

State *Of the* State Survey

*Consumer Satisfaction and
Concerns with Managed Care in
Michigan's Changing Health
Care Environment: 1995
and 1997*

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Consumer Satisfaction and Concerns with Managed Care in Michigan's Changing Health Care Environment: 1995 and 1997

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SUMMARY

Over one-third of privately insured Michigan adults are now enrolled in managed care health plans, up from more than one-quarter two years ago. Managed care enrollees, motivated by costs, select health plans with restricted provider choices. Concern over provider choice has risen markedly among managed care enrollees in the last two years. However, a generalized backlash against managed care, evidenced by the spate of legislative proposals both in Michigan and across the country, is not reflected in measures of health plan satisfaction. Satisfaction with the ability to get care when needed, with plan response to inquires, with paperwork and with provider technical skills and manner are roughly equivalent for those enrolled in managed care and more traditional health plans.

INTRODUCTION

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 they 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. 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 is expanding rapidly under some recent congressional initiatives.

Cost savings from managed care are achieved principally through: 1) reductions in the prices of specialty and hospital services; and 2) reductions in the number of clinical services used. Achievement requires that primary care physicians coordinate patient care and that the patient's choices of providers be limited.

The rapid growth of managed care and the substantial profits earned by some for-profit managed care plans caused some health policy makers and consumer advocates to worry that its cost-saving incentives were going too far, leading to lesser quality, failure to make timely diagnoses, and under-treatment of managed care patients. The result has been a spate of legislative proposals in Michigan, other states and at the federal level to protect patients against real or imagined managed care abuses. The steady growth of managed care in Michigan, coupled with these public concerns for patient protection, makes this a good time to re-visit the Michigan public's experience and satisfaction with both traditional and managed care systems.

THE SURVEY

Survey and Sample Design

Telephone surveys of 1013 and 971 adults in the state of Michigan were conducted by Michigan State University's Institute for Public Policy and Social Research between October and November 1995 and between November 1997 and February 1998, respectively. These were the fifth and thirteenth quarterly MSU State of the State Surveys (SOSS). The surveys focused primarily on health policy issues. The overall sampling error is 3.2%. All of the statistical relationships in this report fall beyond the range of sampling error.

The sample was designed to provide representative information for residents 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 a list of counties included in each region). The data reported here are weighted to be representative of Michigan's adult population who have telephones.

The analyses presented here are based on the subset of 735 privately insured individuals from the 1,013 total respondents in 1995 and 682 of 971 total respondents in 1997. Respondents were classified as privately insured if they had a private health insurance policy as their primary coverage. (Q1— *Question wording given below.*) This briefing paper is an update of an earlier briefing paper by Andrew J. Hogan, John H. Goddeeris, and David A. Gift, entitled *Managed Care in Michigan: Consumer Satisfaction and Concerns in a Changing Health Care Environment* (MSU State of the State Survey Briefing Paper No. 96-15, March 5, 1996).

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:

