The Commonwealth Fund Survey of Physician Experiences with Managed Care

March 1997

The Commonwealth Fund designed and analyzed the Survey of Physician Experiences with Managed Care in collaboration with Louis Harris and Associates, Inc., which conducted the survey.

INTRODUCTION

Physicians today are practicing in an environment few anticipated at the time they entered the profession. As managed care expands to cover an ever broader share of the population, more and more physicians are finding that they must ally themselves with managed care organizations if they wish to retain their existing patients or attract new insured patients. Some physicians are entering into individual contracts with health plans, while others are joining larger organizations that contract with health maintenance organizations (HMOs), preferred provider organizations (PPOs), or point-of-service (POS) plans. Still others choose to work directly for a staff or group HMO. These relationships are usually governed by complex contractual agreements that put financial and other controls--including mechanisms aimed at altering physicians' behavior and clinical decisions--into the hands of health plans.

Relatively little is known about the impact of these changes on physicians' ability to care for patients or physicians' own satisfaction with medical practice (See the literature review, http://www.orgitecture.com/cwf/publications/publications_show.htm?doc_id=221402#litrev, of previous surveys of physician experiences with managed care). The survey was designed to learn from physicians about their experiences as part of the Fund's Picker/ Commonwealth Program on Health Care Quality and Managed Care, a larger effort to understand how managed care is affecting the delivery of health care in the United States.

METHODOLOGY

The Commonwealth Fund Survey of Physician Experiences with Managed Care was conducted by Louis Harris and Associates, Inc., for The Commonwealth Fund. Telephone interviews, each lasting approximately 25 minutes, were carried out between July and November of 1995.

The sample totaled 1,710 physicians, including a random, national cross-section of 1,368 physicians, plus oversamples of minority physicians and physicians who practice predominantly (75 percent or more) within group or staff HMOs. The sample was limited to office-based physicians who spend at least half their time in the direct delivery of patient care; it excluded physicians and specialties that typically have less immediate contact with patients, such as radiologists, pathologists, and anesthesiologists.

Questions covered physicians' level of participation in managed care and its effects on conditions of practice, clinical autonomy, ability to spend time with patients, and other matters. Physicians were also asked to characterize the type of plan in which most of their patients were enrolled, excluding patients insured under Medicare and Medicaid. As a result, the study includes comparisons across the various managed care arrangements now in use.

Roughly half (48%) of the eligible physicians contacted by the survey team agreed to participate in the

study. Although this relatively low response rate raises cautions regarding the strength of the conclusions, it also suggests that many physicians are experiencing greater constraints on their time. Time pressures are just one aspect of physicians' daily experience that warrants further investigation in this dynamic environment.

FINDINGS

All findings stated in this report reflect adjusted figures, weighted according to national 1994 American Medical Association data for physician categories and adjusted for specialties excluded from the survey.

Practice Environment

Physicians are practicing in a turbulent environment. According to the survey, change is affecting both practice security and ability to provide timely access to quality care. Nearly two physicians in five (38%) report that their ability to make decisions they think are right for their patients has declined in past three years. Those in specialty practice are especially sensitive to this change: 42 percent of specialists report a decline, compared with 33 percent of generalists.

Time with patients is also shrinking. Forty-one percent of physicians report a decrease in the amount of time spent with their patients over the previous three years, and 43 percent also spend less time with colleagues.

More than a third of physicians (36%) report that their inflation-adjusted income is lower than it was three years ago, while only a quarter (26%) report an increase. Specialists are more likely than generalists to be experiencing declining incomes.

Physicians report extensive participation in managed care. Nine in 10 physicians (87%) have some managed care patients, and 22 percent say that managed care patients account for more than half their practice. Most have contracts with multiple plans: overall, the median number of contracts is five, although a quarter (26%) hold contracts with more than 10 plans.

Discounted fee-for-service is the most common type of contractual agreement: nearly three-quarters of physicians participating in the survey have contracts with at least one plan using that arrangement. Physicians working directly with group or staff HMOs make up a small group, with only 4 percent reporting this as their dominant form of practice.

Clinical Autonomy and Physician Satisfaction

Substantial portions of physicians are concerned about their ability to provide the care they think their patients need and to spend sufficient time with patients. Almost a fifth (18%) are somewhat or very dissatisfied with their authority to make the right decisions, and nearly a third (29%) say they are dissatisfied with the amount of time available for patient care.

Physicians in all practice types report that plan-imposed limits on length of hospital stays and hospital admissions have caused problems for their patients. Among physicians practicing primarily in discounted and capitated payment plans, 70 percent report very or somewhat serious problems with length of stay, and 57 percent report problems with admissions.

Overall, physicians are feeling greater pressures on their clinical autonomy. Sixty percent report very or somewhat serious problems with external reviews and with limitations on their clinical decisions. Eighty

percent cite very or somewhat serious problems in staying abreast of insurance plan practice guidelines and utilization rules. Dissatisfaction seems to increase with participation in multiple managed care plans. Only two in five physicians (43%) with at least half their patients in managed care are very satisfied with their ability to make the right decisions for their patients, compared with over half (54%) of physicians with no managed care patients. A general sense of frustration is reflected in the finding that only one physician in four is very satisfied with the practice of medicine overall. More than a third (35%) of physicians are somewhat or very dissatisfied.

