand-names you can use?
- Q28. Looking to the next five years, do you think that your ability to afford the health care that you need will stay about the same as it is now, get better, or get worse?
- Q29. Looking to the next five years, do you think that your ability to get health care when you need it will stay about the same as it is now, will get better, or will get worse?
- Q30. Looking to the next five years, do you think that the quality of the health care you receive will stay about the same as it is now, will get better, or will get worse?

REGIONAL CATEGORIES

NOTE: These regions are the ones used by the Michigan State University Extension Service, except that we treat Detroit City as a separate region.

Detroit: City of Detroit

Southeast: Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, Wayne (excluding Detroit)

Southwest: Berrien, Branch, Calhoun, Cass, Eaton, Hillsdale, Ingham, Jackson, Kalamazoo, St. Joseph, Van Buren

West Central: Allegan, Barry, Ionia, Kent, Lake, Manistee, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, Ottawa

East Central: Arenac, Bay, Clare, Clinton, Gladwin, Gratiot, Huron, Isabella, Midland, Saginaw, Sanilac, Shiawassee, Tuscola

Northern L.P.: Alcona, Alpena, Antrim, Benzie, Charlevoix, Cheboygan, Crawford, Emmet, Grand Traverse, Iosco, Kalkaska, Leelanau, Missaukee, Montmorency, Ogemaw, Otsego, Oscoda, Presque Isle, Roscommon, Wexford

U.P.: Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, Schoolcraft

Background Information

Michigan State University State of the State Survey [MSU SOSS]

What Is MSU SOSS?

The MSU State of the State Survey is a quarterly statewide survey of a random sample of the residents of Michigan. Although dozens of surveys are conducted in Michigan every year, none is designed to provide a regular systematic monitoring of the public mood in major regions of the state. Through SOSS, MSU aims to fill this information gap. SOSS has five main purposes: (1) to provide timely information about citizen opinions on critical issues; (2) to provide data for scientific and policy research by MSU faculty; (3) to provide information for programs and offices at MSU; (4) to develop survey research methodology; and (5) to provide opportunities for student training and research.

Each quarterly round or “wave” of SOSS has a different main theme: (a) October (even numbered years) – politics, the election, and political issues; (odd-numbered years) – health and the environment; (b) January – quality of life, governmental reform, higher education; (c) April – family, women, and children; (d) July – ethnic and racial groups, Michigan communities.

Who Is Conducting SOSS?

The State of the State Survey is administered by the Survey Research Division (SRD) of the Institute for Public Policy and Social Research (IPPSR), using its computer-assisted telephone interviewing (CATI) technology.

The design and overall planning of SOSS is the responsibility of a 14-person Steering Committee chaired by Dr. Brian D. Silver, Professor Political Science. The Steering Committee consists of representatives from sponsoring units, which are primarily colleges and other administrative offices within MSU.

Subject to final approval by the Steering Committee, the questionnaire for each wave of SOSS is developed by a Working Group, most of whom also serve as principal investigators or analysts for that wave. The Working Group for the October 1995 wave was comprised of:

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