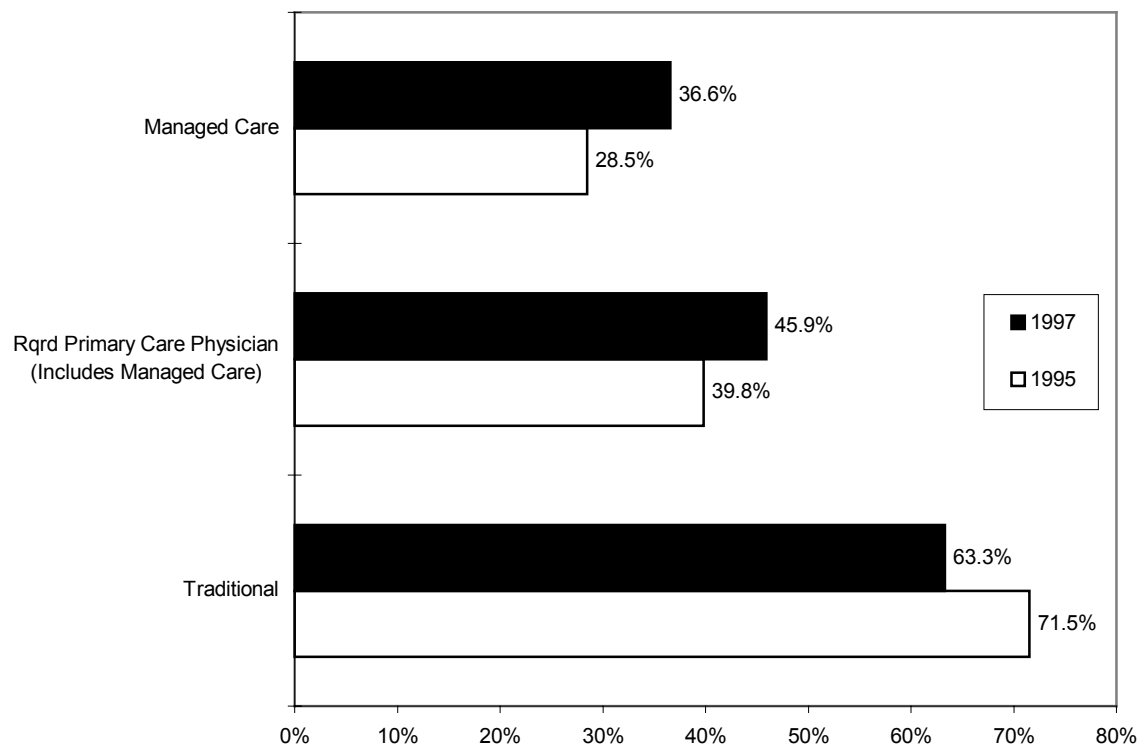
- (1) if their private insurance plan required them to select a primary care physician;
- (2) if their primary care physician (gatekeeper) controlled their access to specialist physicians.

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

KEY FINDINGS

- **Over one-third of privately insured Michigan adults are enrolled in managed care plans, up from more than one-quarter in 1995.** Almost 40% met the first criterion of being required to select a primary care physician in 1995, with a modest 6% increase by 1997. Nearly 29% met both criteria for managed care in 1995, with a further increase of 8% by 1997 (Figure 1). Further mention of managed care refers to those people meeting both criteria. (Q2 - Q3)

Figure 1. Percent of Privately Insured Enrolled by Type of Insurance Plan



- **Managed care rose more quickly among privately insured African Americans than in the rest of the population.** Nationally, privately insured African Americans are known to enroll more frequently in managed care plans than do other ethnic groups. Although the sample is small (70 observations), the 20% increase in African American enrollment in managed care is statistically significant. (Figure 2)
- **Few of the privately insured are forced into managed care.** Enrollment in a managed care plan is growing among those without a choice of health plan as well as among those who have a choice of health plan, although it is almost twice as likely in the latter. In both 1995 and 1997 the number of privately insured residents who had no choice of health plan remained constant at nearly 40%. Of these, only about one-sixth were assigned to managed care plans in 1995, but this rose to one-quarter by 1997. In contrast, among the 60% who had a choice, nearly 38% chose the managed care option in 1995, rising to 45% in 1997. *The majority of those with a choice of health plan selected traditional coverage* (Figure 3; Q4).