The exception to these findings seems to be among physicians practicing in group or staff HMOs. These physicians, only 4 percent of the total, report higher rates of satisfaction with practice overall and with control over patient care decisions than do physicians with moderate or high percentages of managed care patients. Even compared with physicians with few or no managed care patients, group or staff HMO physicians are more likely to be very satisfied with control over patient care decisions and to encounter no problems with plan-imposed limits on care. They do, however, report greater concern with the amount of time they spend with patients: 38 percent are dissatisfied with this aspect of their practices, compared with 29 percent of physicians overall.

Continuity of Care

Continuity of care is regarded as a marker of high-quality health care. In an era when patients' insurance ties them to particular networks of physicians, however, disruptions in health insurance coverage are common. On average, physicians who participated in the survey estimate that 9 percent of patients have left their practices as a result of changes in patients' health plans. Nationwide, 38 percent report having lost more than 10 percent of their patients, although the number jumps to 46 percent in areas with high managed care penetration. Sixty-seven percent of physicians have been asked by patients to join a particular managed care plan in the last three years.

Physician turnover also affects continuity. A fifth of the physicians report having left a health plan voluntarily or involuntarily in the past three years. During that same period, a quarter of physicians were denied entry on at least one occasion when they tried to join a managed care plan.

Referral Incentives and Access to Specialty Care

Physicians are also encountering controls on the referrals they make to specialists and specialty services. Eighty-five percent of generalist physicians say they have "gatekeeper" responsibility for at least some of their patients. Of those, 13 percent report that they have a significant financial incentive not to refer when in doubt. This percentage rises with the share of managed care patients in a physician's practice: 22 percent of physicians with more than half their patients in managed care (other than those in group or staff HMOs) say they have a direct disincentive to refer.

Only 7 percent of physicians in discounted or capitated provider payment plans rate as excellent their ability to get their patients the treatment they think is necessary, compared with 31 percent of physicians in group or staff HMOs and 34 percent of those in traditional fee-for-service plans. Almost half (49%) of those in discounted or capitated plans rate their ability to get necessary treatment as fair or poor, and almost two-thirds (62%) give low ratings to their ability to get approval for care without delay. Asked specifically about child and adult mental health, substance abuse, and physical and rehabilitative therapy services, between 23 and 31 percent of physicians with referral experience report that at least some of their attempts to refer patients have been denied. This problem is especially common among physicians with moderate or high shares of managed care patients.

Among physicians in traditional fee-for-service plans, nearly two-thirds say they have encountered no serious problems in referring to specialists of their own choice, and 57 percent have had no serious problems with reviews of clinical decisions prior to a patient's receiving care. Even so, significant percentages of physicians in this group are experiencing utilization reviews and delays: 15 percent say that oversight of some of their clinical decisions is a serious problem, and more than 20 percent report delays and difficulties in getting treatment they deem necessary.

Responses of group or staff HMO physicians were similar in many respects to those of physicians practicing primarily under fee-for service plans. Perceptions vary in three main areas: group or staff HMO physicians are less satisfied with their ability to refer patients to the specialist of his or her choice and more satisfied with their control over access to both preventive care and home care.

Physicians and Their Practices

The survey provides an updated look at physicians in practice. A majority of physicians are now affiliated with a group practice, with 50 percent working in groups of between two and 10. Most see a mix of Medicare, Medicaid, fee-for-service, discounted managed care, group or staff HMO, and uninsured patients, although the mix varies greatly by specialty and from one physician to the next. Specialists, for example, report seeing a higher percentage of Medicare patients (25%) than do generalists (19%). Three-quarters of physicians see at least some uninsured patients.

Managed care seems to have added to the administrative burdens of running a practice, especially for solo practitioners. Compared with physicians in large, multi-specialty groups, solo practitioners report more serious problems with billing, staying abreast of insurance plan guidelines and utilization rules, high practice costs, and denial of payment by managed care plans after provision of services.

Compensation arrangements are also taking new forms. More than half of physicians surveyed receive all their practice income through a salary, although a third of physicians depend on bonus or risk sharing arrangements for some part of their income.

Women physicians make up slightly over a quarter (28%) of the survey sample. Women physicians tend to be younger and are more likely to be in general or primary care practice than physicians overall. Women also participate in managed care at higher rates than men. Women's practice incomes are lower, but they also tend to work fewer hours per week.

Among the 18 percent minority physicians in the sample, 4 percent are black or African American, 4 percent are Hispanic, and 10 percent are Asian or Pacific Islander. On average, African American and Hispanic physicians provide services to a more disadvantaged patient population: Medicaid patients make up 20 percent and 21 percent, respectively, of the practices of African American and Hispanic physicians, compared with 12 percent of all physician practices. Hispanic physicians also see a higher percentage of uninsured patients (11%) than do physicians overall (8%). Minority physicians are slightly more likely than white physicians to participate in managed care.

CONCLUSION

Rapid changes in the nation's health care system are forcing new attention to the challenge of ensuring health care quality while also balancing health care costs. Transitional issues need to be distinguished from enduring concerns--a task where monitoring can help. Reports from physicians, combined with patient reports, clinical outcome measures, and plan accreditation data, may provide new sources of comparative information on access to appropriate care, timeliness of care, and other important indices of

health care quality. Tracking physician experiences also offers an opportunity to add physicians' voices to efforts to make plans and markets accountable for patient care and to strengthen researchers' and policymakers' ability to assess the impact of managed care on medical practice and patient care.

