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Ethics, Physician Incentives and Managed Care

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Abstract

The authors review the principle features of the managed care system in an effort to understand the ethical assumptions inherent in managed care. The interrelationships among physician incentives, responsibilities of patients and the physician-patient relationship are examined in light of the ethical concerns identified in the managed care system. The managed care system creates ethical tensions for those who influence the allocation of scarce resources.

Managed care's administrative controls have increasingly changed the doctor-patient relationship to the business person-consumer relationship. Managed care goals of quality and access demand that physicians be both patient advocate and organizational advocate, even though these roles seem to conflict. A reemphasis of managed care's moral mission is essential for enabling physicians, patients, payers and policymakers to fulfill their new role and to preserve the fidelity of the doctor-patient relationship.

Goals and Objectives

- To review the principle features of managed care.
- To understand the ethical assumptions implicit in managed care.
- To review the physicians' incentives and the disclosure of such.
- To review the responsibilities of patients and the physician-patient relationship in the managed care era.

Introduction

- Managed care as a system of health care delivery has grown in the US during the past decades in response to demands by employers and government for cost containment, enhanced access, and improved quality.
- In this system, health care is provided by a limited number of contracted providers at reduced rates of reimbursement.
- Patients are channeled to these contracted providers, and the clinical decision making of these providers is influenced by the managed care organizations (MCOs) through financial incentives, utilization management and quality assurance programs.

Managed Care Features

- Managed care places the primary care physician as gatekeeper with the purpose of controlling utilization throughout the system.
- Contracts and capitation influence provider behavior via limited referral pathways.
- Managed care employs a collaborative approach to affect both clinical decisions and financial resources.
- Many MCOs monitor practice patterns of physicians by using programs in quality assurance and utilization management.
- Providers must consider the economic effects of individual clinical decisions at the same time that they must protect their traditional role of maximizing the independent clinical benefit to patients regardless of the cost.
- This dual decision process of providers is the crucial and central concept that lies at the heart of managed care, and it has caused the resistance of physicians, patients and ethicists.

Physicians Incentives

- Physicians have been exposed to varying combinations of incentives and controls, including capitated payment, transfer of financial risk, utilization management, profiling, bonuses and withholds, and quality assurance initiatives.
- Many physicians are unhappy with the evolution of these managed care innovations and how they could affect physician's status, income, and autonomy to follow their best professional judgment.
- Competing interests, including those that are sometimes critical to physicians' livelihood, influence clinical decision-making, the core of medical work .
- In the managed care model, physicians with financial incentives have the dual function of financial advocate and patient fiduciary.
- The role as unrestricted advocate for the patient, in which social justice is only a secondary consideration to the respect for the autonomy and exercise of beneficence as the patient advocate
- The role of significantly restricted advocate for the patient, in which social justice arguments take great precedent over patients' interests in the name of the greater good outside the traditional prism of the physician-patient relationship.
- Ethicists may debate whether individual patient well-being or socially optimal outcomes should take precedent.

Patient Responsibilities

- Managed care certainly raises new ethical responsibilities for patients.
- Reflective of the current societal call for more individual responsibility, patients are asked to take a greater charge of their own health in managed care.
- Patients are informed of their rights and responsibilities for their own health issues, especially in the area of prevention.
- Economic responses to lifestyle-induced cost are becoming more common.
- If patients help curb over-utilization, then insurers and MCOs may find less need for financial incentives that place physicians in conflicts of interest by encouraging them to cut back on care.
- When the money at stake is the patient's rather than the physician's, who discusses cost.
- However In the reality of managed care, patients only know their co-pay and nothing else about their health care costs. Being so far removed from the cost component makes them more likely to use the system.

Physician-Patient Relationship and Managed Care

- The physician-patient relationship is still a fiduciary relationship.
- The physician still treats patients one at a time as unique and valued individuals.
- The physician is expected to be a prudent steward wisely judging the limits of care.
- To be effective patient advocates, doctors must help patients balance medical benefits and financial risk. Trust, caring and honesty are at the foundation of the physician-patient relationship .
- Emanuel and Dubler state that the shift to managed care may undermine all aspect of the ideal physician-patient relationship: choice could be restricted; poor quality indicators could undermine assessments of competence; productivity requirements could eliminate time necessary for communication; continuity could easily be disrupted by changing primary providers; and financial conflicts of interest could be present for providers.
- Pellegrino fears that physicians may lose their sense of professional integrity and that managed care may lead physicians to feel exempt from traditional ethical imperatives and blame the larger system for their own moral defection. These are serious dangers that physicians must carefully and respectfully address as they enter into managed care agreements .

Physician Ethics vs. Managed Care Ethics

- Central to the discussion of the ethics of managed care is the potential tension between doing what is best for the patient and allocating scarce resources.
- To achieve these goals physicians are expected to adopt a distributive ethic in which the principle is to provide the greatest good for the greatest number of patients within the allotted budget, which is a utilitarian approach.
- Autonomy versus social justice is a simple representation of this tension. It is important to remember that managed care didn't invent this tension.
- New ethical responsibilities for physicians are evident in the managed care era.
- The physician's dual function of financial advocate and patient fiduciary is an intrinsic and key construct.
- The physician must become more informed regarding particular managed care policies for business and clinical guidelines.
- As citizens, doctors and patients have to assume a responsibility for health care cost, and if they do not others will, the result of which will probably be worse.

Conclusion

- Managed care presents moral and professional challenges to medicine's ethics, including the fundamental values and assumed prerogatives of clinical practice.
- Managed care's administrative controls have increasingly changed the doctor-patient relationship to the businessperson-consumer relationship.
- Ethical considerations inevitably arise as a result of incentive systems in managed care, and exist at the physician-physician level (issues of professional sovereignty, conflict of interest) as well the physician-patient level.