Figure 2. Percent of African Americans Enrolled by Type of Insurance Plan

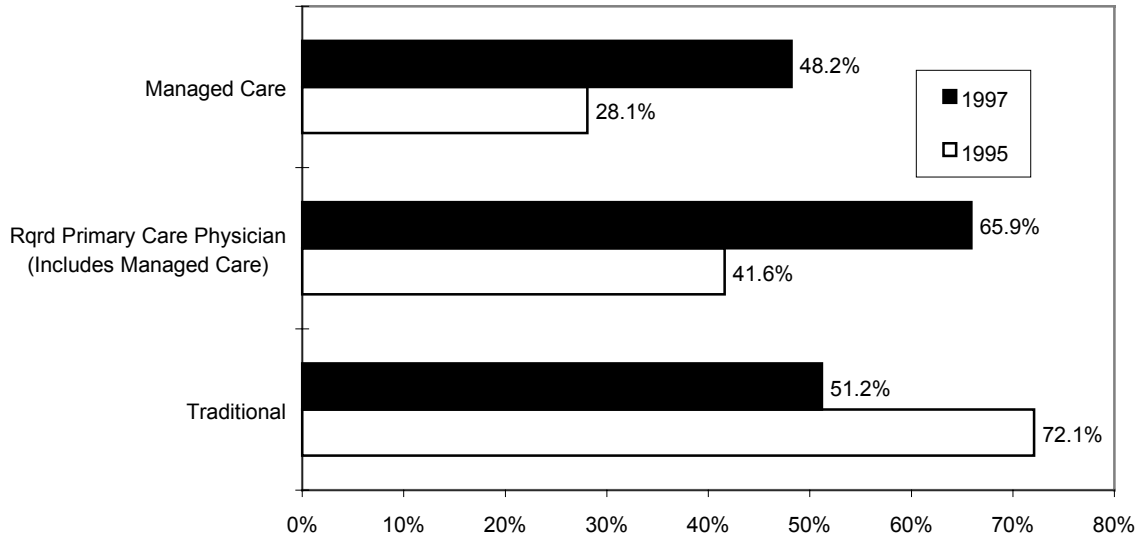