The survey findings raise questions about how physicians can continue in their traditional role as the patient's advocate. Even among generalists, those who participated in the survey do not perceive that managed care has delivered on its promise to emphasize primary care and enhance physicians' ability to make the best decisions for patients. Overall, they give managed care plans low ratings for access to services, particularly for patients enrolled in discounted and capitated provider payment plans. Further, the survey finds evidence that plans are now using financial incentives as well as direct controls to influence physicians' clinical decision-making. How the interests of patients, plans, and physicians are to be balanced, and how different practice arrangements will affect patient care, are questions that require further research.

The responses of physicians in group or staff HMOs suggest a strong need for further study. Their experiences may indicate particular advantages of long-term organizational arrangements that allow physicians to work together within a single plan to develop mutually beneficial structures. On the other hand, their generally more positive responses may reflect self-selection: physicians practicing in group or staff HMOs are likely to have chosen to join and remain within their practice organizations, while physicians in other plan models may have agreed reluctantly to join in order to keep patients and maintain their practices. The results may also be influenced more by the comparative advantages of practicing in a larger group of physicians than attributes specific to group or staff HMOs.

The Commonwealth Fund, through its Picker/Commonwealth Program on Health Care Quality and Managed Care, will continue to support research on the changing impact of managed care on the American health care system. Current projects include efforts to gather and analyze information on patients' experiences, incorporate that information into assessments of health plan quality, and support the development of measures and systems for monitoring quality, especially for the most vulnerable patients.

SURVEY HIGHLIGHTS

PHYSICIAN PRACTICE ENVIRONMENT AND MANAGED CARE

1. Physicians are practicing in a turbulent environment, with decreasing control over patient care. Two in five doctors report a decline in clinical autonomy and time with patients in the past three years.

Nearly two in five (38%) physicians believe that their "ability to make decisions they think are right for their patients" has declined in the past three years, with only 12 percent reporting an improvement.

Compared with three years ago, 42 percent of specialists and one-third (33%) of generalists reported a decrease in their ability to make decisions that are right for their patients.

Compared with three years ago, 41 percent of physicians report a decrease in the amount of time they spend with their patients. Only 7 percent report increased time. Decreases are largest in eastern (43%) and western (46%) regions of the country.

One-fifth (20%) of physicians report a decrease in their ability to remain knowledgeable and

current in the past three years.

2. Physician economic circumstances have become more uncertain.

Physicians' incomes have suffered. More than one-third (36%) say their income, adjusted for inflation, has declined, and only 26 percent report increases in the past three years. Declines have been particularly prevalent among specialists: 42 percent of specialists compared with 28 percent of generalists report income declines.

Nearly half (49%) of physicians report an increase in patients in the past three years. However, 18 percent have experienced a decline.

3. Physician participation in managed care plans is widespread.

Nearly nine in ten (87%) physicians have at least some managed care patients and contract with at least one managed care plan.

Nationally, managed care patients account for nearly one-third of all patients. One in five (22%) physicians estimates that more than half of their patients are covered by managed care plans. Generalists have a greater share of managed care patients (37%), on average, than specialists (30%).

Two-thirds (65%) of physicians say they are practicing in a market with high managed care penetration, with another 28 percent practicing in areas with at least some managed care penetration. Over half (55%) of physicians say the current rate of increase in managed care penetration in their local area as rapid; another 36 percent say the increase as moderate.

4. Physicians typically are participating in multiple managed care plans, rather than joining a single plan or organization.

Physicians are participating in multiple plans. Half of physicians have five or more contracts each. One in four (26%) has ten or more contracts. Only 10 percent work with a single plan, and 12 percent have none. The mean number of contracts for physicians is eight.

Managed care plans paying fee-for-service, with discounts, are the most frequent type of contract arrangements. Nearly three in four (73%) of all physicians report at least some contracts with such managed care plans. On average, discounted fee-for-service accounts for about one in six patients (18%).

As of 1995, provider capitation arrangements with plans accounted for a small share of patients nationally, averaging only 4 percent of patients for all physicians. Seven in ten physicians said they had no arrangements under which they are paid capitated fees.

Only one in 25 (4%) physicians works directly with a group or staff health maintenance organization (HMO), with their practice dominated by the HMO's patients (at least 75% or more of their patients).

PRACTICE SATISFACTION, PATIENT CARE, AND MANAGED CARE

5. Satisfaction with medical practice is low.

More than one-third (35%) of physicians are either somewhat or very dissatisfied with the overall practice of medicine. Only one in four (24%) physicians are very satisfied with medical practice. Specialists and generalists are similarly dissatisfied: 37 percent and 34 percent, respectively.

Physicians 50 years of age or older are more than twice as likely to be dissatisfied with medical practice as are physicians age 34 and younger (46% and 18%, respectively). Dissatisfaction remains high among those ages 35-49: nearly one-third (31%) are dissatisfied.

6. Physicians are concerned about clinical autonomy. They report serious problems with external review and keeping up with plan practice guidelines.

Nearly one in five (18%) physicians is "somewhat dissatisfied" or "very dissatisfied" with their ability to make decisions they think are right for their patients. Less than half (44%) of physicians are "very satisfied" with their ability to make patient care decisions.

Eight in ten (81%) have serious problems staying abreast of insurance plan practice guidelines and utilization rules: 47 percent very serious and 34 percent somewhat serious.

