

Book: *The Rise and Fall of HMOs: An American Health Care Revolution*

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Book Review:

This is a very scholarly work with eighty-eight pages of footnotes. It is a case study of a rural Wisconsin facility that developed an Health Maintenance Organization (HMO). Also, it is a history of the HMO movement and its metamorphosis into Managed Care. Coombs says that advocates of HMOs feel the quality of care was equal to or better than fee-for-service programs. Such pronouncements were appropriate for the 1980s but recent studies during the 1990s usually identify strengths and weaknesses in both systems. HMO did a much better job of coordinating patient care, however, patients reported more satisfying interpersonal relationships with fee-for-service caregivers.

The American Association of Health Plans merged with Health Insurance Association of America in 2003. The merger of these two organizations one representing prepaid care and the other traditional health insurance made it clear that the HMO movement was dead.

The Marshfield clinic was a successful, well-regarded multi-specialty clinic with a strong sense of community orientation long before HMOs. Despite its rural setting, opposition from insurers, lawsuits, and problems with Medicare and Medicaid, it survived and continues to flourish. Marshfield's experience of providing health care to rural populations over three decades was barely more than marginally profitable, even though it was a very efficient system of delivering medical care. Clinic leaders started the Greater Marshfield Community Health Plan (GMCHP) and it was the first HMO to hold a prepaid medical contract in Wisconsin and the first in the nation to contract with Medicare for prepaid care. GMCHP lost money but in one sense was successful as it lasted fifteen years. The shortage of experienced administrators contributed to the high failure rate of new HMOs before and after enactment of the federal 1973 Health Maintenance Organization Act. HMOs in the early 1970s lacked the tools that they needed to measure quality, track utilization, or convince physicians to adopt cost-conscious treatment practices. To face these issues Marshfield formed a partnership with Blue Cross and Saint Joseph's Hospital.

The clinic's desire to expand its services and health plan eventually collided with Blue Cross own Compcare health plan. When negotiations with Blue Cross failed in 1986 the clinic terminated the GMCHP partnership. The clinic replaced GMCHP with its new Security Health Plan (SHP) with seventy-three thousand subscribers. In February 1994 Blue Cross filed an anti-trust lawsuit in federal court. After five years of litigation the clinic and Blue Cross ended its adversarial relationship. The clinic had antitrust insurance, which covered the millions of dollars they had to pay as a result of the adverse court decision. The HMO movement, which created a revolution in the delivery and financing of health care, is dead, but the revolution continues under Managed Care.