

Managed Care Organizations Should Not Disclose Their Physicians' Financial Incentives

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If medical ethicists have been victorious at anything, it has been in convincing the medical world of the importance of patients' values in medical decision making. Physicians can no longer decide willy-nilly for patients without regard to their preferences. Instead, they must provide patients with information they can use so they can make clinical decisions that reflect their values.

With Morreim's article,¹ medical ethicists have taken a step toward enlarging the concept of informed consent, so it is no longer limited to clinical decision making, but also includes decisions patients make in choosing health plans. Interest in bringing informed consent to health plan decision making has undoubtedly been spurred by the growth of managed care. Many managed care organizations have developed institutional mechanisms to persuade physicians to utilize fewer services. This situation seems to beg for informed consent. Shouldn't patients be told if their healthcare plan pays physicians bonuses for utilizing fewer services?

However, there is a major obstacle to obtaining informed consent for healthcare enrollment decisions—insurers and managed care organizations are likely to be nervous about the effect such information will have on potential enrollees. People are not used to being told that their physicians' clinical decisions might be influenced by financial considerations.

With this in mind, Morreim presents us with a disclosure statement that might be acceptable to a managed care organization. The disclosure provides an optimistic account of managed care incentive systems, failing to mention anything potentially harmful about the incentives. "Healthplan is constantly reviewing the latest medical literature and studying our own medical experience to deliver high quality care

at a price you can afford," reads one section of the sample disclosure form. Incentives to utilize fewer services are explained, not entirely incorrectly, as justifiable ways to combat unacceptable rises in healthcare costs.

But does this type of disclosure meet reasonable standards for informed consent? Will this disclosure statement help people choose among available health plans?

We think not. Morreim's sample disclosure is likely to make everyone want to join Healthplan, so they can meet the thoughtful and honest Healthplan physicians whose only concern is to provide high quality care at a low cost. The disclosure implies that Healthplan's financial incentives exist solely to nudge their already scrupulous physicians in the direction of appropriate cost containment.

What is the point of a disclosure that emphasizes only the positive? The purpose of informed consent is to provide information that might influence a decision. We think that an unbalanced presentation of capitation would not be useful to patients who are trying to decide which healthcare plan to join.

A more balanced account of capitation would have to admit that it does not come without risks.

"Our physicians are given a financial incentive to limit the number of services they use in treating their patients. At times, this might encourage physicians to avoid tests and procedures that will bring no benefit, or that may even harm patients. At other times, it might encourage physicians not to order tests and procedures even though the tests and procedures might be of benefit."

This type of balanced disclosure is likely to scare many people away from managed care plans. This would not be fair to managed care organizations, since they are not the only organizations who pay physicians in ways that may influence their clinical decisions.

It seems only fair to demand equal disclosure from other incentive schemes. After all, economic incentives are not new in medicine. Indeed, no healthcare

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system could exist without some incentive to get healthcare providers to do their jobs. And like capitation, each of the more traditional schemes has its own risks and benefits.

For example, fee-for-service systems could be described in the following way:

"Under our system, the more healthcare services you receive, the higher your physician will be paid. This means when you need a test or procedure, you know you're going to get it. But it also means that your physician may order unnecessary tests and procedures that may even harm you."

This type of disclosure would level the playing field between capitated incentive schemes and fee-for-service. Unfortunately, the likely consequence of this level playing field would be to leave people completely confused about what type of system they want to be in and distraught about why they have to consider these incentives at all.

It is time to remind ourselves of the goals of disclosing incentive schemes to potential enrollees—to give people information important to their decisions about which healthcare plan to enroll in. What information do people really want in making these decisions?

When people choose healthcare plans, they are interested in cost and quality. Cost is a fairly simple thing to describe to patients. For example, they can choose among different size deductibles and premiums. Quality, on the other hand, is much more complicated. Presently, there are few accurate and accessible measures of health plan quality. People can learn which physicians work for various health plans, or which hospitals they can go to if they get sick. And they can see which plans cover mental health services, prenatal care, and well baby check-ups. But they cannot get information about the clinical quality under each healthcare plan. How likely are they to get a post-operative infection after a hernia repair in Healthplan compared to Doctors R Us? How likely are they to receive appropriate hospitalization for pneumonia under each of these plans?

If patients are mainly interested in cost and quality, why would patients want to know about their physi-

cians' financial incentives? One reason would be if incentives affected quality. However, there is no conclusive evidence that capitation schemes deliver higher or lower quality care than fee-for-service plans. Lacking this evidence, it is unfair to selectively require disclosure from capitated health plans.

This leaves us with two options. First, we could require all healthcare plans to provide balanced disclosure of the incentive systems of their physicians. This alternative would scare many patients without providing them with useful information in deciding which plan to enroll in. Second, we could forget about requiring incentive disclosures and work harder to provide patients with the information they really want in choosing among health plans, namely good measures of the quality of healthcare offered under that plan. We are a long way off from being able to present it to patients in ways they can understand. But it is not difficult to imagine a *Consumer Reports*-type information packet that patients could use to choose among health plans. Until the time when we can do this, we think it would be a mistake to compel managed care organizations to disclose their incentive systems to potential enrollees. And we think it would be an even bigger mistake to encourage them to provide the type of unbalanced information presented in Morreim's sample disclosure, which would probably do more to protect the managed care organization's legal interests than it would to promote patient's informed consent.

The goal of a responsible healthcare provider should be to give information a patient can use to make informed choices between healthcare options. To meet this goal, we need to focus our efforts away from unbalanced disclosure statements and toward providing useful information about healthcare quality.

... REFERENCE ...

1. Morreim EH. To tell the truth: Disclosing the incentives and limits of managed care. *Am J Man Care* 1997;3:35-43