Six in ten report serious problems with external review and limitations on clinical decisions by health plans: 23 percent very serious and 37 percent somewhat serious.

7. Time with patients is of particular concern.

Twenty-nine percent of physicians are dissatisfied with the amount of time they can spend with patients. Less than one-third (31%) are very satisfied. Overall, two in five (41%) report a decline in time with patients in the past three years.

Women physicians are particularly concerned about time with patients. More than one-third (35%) of female physicians compared with 28 percent of male physicians are dissatisfied with the amount of time they can spend with their patients.

Younger physicians are more dissatisfied with their time with patients than older physicians. One in three physicians under age 35 (34%) and physicians ages 35-49 (32%) are dissatisfied with the amount of time they can spend with their patients compared with 23 percent of physicians age 50 or older.

8. Physicians practicing primarily with group or staff HMOs appear to be having a different experience than physicians in general. Compared with other physicians, group/staff HMO physicians are less likely to be dissatisfied with medical practice and control over patient care decisions.

Compared with physicians in general, group/staff HMO physicians are more likely to be very satisfied with the overall practice of medicine (36% vs. 24%) and half as likely to be dissatisfied (18% vs. 35%).

Group/staff HMO physicians are three times more likely to be "very satisfied" with the practice of medicine than other physicians with at least half their practice in managed care (36% and 11%, respectively).

Only 8 percent of group/staff HMO physicians are dissatisfied with the ability to make decisions

they think are right for patients compared with 18 percent dissatisfied among all physicians.

Group/staff physicians are also less likely than physicians in general to have serious problems with external review and limitations on clinical decisions (38% vs. 60%) or staying abreast of insurance plan guidelines and utilization rules (50% and 81%).

However, group/staff HMO physicians are more likely to be concerned about time with patients: 38 percent are dissatisfied compared with 29 percent of all physicians.

9. Group/staff HMO physicians are less likely to report serious administrative concerns related to insurance and insurance practices than physicians in general.

Group/staff HMO physicians are less likely to report "serious" problems with the administrative hassle of billing, 14 percent and 70 percent

Reimbursement levels, 25 percent vs. 78 percent

High practice costs, 46 percent vs. 73 percent

Denial of payments by plans after providing services, 13 percent vs. 63 percent

Uninsured patients and uncompensated care, 17 percent vs. 46 percent.

CONTINUITY OF PATIENT-PHYSICIAN RELATIONSHIPS IS AT RISK

10. Continuity of care is of concern as a result of disruptions in insurance coverage due to patients changing plans.

Physicians are losing patients as patients' insurance coverage changes and physicians are no longer part of a network plan. On average, physicians estimate that they have lost 9 percent of their patients due to the patients' plan changing; 38 percent of physicians have lost more than 10 percent of their patients. Only 14 percent of all physicians report no loss of patients.

Losses are greatest in areas with high penetration of managed care. In such markets, 46 percent of physicians have lost 10 percent or more of their patients due to patients' plans changing.

Sixty-seven percent of physicians have been asked by their patients to join a particular managed care plan within the past three years.

Physician turnover is also likely to affect continuity. One in five (21%) physicians has left a managed care plan either voluntarily or involuntarily within the past three years (79% left voluntarily).

One in four (24%) physicians tried to join an HMO but were denied entry within the past three years. More than one in four (28%) specialists and 17 percent of generalists tried to join an HMO but were denied entry within the past three years.

11. When rating different types of plans, physicians say that continuity of care and referrals to specific specialists are a problem.

Fifty-nine percent of physicians rating discounted and capitated provider payment managed care plans say continuity with their patients is a serious problem, as do 42 percent of group/staff HMO physicians and 31 percent of physicians whose primary private coverage remains traditional fee-for-service.

Physicians report serious problems with managed care plans' limitations on being able to refer to specialists of their choice: 81 percent of physicians rating discounted and capitated provider payment managed care plans and 69 percent of physicians rating group/staff HMOs say this is a very or somewhat serious problem, compared with 34 percent of those rating traditional fee-for-service insurance.

Physicians also report serious problems with limits on being able "to refer to a specialist who meets a patient's cultural needs:" 56 percent of physicians rating their discounted and capitated provider payment plans and 47 percent of group/staff HMO physicians say this is a very or somewhat serious problem, compared with 25 percent of those rating traditional fee-for-service insurance.

DISSATISFACTION APPEARS TO INCREASE WITH PARTICIPATION IN MANAGED CARE AND MULTIPLE PLANS

12. Physicians with a high concentration of managed care patients are more dissatisfied with control of patient care decisions, time with patients and their ability to remain current in their profession. They are also more likely to report declines in control and time in the past three years.

One in five physicians with at least half their patients in managed care is dissatisfied with his/her ability to make the right decisions for patients, compared with 14 percent of physicians with no managed care who are dissatisfied. Less than half (43%) are very satisfied compared with 54 percent of those with no managed care contracts.

Forty-five percent of physicians with at least some participation in managed care report very serious problems staying abreast of insurance plan practice guidelines and utilization rules, compared with less than one-third (30%) of those with no managed care plans.

Physicians with at least half of their patients in managed care are twice as likely as physicians with no managed care patients to be "dissatisfied" with the amount of time they can spend with their patients (38% and 18%, respectively) and only half as likely to be "very satisfied" (22% compared with 43% very satisfied).