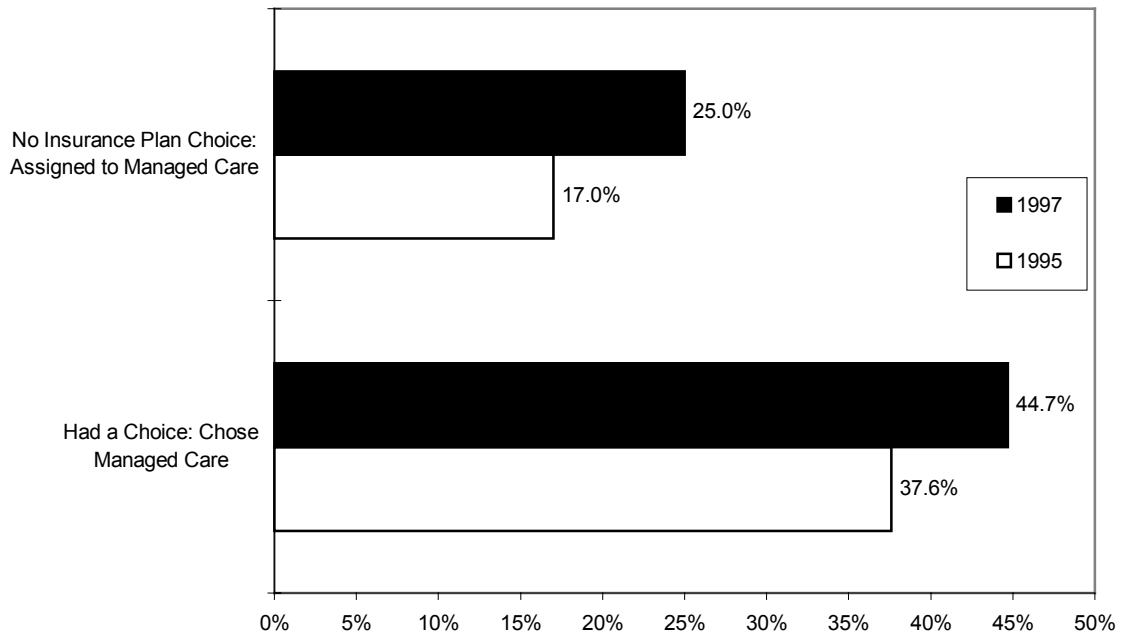
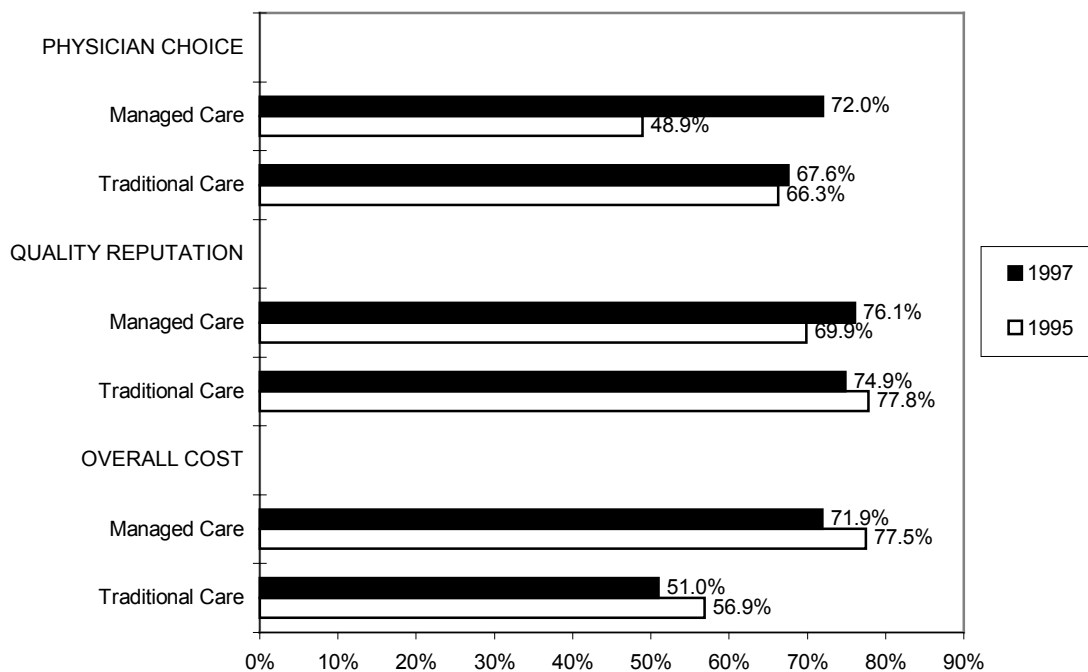


