

**Book: Financial Strategy For Managed Care Organizations**

Author: Charles William Wrightson, Jr.

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Reviewer:

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This book follows the author's 1990 book, HMO Rate Setting and Financial Strategy. Well written and organized, it updates rate-setting methodologies and encompasses new information on risk adjustment. The book has three primary objectives supporting a technical side, risk adjustment, and a strategy side. The final chapter, by George Trapnell, was added, which contains valuable insights and projections for the future.

I agree with the author, this book is an excellent source for graduate level courses in healthcare financial management – this text should be a mandatory source of reading. Text organization is outstanding. The book is divided into four parts, beginning with the background, which discusses various financial problems in Managed Care Organizations (MCOs), history of MCOs and key features of managed care. Part two discusses MCO Rate Setting Methodologies; e.g., rating and underwriting, community rating, and alternative rating methods. Part three, Risk Adjustment Methods, explains in great detail several approaches to risk adjustment. Within this section of the book, the author emphasizes The Buyers Health Care Action Group (BHCAG) of Minnesota's Choice Plus Program. He details results fashioned by Choice Plus and provides an excellent argument for supporting the BHCAG model as the national solution for healthcare reform. Part four, Financial Strategy for MCOs, highlights the future of integrated care plans and completes the book with issues affecting competitive strategy for MCOs. Most interesting was the section on the importance of corporate mission, top management, and the integrated strategy... nicely ties it all together.

As a military healthcare administrator for 13 years, I have found it difficult at times to maintain a connection between military and civilian healthcare management. Policy for military healthcare management is developed at the TRICARE Management Activity and Service (Army, Navy, Air Force) levels. Execution of policy is at the military treatment facility level and is done, in most cases, without questioning why. It is incumbent upon all military healthcare administrators, particularly those involved in managed care and finance to maintain and continue improving their knowledge of healthcare management in general. Although this book is recommended for graduate level managed care finance courses, I highly recommend this book to all military healthcare administrators as it provides an excellent source for understanding some of the mechanisms used in developing our next generation of managed care support contracts.

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