Eighteen percent of physicians who rely heavily on managed care compared with 11 percent of physicians with no managed care plans are dissatisfied with their ability to remain knowledgeable and current.

Physicians with at least half their patients in managed care plans are more likely to report declines in decision control and time than those with no managed care participation.

38 percent of physicians with at least half their patient in managed care compared with 28 percent with no managed care report a decline in ability to make decisions they think are right for their patients.

45 percent compared with 33 percent report a decline in amount of time with colleagues.

47 percent compared with 27 percent report a decline in amount of time with patients.

20 percent compared with 11 percent report a decline in ability to remain knowledgeable and current.

13. Physicians working with several multiple plans are more dissatisfied than those with no contracts or those working with a single plan.

Only 20 percent of physicians with three or more managed care plans are very satisfied with medical practice, compared with 37 percent of physicians with one contract and 34 percent of physicians with no contracts.

Two-thirds of physicians with three or more contracts have serious problems with external review of their decisions, compared with 47 percent with one contract and 49 percent with no contracts.

Ninety percent of physicians with ten or more, 87 percent with 6-10, and 84 percent of physicians with 3-5 contracts have serious problems keeping up with plan practice guidelines, compared with two-thirds of physicians with only one or no plan contracts.

Dissatisfaction with time with patients also increases with the number of contracts. One-third or more of those with three or more contracts are dissatisfied with time with patients, compared with 28 percent of physicians with one contract and 18 percent of physicians with no contracts.

Physicians with ten or more contracts are twice as likely as those with none to be "dissatisfied" with time with their patients (36% and 18%, respectively).

Twice as many physicians with ten or more managed care contracts compared with physicians with one or two managed care contracts report "very serious" problems with various practice management issues, including:

staying abreast of insurance plan guidelines and utilization rules (60% and 32%); administrative hassle of billing (56% and 26%); denial of payment by managed care plans after providing services (40% and 17%); reimbursement levels (45% and 18%); and high practice costs (42% and 26%).

PHYSICIAN RATINGS OF PATIENTS' ACCESS TO CARE VARY BY TYPE OF PLAN

Physicians were asked to rate the type of plan that accounted for the largest share of their private sector patients on an array of issues related to patient access to care.

14. Physicians rate discounted and capitated provider payment managed care plans more negatively on a variety of dimensions of patient access to care than physicians rating traditional fee-for-service plans.

Nearly half (49%) of physicians rating discounted and capitated provider payment managed care plans give a fair or poor rating for the "the ability to get treatment both you and patients think is necessary." In contrast, only 21 percent of physicians rating traditional insurance gave a fair/poor rating.

More than half (57%) of physicians rating discounted and capitated provider payment plans rate plans fair/poor on covering care given by physicians like themselves, compared with 30 percent fair/poor for more traditional insurance.

Almost two-thirds (62%) of those rating discounted and capitated provider payment plans rate plans fair or poor on approving care without delay compared with 27 percent of those rating more traditional insurance plans.

Physicians rate patient access to care in discounted and capitated provider payment managed care plans as fair or poor on a variety of questions related to patient access to specific services, compared with more traditional insurance:

Access to preventive care (44% vs. 38%); Getting emergency care (38% vs. 12%); Access to mental health services (65% vs. 46%);Providing patients with pharmaceuticals (33% vs. 24%); Providing specialty or subspecialty care (44% vs. 18%); Getting expensive diagnostic tests (57% vs. 25%); and Providing patients with home care (42% vs. 29%).

Physicians rate patient access to care in group/staff HMO plans as fair or poor on a variety of questions related to patient access to specific services, compared with discounted and capitated provider payment managed care plans (as noted above).

Access to preventive care (27% vs. 44%); Getting emergency care (14% vs. 38%); Access to mental health services (48% vs. 65%); Providing patients with pharmaceuticals (22% vs. 33%); Providing specialty or subspecialty care (24% vs. 44%); Getting expensive diagnostic tests (32% vs. 57%); and Providing patients with home care (27% vs. 42%)

REFERRAL INCENTIVES AND PATIENT REFERRALS

15. Physicians report controls on referrals for specialty and subspecialty care. One in ten reports a financial incentive not to refer patients.

Nearly nine in ten (85%) physicians report they had "gatekeeper" responsibility for at least some of their patients. The higher the percentage of medical patients, the more doctors reported problems with referral denials and not having incentives to refer.

More than half (55%) of physicians rating any type of managed care plan report serious problems with their plans' arrangements limiting their ability to refer patients to specialists of their choice.

□Among physicians with patients who needed approval for specialty services, 10 percent reported that they had a financial incentive not to refer patients to specialty or subspecialty care in cases when they had some doubt about the necessity of such services.

16. A high proportion of physicians have been denied referrals for pediatric mental health care, adult mental health care, substance abuse treatment, and experimental treatments.

Overall, one-fourth to one-third of all physicians have experienced denials of referrals for selected services: pediatric mental health care (29%), adult mental health care (29%), substance abuse treatment (31%), and physical therapy (23%).

The number of managed care contracts appears to make a difference in physicians' experiences

with denial of referrals. Physicians with ten or more managed care contracts compared with physicians with no managed care contracts are more likely report referral denials for:

pediatric mental health care (35% and 17%); adult mental health care (34% and 17%); substance abuse treatment (35% and 25%); and physical therapy (35% and 19%).

