HMO reform bill called inadequate

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By MICHAEL LASALANDRA

A bill that calls for sweeping regulation of the state's health maintenance organizations is woefully inadequate because it doesn't attack the causes of today's managed care problems, says a renowned health care economist.

"These provisions won't protect people... and their failure will magnify the public's cynicism about government's ability to help people in need," said Alan Sager, a professor at the Boston University School of Public Health.

In written testimony submitted to the legislative panel that will hear the so-called "omnibus" HMO bill today at 11, Sager and Deborah Socolar, also of BU, said the bill contains "Band-aid" solutions that don't treat the underlying problem. They say financial incentives for doctors to withhold care must be banned and for-profit HMOs should be limited, if not outlawed.

The bill, being heard by the Joint Committee on Health Care, would set minimum stays for all hospital procedures, require HMOs to pay for all emergency room care, and force the health plans to disclose how they pay their doctors.

And it would establish a state Office of Managed Care Quality to oversee HMOs and to hear appeals from patients denied care. The agency would also be required to issue HMO report cards.

But Sager and Socolar say the bill fails to deal with the fundamental problem — reigning in the financial incentives that drive dangerous HMO practices.

Under the practice of capitation, doctors are paid a flat fee each month for caring for a patient. The more care they deliver, the less money they make.

Sager and Socolar say capitation should be banned in favor of a more "trustworthy" system.

They also want to prohibit the licensing of any more "for-profit" HMOs, perhaps outlaw them altogether.

Rep. Pat Jehlen (D-Somerville) has proposed such a bill.

The Massachusetts Chapter of the American College of Surgeons also spoke out today against what it called "perverse financial incentives" as well as restrictions on tests and other forms of care imposed by HMOs.

Malpractice payments against doctors for failing to diagnose or treat illnesses have skyrocketed, up 42 percent in two years, said Dr. Barry Manuel, the chapter's vice president and the chairman of Pro-Mutual, a leading malpractice carrier.

This may be the best evidence yet that managed care is having a negative impact on patient care, said Manuel.