

# What's In A System?

## How Do You Choose A HMO Plan and Will Your Doctor's Clinic Have Walls?

by Mary Bryant

**Y**ou don't want to mess up. It's a bunch of trouble to change. Can't make a mistake. Your life may depend on it.

To make an informed choice about selecting a health care plan, they say you need to know the system, or more precisely, what's in the system.

Confused? You are not alone.

"This is the biggest bunch on confused people you've ever seen in your life," said Terry Drake, a Santa Cruz County employee. "It's a lot of choices without a lot of information. ... There [has been] misinformation given out. There have been rumors going around that are incorrect."

Drake is referring to a variety of Health Maintenance Organization (HMO) plans being circulated among county workers, employees who will this week begin deciding which plan to pick.

Among the choices, there are only two that do not involve a Health Maintenance Organization (HMO), and both of these plans cost the employee money every month. Among the HMO plans, there are lots of choices, except that the choices require the consumer to understand very subtle differences.

"It appears that I am working for commission from one HMO, who I finally found because of my particular needs. It works wonderfully well," said Victoria Causey, another county worker.

The plan Causey refers to is administered by Lifeguard, and will allow Causey to see specialists in the Bay Area for a neurological condition she suffers from. Without the expansion of physician choice within the plan, Causey said she would have been left paying out-of-pocket for care under one of the state's indemnity plans.

However, beyond the small differences, most county workers are coping with the realization that for the moment there is limited choice in this county's relatively small market. For the moment there are two choices.

### Two Choices

In Santa Cruz County, you can choose a plan that exclusively

contracts with the Santa Cruz Medical Clinic, or you can choose a plan that exclusively contracts with Physicians Medical Group.

If you choose a plan that contracts with the Santa Cruz Medical Clinic (HealthNet or TakeCare), you will be choosing a traditional clinic system where your family doctor practices in the same facility as your specialists, a model that is called the clinic with walls.

If you choose a plan that contracts with Physicians Medical Group (PacifiCare, Foundation, Lifeguard, BlueShield HMO, and California Care), you will be choosing a newer system model designed to deliver health care without breaking down the existing community networks of providers, a strategy that relies on a network of established independent physicians to integrate the delivery of care from their individual offices. This is the kind of system that is referred to as a clinic without walls, since the doctors generally maintain their own practices in different areas throughout the county.

For some people, the difference between the systems only amounts to the doctors in practice.

One county employee was delighted by the change in plans, since her primary care doctor works for the Clinic, and the new plan will mean she has to pay less for each visit than under the county's self insurance fund plan. Other workers were less enthusiastic about having to select a family physician, preferring to get care from one of the local "drop-in" medical clinics.

### People Who Know the Difference

While few health consumers may never much care to ever know the differences that exist between the two systems of care beyond their preference of doctors, location of offices or the referral patterns of practicing physicians, the people who design and administer the networks do know.

They know a system must be properly balanced, with the right number of specialists in contrast

to the right number of primary care doctors. They know there are costs associated with offering choice or convenience, and they know there are trade-offs to be made between keeping the consumer happy and staying within the budgets set by insurance companies. They know they walk a fine line.

However, what continues to be the topic of debate is whether or not systems of delivering health care can work efficiently when doctors remain in independent practice, better known as the clinic without walls model.

Both sides in this discussion admit there exist advantages to the traditional clinic model, where administrators work closely with doctors to review the amount of care offered patients, establish bureaucracies to keep the flow of patients moving quickly and be ready to take care of the day-to-day emergencies.

Conversely, allowing doctors to practice in remote locations can court disaster and diminishes some of the natural cost savings inherent in large group facilities, administrators worry.

"The clinic without walls is an endangered species. ... You really don't achieve the economies of operations when you have multiple care centers," said Steve Heath, Vice President of Sutter Health of Sacramento, which is sponsoring the short-stay hospital under construction on Soquel Drive, and is a part owner of the Santa Cruz Medical Clinic. "It's just a fact of life that if you got what is ostensibly a medical group that is scattered in 35 different care centers, you still got 35 office managers and 35 whatevers ... and you don't achieve an economy of scale and operations like you do if that is consolidated into three [or] four larger units. I think that the clinic without walls is just really tough to sustain in the kind of economic environment we're currently in, and certainly in the one we're headed towards."

While the clinic without walls does offer consumers more choices about where they get care in a region and maintains much of the

intrinsic qualities of the independent physician practice — a small office setting with the doctor's nurse at the doctor's side seeing patients they can call by name — there are economic drawbacks.

However, affording the system is something Catholic Healthcare West's Executive Vice President Larry Wilson thinks can be done. Catholic Healthcare West is the second largest non-profit health care system in the state next to Kaiser Permanent and the sponsors of Dominican Santa Cruz Hospital.

"There certainly are plenty of physicians who do not have a role in selecting the models they

you begin to achieve some substantial economies, and it may be that you achieve most of the economies by simply moving to that level of grouping, without having a large number of physicians under one roof."

### Competing for Your Health Care Dollar

With doctors grouping in order to compete for the biggest slice of the managed care market, there will likely be a new sense of competition in the county. As the numbers of individuals swell managed care or HMO plan enrollment tallies, so will the pressure grow to define group practice.

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work with, and I think the physicians in Santa Cruz are fortunate to have the opportunity to do that," said Wilson referring to the choices made by local doctors to adopt the clinic without walls approach to networking. "The clinic without walls model is very new and there is a limited body of experience with it, so I think it is difficult to make generalizations about it at this point. I think it would appear that it may be more expensive to operate than a traditional clinic. A lot depends upon how the physicians are organized. If you have a clinic without walls in the sense of each physician being in his or her individual office, separate from all the other in the group, yes that is going to be more expensive. If you begin grouping the physicians into physician offices where you have three or four physicians per office, then

In the past, with HMO enrollment small in comparison to the total market, there were only a few HMO plans regularly competing for members, the largest of which was TakeCare. Then, TakeCare exclusively contracted with the Clinic, and plan administrators defined their HMO plan by the doctors who represented them.

Not so today. In the pluralistic 1990s, doctor groups will serve more than one contracting plan and define their systems by not only the number of doctors in practice, but also ways in which the physicians refer to groups outside the area, establish relationships with patients, and the affiliated facilities. For the plan administrators, they will have to find ways to define their plans for consumers looking for the best quality medicine with the most choices at the lowest price. □