Heavy reliance on managed care seems to increase the likelihood of denial of referrals, particularly for mental health care. The proportion of physicians with at least half their patients enrolled in managed care reporting denials compared with physicians with no managed care patients is as follows:

pediatric mental health care (27% and 18%); adult mental health care (25% and 19%); substance abuse treatment (28% and 26%); and physical therapy (24% and 21%).

CHALLENGES OF RUNNING A PRACTICE TODAY

17. Managing a practice today is challenging.

Nearly three in four physicians report "very serious" or "somewhat serious" problems with various aspects of practice management, including:

reimbursement levels (78%);
high practice costs (73%);
administrative hassle of billing (70%); and
denial of payment by managed care plans after the provision of services (63%).

Administrative concerns appear more widespread among those with at least half their patients covered by managed care plans. Compared with those with no managed care, the proportion reporting serious problems are as follows:

administrative hassle of billing (63% and 60%); high practice costs (76% and 61%); reimbursement levels (75% and 62%); and denial of payment by managed care plans after providing services (58% and 39%).

Time to spend with colleagues is also under pressure. One in three (33%) physicians are "somewhat dissatisfied" or "very dissatisfied" with the amount of time they spend with their colleagues. Forty-three percent report a decrease in the past three years.

Managed care is adding to the challenge of running a practice. Thirty-nine percent of physicians report serious problems not getting enough managed care contracts. Twenty-two percent say that "being dropped by managed care contracts" is a serious problem.

Competition in local markets is also strong. Forty-seven percent of physicians say that competition within their specialty makes keeping patients "somewhat or very difficult". In areas with high managed care penetration, the proportion rises to 54 percent.

18. Larger group practices appear to provide a buffer against administrative concerns. Physicians in larger groups report fewer administrative problems than solo practitioners.

More solo practitioners than physicians in multi-specialty group practices with 2-10 physicians

report "serious" problems with the "administrative hassle of billing" (80% vs. 59%).

More solo practitioners than physicians in multi-specialty group practices with more than 50 physicians report "serious" problems with "staying abreast of insurance plan practice guidelines and utilization rules" (82% vs. 67%).

More solo practitioners than physicians in large group practices report "serious" problems with "high practice costs" (75% vs. 68%).

More solo practitioners than physicians in large group practices report "serious" problems with "denial of payment by managed care plans after the provision of services" (67 % vs. 43%).

DEMOGRAPHIC PROFILE

Age

The average age of office-based physicians was 48 years of age. Twenty-seven percent are between 25-39 years old; 34 percent between 40 and 49 years old; and 39 percent age 50 or older.

Gender

Seventy-two percent of office-based physicians are male and 28 percent are female. Women physicians are more likely to be generalist than men (49% compared with 39%). Women physicians tend to be younger (49% 25-40 years of age, compared with 27% of men).

Ethnicity

Eighty-two percent of physicians are white. Among the 18 percent minority physicians, 4 percent are Black or African American, 4 percent are Hispanic, and 10 percent are Asian or Pacific Islander.

Practice Arrangements

Thirty-eight percent of office-based physicians are involved in solo practice.

Thirty-seven percent are in practices with two to ten physicians.

Thirteen percent are in practices with 11 to 50 physicians.

Eleven percent are in practices with more than 50 physicians.

Patient Mix

On average, the patient mix of office-based physicians is as follows: fee-for-service Medicare (23%), fee-for-service Medicaid (12%), non-discounted fee-for-service (23%), discounted managed care plan (18%), group or staff-model HMO (12%), other plans that pay capitation fees (4%), and uninsured patients (8%).

The patient mix by payer varies widely across physicians. For example, 15 percent of physicians

have half or more of their patients in Medicare; 6 percent have half or more of their patients in Medicaid.

Most physicians see at least some uninsured patients. Only 25 percent have no uninsured patients.

Patient mix varies by practice specialty and practice type. Specialists report a higher percentage of Medicare patients than do generalists (25% and 19%, respectively). On average, physicians in large group practices tend to have fewer Medicaid patients (7%) and are less likely to have uninsured patients (4%).

Managed care accounted for a greater share of the medical practices of generalists (37%) than specialists (30%). Moreover, generalists are more likely than specialists to participate in capitated arrangements or with group/staff HMOs. Six percent of generalists compared with 2 percent of specialists had patients enrolled in plans that paid capitated fees.

African American and Hispanic physicians have more Medicaid patients than physicians in general. On average, Medicaid accounts for 20 percent of black and 21 percent of Hispanic physicians' patients, compared with 12 percent for all physicians. Hispanic physicians also see a higher share (11% on average) of uninsured patients than other physicians.

Physician Payment

Less than half (47%) of physicians are equity owners in their practices.

More than half (54%) of office-based physicians are on salary for all their practice income. The vast majority receive at least some of their income as salary: only 16 percent have no salary income.

One-third of physicians have part of their income dependent on bonus or risk-sharing arrangements. For 16 percent, bonus arrangements account for more than 10 percent of their practice revenue.

SURVEY DESCRIPTION

The Commonwealth Fund Survey of Physician Experiences with Managed Care was conducted by Louis Harris and Associates, Inc., for The Commonwealth Fund as part of the Fund's Picker/Commonwealth Program on Health Care Quality and Managed Care. The survey was a telephone interview with a random national cross-section of 1,368 physicians plus oversamples of minority physicians and physicians working for group or staff HMOs (with at least 75% of their practice from the group/staff HMO), bringing the total sample to 1,710 physicians.