Figure 3. Percent Enrolled in Managed Care



- Compared to Michigan residents with traditional health care plans, Michiganians in managed care plans are more concerned now than in 1995 with the overall cost of their health plan and have become equally concerned with choice of provider. Among those who had a choice of health plan in 1995, 78% of managed care enrollees rated overall plan costs as very important, versus 57% of those in traditional plans. In 1997, concern with overall cost declined slightly both among managed care enrollees to 72% and among those in traditional plans to 51%. Almost two-thirds of those in traditional plans rated the number and diversity of physicians as very important in both 1995 and 1997. *Managed care enrollees, however, raised the very important rating of provider choice from less than half in 1995 to nearly three-quarters in 1997* (Figure 4). On the other dimension of reputation for quality, differences between traditional and managed care plan enrollees were not significant in either time period. (Q5 - Q7)

Figure 4. Percent Rating Aspect of Health Plan as Very Important

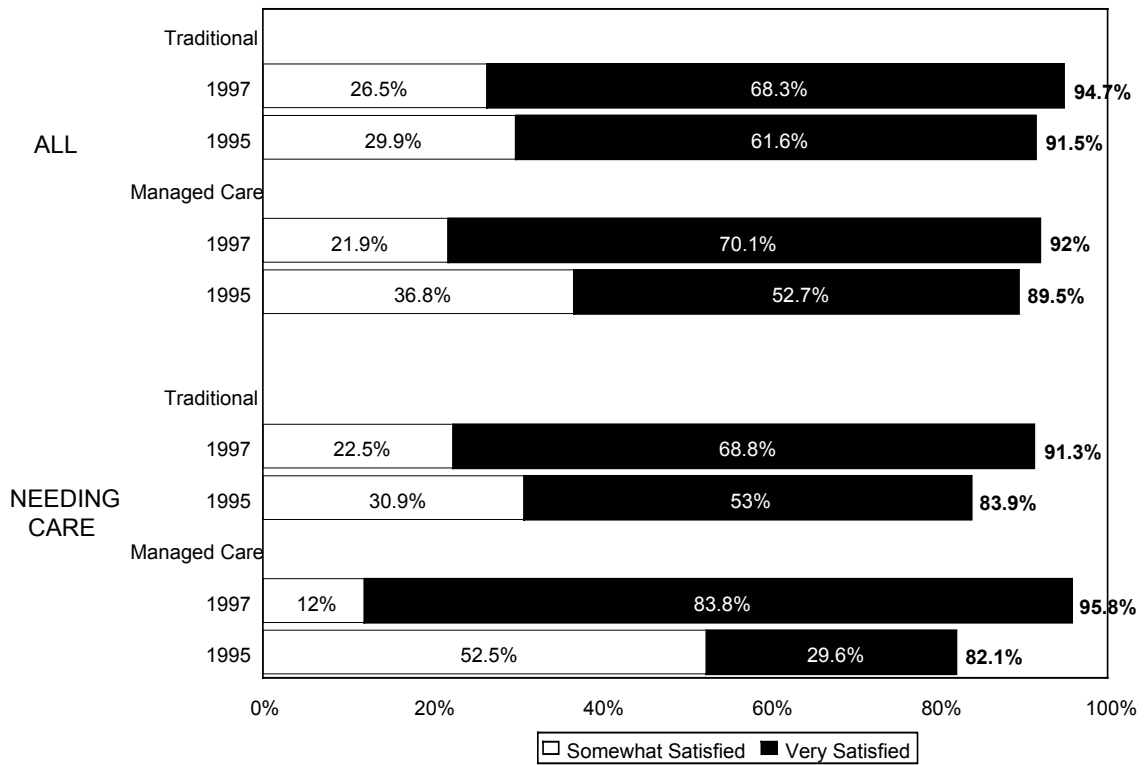


- Managed care enrollees are as satisfied with their ability to get care as those in traditional plans.** Ninety percent of those in either type of plan were at least somewhat satisfied with their access to health care in 1995. This increased slightly by 1997. Those in managed care were significantly less likely to say they are very satisfied (only 53%, as compared to 62% in traditional plans) in 1995, but this difference was eliminated in 1997 with a 17% increase in managed care enrollees indicating that they were very satisfied, with a partially offsetting decline in the number who were somewhat satisfied. Those with traditional insurance coverage experienced a similar but not quite as dramatic improvement. (Figure 5; Q11)
- Health status is an important determinant of health plan satisfaction.** Because managed care is growing and adding new enrollees 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 or emergency room in the last 3-6 months.

Managed care enrollees "needing care" have a different pattern of satisfaction than their counterparts with traditional coverage. In 1995, managed care enrollees "needing care" were less satisfied than their traditionally insured counterparts with their access to care when needed, although the difference was only significant when comparing the "very satisfied" categories. *From 1995 to 1997, the overall satisfaction with ability to get needed care improved for both managed care enrollees and traditional plan members needing care, with the greatest increase in the very satisfied category for managed care enrollees.*

