In Defense of Kaiser
The Largest HMO in the Nation is Taking the Rap for the Misdeeds of Others.

For my entire professional life, I have been an unrepentant defender of managed care—specifically the nonprofit group model that I as a Kaiser Permanente (KP) physician work under. But while my bias on this point is as strong now as it ever was, I find these days that I have to defend managed care in the exam room as often as I do at medical meetings—a reflection, I think, of how complex things have become.

Of course, when I first started out as a physician, it all seemed a lot simpler. When I finished my internship in 1982, I wanted to work in a setting where I could practice medicine without running a business and earn a decent living, but still have a personal life. For me, KP met these criteria. At that time, joining KP was seen as something of a bold move. Most of my peers were joining small group practices back then, or setting up their own. But I thought that going into fee-for-service private practice would create a financial conflict of interest for me. My patients would be paying customers, and the more I did for (and to) them, the more money I would make. Instead, I decided to swim against the tide and practice medicine in the progressive environment of an HMO. Little did I know that 12 years later, managed care itself would increasingly be perceived by patients and pundits alike as presenting the most serious conflicts of all.

For most of its history, managed care was viewed by the medical establishment as a threatening form of socialized medicine. Now, ironically, HMOs are viewed by some as a capitalist plot. And my patients, at least some of them, are more wary now than they ever were. They have read in the media about perverse incentives, gag rules, and multimillion-dollar CEO salaries, and assume that KP is the same as all the rest.

“Of course, we trust YOU,” my patients will say to me. But then they will follow up with rather pointed questions. Questions like: “How are you going to spend the big raise you got for withholding care?” (Alas, there was no raise, and if there were, it wouldn’t be for denying care.) “How do you get permission to order an x-ray?” (I don’t have to ask.) And “How do you justify Kaiser Permanente’s huge profits?” (Come again?) Of course, these questions come from articles and news stories that imply as much, and I cannot blame people for believing them. But having to spend precious minutes dispelling these misperceptions in the exam room with patients I have cared for for years can be very disheartening.

One of the fundamental principles of medical ethics is beneficence, ie, the duty we physicians have to “do good” for our patients. Can that duty be undetermined by financial incentives? Only someone very naive would assume it can’t. And so, if the incentives that a managed care organization puts in place tempt a physician to scrump unwisely on patient care in order to preserve income or employment, that physician is put in an untenable conflict of interest. This conflict is made even more acute by physician gag clauses, punitive utilization review procedures, the requirement for outside nonphysician approval before a test or referral can be made, and the discharge of physicians who question these practices. But all of these things, I would hasten to add, are practices predominately found in the for-profit managed care industry. I would also point out that in response to the sustained public outcry, our state and federal legislatures are quickly taking action to curb many of these excesses.

But the taint remains. And it sticks to every managed care institution—whether or not it’s deserved. Yes, this is a defense of Kaiser Permanente, but also of Group Health of Puget Sound, Harvard Pilgrim Health Plan, and all of the other nonprofit HMOs trying to be the good guys in a health care market consumed with increasing share value and profit margins. Talking about “managed care” as if it were a single entity is like lumping together caviar and hard-boiled eggs. They are both ova, but what a difference.

Now I would readily admit, KP is not perfect. And yes, the doctors here are working harder and longer (who isn’t?). But working for a nonprofit organization really is different. And being part of a medical group, as opposed to being an employee, makes a big difference, too. Where I work, specifically, utilization review and quality assurance have heavy physician input and are aimed foremost at improving care. Thus, while I may, for example, hear about the above-average number of IVPs I have ordered, I will not be punished for it. And, in the end, it is always left up to me to decide if an IVP is appropriate.

After all of the HMO-bashing that has gone on over the last few years, I still think of myself as one of the “good guys” in health care who joined a nonprofit HMO that, for the most part, remains on the side of the angels. But the fate of our system is now being swept along by marketplace competition, and no one is exempt from the distrust and discomfort that has followed. Not even the good guys.