

***Policy Implications of Racial and
Ethnic Differences in Managed
Care vs. Fee-for-Service
Utilization Disparities in
California***

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Submitted to

California Program on Access to Care/California Policy Research Center

October 2004

This project was funded by the California Program on Access to Care/California Policy Research Center, University of California Office of the President, Project #CNN16K

Executive Summary

The study, “Policy Implications of Racial and Ethnic Differences in Managed Care vs. Fee-for-Service Utilization Disparities in California,” examined differential rates in utilization of services, cancer screening, and chronic disease management in managed care (MC) compared with fee-for-service (FFS) health insurance structures among California’s racial and ethnic groups. The project used data from the 2001 California Health Interview Survey to analyze whether utilization by different racial and ethnic groups was higher in managed care than fee-for-service. While it has been demonstrated that enrollees in managed care are more likely to have a usual source of care, due to the requirement that they choose or be assigned to a primary care provider, it is unclear whether or not this translates into greater access to preventive or diagnostic care. The authors set to investigate whether even with a usual source of care, racial and ethnic patients have a difficult time navigating a complex managed care system, a system that requires the consumer to be well informed about their rights and services and to advocate for their own care. This difficulty may consequently result in lower utilization of health care services.

Previous work has shown that rates of various preventive and diagnostic tests are generally higher in managed care than fee-for-service for some racial and ethnic groups. However, generalizations from these studies to the California experience are limited by nationally-representative datasets that have 1) limited samples of racial groups relevant to California (especially Asian subgroups) and 2) that are drawn from surveys conducted only in English.

Summary of Study

Using data from the 2001 California Health Interview Survey (CHIS 2001), we examined disparities between managed care (MC) and fee-for-service (FFS) in populations relevant to California in three general utilization categories; overall utilization of health care services, cancer screening, and chronic disease management. We used five major race/ethnicity categories for our analysis; Latino, African American, Asian and Pacific Islander, American Indian/Native Alaskan, and White.

Summary of Findings

It was our hope that through this analysis, general patterns of utilization among racial and ethnic groups in managed care and fee-for-service would emerge that would enable the state and health plans to focus their attention and resources on eliminating health disparities. A summary of our findings include:

- In general, the differences seen between managed care and fee-for-service are greater in Medi-Cal than in employment-based/private insurance.
- Consistent with other research, most racial/ethnic groups are more likely to have a usual source of care in managed care than fee-for-service.
- However, while those in Medi-Cal/Healthy Families managed care are more likely to have a usual source of care, they are also more likely to report an ER visit.

- Generally, cancer screening rates are higher in employment-based/private insurance than Medi-Cal/Healthy Families and are higher in managed care than in fee-for-service.
- The findings for chronic disease management rates are very mixed. Reported utilization of appropriate disease management is higher in Medi-Cal/Healthy Families than employment-based/private coverage for some conditions. In addition, disease management rates are generally higher in managed care compared with fee-for-service, but not uniformly so.
- A regression analysis was conducted to identify any unique differences between managed care and fee-for-service for racial/ethnic groups when other socioeconomic factors were held constant. One of the general findings is that being in managed care is associated with greater access across all racial/ethnic groups on having a usual source of care and utilization of cancer screenings.

Summary of Recommendations

Utilization of health care services among racial/ethnic groups in managed care and fee-for-service, and public and private insurance is complex. Our findings demonstrate that the utilization of health care services is mediated both by race/ethnicity and by other socioeconomic factors independent of race. There is evidence that depending on the utilization measure, managed care in California may result in better utilization than fee-for-service plans. However, managed care may also have negative effects on utilization – the difference is determined by who you are and what type of care is being sought. For example, managed care tends to improve cancer screening rates overall. However, Latinos in Medi-Cal/Healthy Families managed care plans have lower cancer screening rates as do AI/ANs in managed care in both Medi-Cal/Healthy Families and employment-based/private insurance.

This study was limited by the utilization measures available. We used highly aggregated measures of health care utilization from CHIS 2001. Measures of having a usual source of care and utilization of cancer screenings and appropriate chronic disease management may have advantaged managed care plans. Managed care plans encourage enrollees to have a regular primary care provider; many plans require it. Managed care plans also tend to actively promote prevention and disease management programs.

In addition, the utilization indicators for this study were process measures which did not provide information on the quality of care provided, nor on health outcomes. While we did see disparities in access along dimensions of language preference and immigration status, whether these vulnerable groups receive higher quality of care or have better health outcomes in managed care than fee-for-service remains an open question.

Due to the rapidly rising health care costs, managed care has also rapidly expanded as a solution to control these costs. However, little analysis has been conducted on how this type of structure will impact consumers, particularly people of color. Additional research and public policies to ensure that communities of color are not negatively impacted by the implementation of managed care is essential. A summary of our recommendations to policy makers are:

- Encourage investigation of health plan characteristics that influence utilization differences among California's racial and ethnic population groups.
- Identify best or promising practices that may begin to reduce the racial/ethnic disparities that exist.
- Require the collection and analysis of race/ethnicity data by all health insurance purchasers.
- Encourage disaggregated data collection, particularly among Asians and Pacific Islanders.