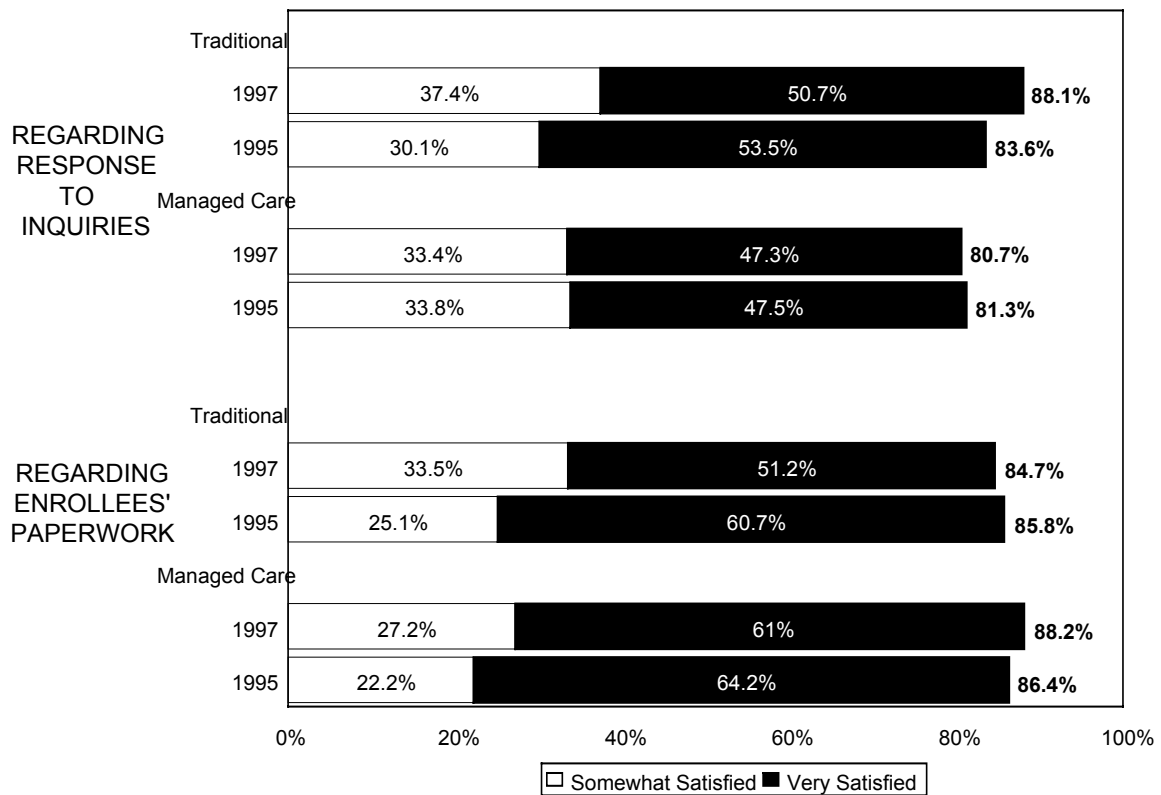
Figure 5. Ability to Get Care When Needed



- There were no significant overall differences between managed care and traditional plan enrollees in the other two facets of health plan satisfaction: insurance inquiries

and paperwork. (Figure 6; Q9 - Q10) The number of Michiganians with traditional coverage who were very satisfied with health plan response to inquiries and paperwork did decline from 1995 to 1997, with offsetting increases in those somewhat satisfied with health plan performance. There were no significant differences for those needing care.