The survey included only office-based physicians who spend at least half their time delivering direct patient care. The sample design excluded hospital-based physicians and specialties with less direct patient contact such as radiologists, pathologists and anesthesiologists. Interviewing was conducted by telephone between July and November of 1995.

Roughly half (48%) of eligible physicians participated in the survey. Caution should be exercised in reaching firm conclusions, and further investigations of physician experiences are warranted in this dynamic environment. Limitations in reaching physicians may reflect growing demands on their time.

Completed interviews were weighted to national proportions of physicians according to 1994 American Medical Association data, adjusting for excluded specialty categories. Report findings, highlights and charts are for weighted responses.

LITERATURE REVIEW

David R. Sandman, Program Associate

Overview

Managed care is altering the ways in which physicians practice medicine, advocate for patients, earn their livings, and maintain their professionalism. Physicians have voiced concern that managed care places the traditional doctor-patient relationship at risk by posing organizational and financial incentives to undertreat patients, new barriers to providing patients with needed services, and a loss of clinical autonomy. Some physicians, particularly specialists, also believe that managed care is responsible for a decline in physician incomes. At the same time, many physicians have welcomed the promises of managed care which include reduced administrative burdens, greater emphasis on primary and preventive care, coordination and integration of care, increased efficiencies, and a greater ability to treat covered patients, regardless of their patient's ability to pay for services.

Research on actual physician experiences with managed care is relatively scarce compared to the multitude of studies of patient experiences in managed care plans. The literature thus far provides a complicated impression of managed care's impact on physicians and confirms both the risks and rewards associated with it. Confounding the research is the wide variety of forms that managed care can take; different types of managed care affect physicians in different ways. Regardless of type, further insight into physician attitudes and practices under managed care would provide a sense of how current and future generations of doctors will view their profession and respond to the needs of patients.

Early Studies

Some of the earliest studies of physician experiences with managed care date back to 1986. A survey of 322 primary care physicians (response rate: 71%) in Washington State found that 71 percent held negative attitudes towards insurance plans based on capitation allowances to physicians although participants in such plans held largely neutral opinions of them.[1] Attitudes were significantly more negative among solo practitioners and among physicians who had been practicing medicine longer. Disadvantages of such plans that were cited by respondents included confusion about benefits, liability risks, altered professional relationships, and a loss of autonomy. Physicians also believed, however, that capitation-based plans had the advantages of reducing unnecessary or inappropriate utilization, of making physicians more aware of the costs of care, and of emphasizing primary and preventive care.

A study from the same year surveyed physicians in Dane County, Wisconsin where 85 percent of all physicians had joined at least one of six competing health maintenance organizations (HMOs).[2] Of 850 surveyed physicians (response rate: 65%), 69 percent of primary care physicians were either very satisfied or satisfied with their practices overall. Sixty-eight percent of all other specialists were also very satisfied or satisfied with their practice overall.

Another local study surveyed 672 physicians (response rate: 70%) in four counties in western Massachusetts.[3] Physicians were grouped into four different types of practice settings-private group practice, solo practice, closed-panel HMO, or hospital-based practice-and were compared on a

satisfaction index. The study found that those in private group practice were most satisfied with the personal aspects of practice and the resources available to practice. However, physicians in an HMO setting were more satisfied with medicine as a profession and less dissatisfied with the state's medical practice climate than physicians in any other practice setting. The researchers hypothesized that HMOs provide professional satisfaction by protecting physicians from external environmental factors such as state regulation and allow them to focus more on patient care.

Experiences of Young Physicians

A 1991 study of young physicians analyzed the relationship between practicing medicine under managed care and the levels of perceived professional autonomy, practice satisfaction, and career satisfaction.[4] A national sample of 4,257 physicians (response rate: 70%) under age 45 and in practice between two and nine years was divided into groups that reflected practice setting and exposure to managed care. Physicians practicing under managed care did report lower levels of perceived autonomy in terms of patient selection and time management. Generalists employed by HMOs reported less freedom to spend sufficient time with their patients than did generalists who were self-employed or other physician employees. Similarly, only 39 percent of all HMO physicians, compared with 64 percent of employees of other employers and 82 percent of self-employed physicians, felt free to control their own schedules.

Surprisingly, however, HMO physicians were significantly more likely than all other physicians to feel free to hospitalize patients who they believed needed it and to keep patients hospitalized for the length of time they felt was appropriate. HMO employees were also more likely than other physicians to feel free to order tests and procedures whenever they wanted.

This survey found that managed care overall did not appear to have a negative impact on physician morale. HMO employees were significantly less satisfied with their practices than self-employed physicians, but were only slightly less satisfied than employees of other employers. Among self-employed physicians, exposure to managed care had no clear effect upon satisfaction. In general, HMO physicians were as satisfied with their careers in medicine as other physicians. A greater percentage (79%) of HMO physicians than of any other group felt that their opportunity to practice quality medicine met or exceeded their expectations.

Another recent study of young physicians found higher levels of disenchantment with the profession of medicine generally, and with the restraints on practice associated with managed care.[5] The California Medical Association surveyed 1,141 California physicians (response rate: 24%) under the age of 40 in 1995 to measure overall physician satisfaction and gain insight into the impact of managed care on the next generation of practicing physicians. More than one in four young physicians (27%) reported that they had been excluded from a physician panel at some time; 75 percent of these exclusions were due to the panel already being full.