Figure 6. Satisfaction with Aspects of Health Plan

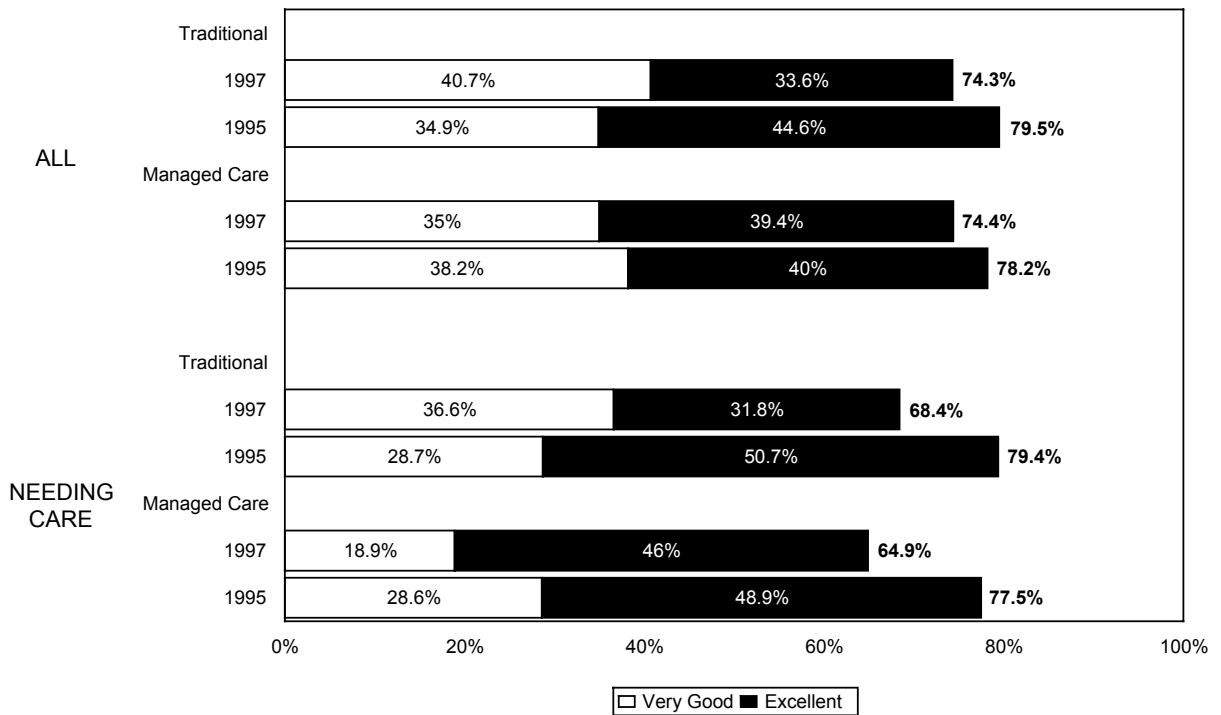


- The percentage of Michiganians with traditional insurance coverage rating the technical competence of their providers as excellent declined from 45% in 1995 to 34% in 1997. This decline was offset by an increase from 35% to 41% in those rating their usual provider's technical competence as very good. The combined excellent/very good ratings decreased modestly but statistically significantly from 80% to 74%. (Figure 7) The perception by managed care enrollees of the technical competence of their usual health care providers did not change significantly overall or for specific categories. (Q11)

For the subset of respondents needing care, there was a decline in satisfaction with provider competence in both managed care and traditional insurance groups from 1995 to 1997; however,

overall satisfaction remained roughly equal in both groups in both time periods. For managed care enrollees most of the decline was in the "very good" category, while those with traditional insurance saw the greatest decline in the "excellent" category.

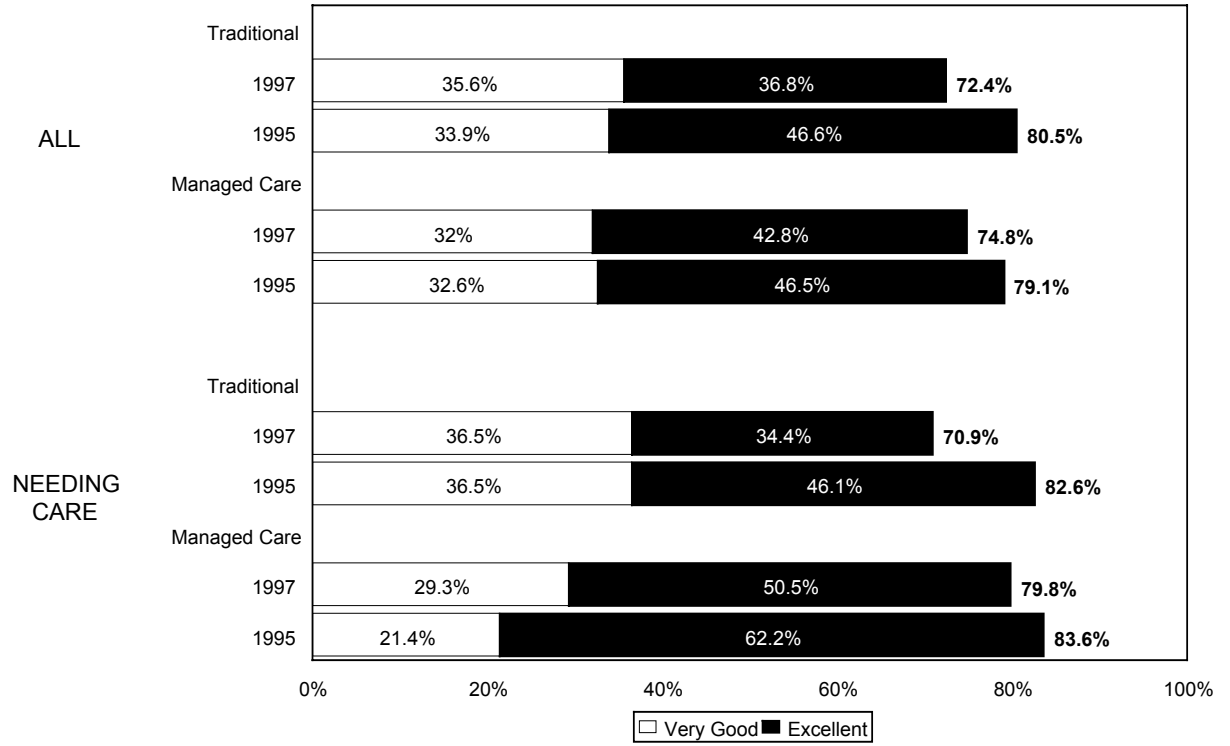
Figure 7. Satisfaction with Provider's Technical Skills



- The combined excellent/very good ratings of the personal manner of their providers by Michiganians with traditional insurance coverage declined modestly but statistically significantly from 81% to 72%. Most of the decrease occurred in the excellent category, which declined from 47% in 1995 to 37% in 1997, without an offsetting increase in the very good category. (Figure 8) Again, the perception by managed care enrollees of the provider manner did not change significantly overall or for specific categories. (Q12)

For the subset of respondents needing care, there was a decline in satisfaction with provider's manner for those with traditional insurance coverage from 1995 to 1997. Both groups experienced declines in the "excellent" category, although this decline was partially offset for managed care enrollees by an increase in the "very good" category.

Figure 8. Satisfaction with Provider's Manner



SURVEY QUESTIONS

The questions for the health insurance items discussed in this briefing paper are listed below in the order in which they were discussed. The bracketed numbers at the end of the questions correspond to the actual question numbers in the survey instruments. The first bracketed number is from the SOSS13 survey in 1997; the second number is from the SOSS5 survey in 1995. Overall, the 1997 interviews lasted an average of 19 minutes; the 1995 interviews averaged 17 minutes. These questions consumed about four minutes of that time.

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? [I2; I2]

Q2. Does your insurance coverage require you to choose a primary care physician? [I5; I14]

Q3. Does your primary care physician or insurer have to approve any contacts with specialty physicians before the insurance will cover care from a specialist? (Does your primary care physician have to approve any referrals to specialty physicians or hospitals?) [I6; I15]

Q4. 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? [I12; I9]

Q5. 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)? [I13; I10]

Q6. (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)? [I14; I11]

Q7. 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?) [I15; I13]

*Q8. 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? [I16; S1]

*Q9. 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)? [I18; S3]

*Q10. 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)? [I19; S4]

*Q11. 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? [P1; S5]

*Q12. 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? [P2; S6]

*The wording of these items was changed slightly from 1995 to 1997. The wording shown above is from 1995.