Physicians in the survey were feeling the effects of cost restraints on care. Fully 80 percent reported that their patient care decisions were sometimes or frequently influenced by reimbursement or capitation issues. Just over half (53%) of all physicians thought that their patients felt that medical decisions are influenced too heavily by reimbursement considerations.

The survey also found very high levels of dissatisfaction generally with the professional of medicine and with specific aspects of physician practice. Although 93 percent were satisfied with their chosen specialty, almost one-third (31%) of all young physicians reported that they would not choose to become a physician again if they were making a career choice today. Among the aspects of practice that caused

physicians to be either somewhat or very dissatisfied were managed care organization relationships (75%), reimbursement levels (75%), third-party payer relationships (73%), time spent on patient care (63%), and payment structures (53%).

Recent Studies

One of the largest surveys of physicians was conducted in late 1994 by the Physician Payment Review Commission (PPRC) to collect baseline information on the issues and situations that face physicians practicing today.[6] A national sample of 2,070 physicians (response rate: 63%) was interviewed by telephone to determine changes in the organization of medical practice and their impact on physician satisfaction.

Many physicians felt that the health care market place is changing rapidly due to the growing power of health insurance companies and managed care organizations. Nearly 20 percent of all respondents reported that the organization of their own practice had changed in some way in the past two years, usually as a result of either joining with another physician group or integrating their practice with a hospital. The dominant reason for making these changes was to improve their ability to negotiate with health insurers. Among physicians who had not experienced a practice change in the past two years, approximately one-fourth estimated that their practice would undergo a change within the next year.

Involvement in managed care was widespread, with only a small number of physicians reporting no managed care patients. Seventy-two percent of all physicians reported having at least one discounted fee-for-service contract. Approximately half of all respondents were associated with a health plan that placed them at financial risk-either through capitation or partial withhold arrangements. Eight percent of physicians reported that an affiliation with a financial risk plan had been discontinued-either voluntarily or involuntarily-within the past year.

Physicians were asked about their satisfaction with their overall careers in medicine as well as with specific aspects of practice. One-quarter of all physicians were very satisfied overall, while 18 percent were very satisfied with their degree of clinical autonomy and 10 percent were very satisfied with their amount of personal time away from work and with their earnings from medical practice. Among physicians with PPO or financial risk contracts, the percentages who very satisfied were slightly less but were not significantly different from physicians as a whole.

Finally, a 1995 survey of 200 Massachusetts physicians found relatively high levels of dissatisfaction with practicing in a managed care environment.[7] Seventy-eight percent of primary care physicians, and 44 percent of specialists, participated in an HMO and many expressed concern with a lack of clinical autonomy and with the quality of care provided by managed care organizations. Forty percent of generalists and 61 percent of specialists felt that medical decisions were being made by plan administrators rather than by physicians. Fifty-seven percent of specialists and 31 percent of generalists felt that HMOs prevent physicians from providing necessary care in order to save money and a majority of all physicians felt that the doctor-patient relationship is better for patients under fee-for-service arrangements than under managed care arrangements. Specialists were particularly dissatisfied with managed care; only 41 percent felt that HMOs provide high-quality care and 36 percent of specialists reported that the care they provide to managed care enrollees is worse than the care they give to patients in fee-for-service plans.

ENDNOTES

[1] Ellsbury, K.E. and Montano, D.E., "Attitudes of Washington State Primary Care Physicians Toward Capitation-based Insurance Plans," *Journal of Family Practice*, Vol. 30(1), 1990.

[2] Schultz, R., Girard, C., and Scheckler, W.E., "Physician Satisfaction in a Managed Care Environment," *Journal of Family Practice*, Vol. 34(3), 1992.

[3] Stamps, P.L., "Physicians and Organizations: An Uneasy Alliance or a Welcome Relief?," *Journal of Family Practice*, Vol. 41(1), 1995.

[4] Baker, L.C. and Cantor, J.C., "Physician Satisfaction Under Managed Care," *Health Affairs*, Supplement, 1993.

[5] "More Than 1,100 Young Doctors Reveal What They Like-And Don't Like-About Practicing Medicine," *California Physician*, December 1995.

[6] *Results of the 1994 National Survey of Physicians*, Physician Payment Review Commission, September 1995.

[7] University of New Hampshire Survey Center, 1995.

Briefing Note

Karen Davis, President

Managed care is not only changing patients' lives, it is altering their physicians' environment, as well. These findings are highlighted in the newly released *Commonwealth Fund Survey of Physician Experiences with Managed Care*, conducted by Louis Harris and Associates, Inc., which interviewed more than 1,700 physicians throughout the country regarding their experiences with managed care plans.

Although the goals of managed care--providing quality care and preventive services at reasonable costs--remain promising, the survey finds a high level of frustration among physicians in areas such as loss of autonomy in making medical decisions, decreased time spent with patients, increased administrative burdens in dealing with insurance plan practice guidelines and utilization rules, and loss of continuity of care when patients' insurance coverage changes.

Nearly 90 percent of all physicians surveyed participate in at least one managed care plan and care for at least some managed care patients. Half of physicians surveyed are members of five or more separate plans, the most usual arrangement being plans paying discounted fee-for-service. Plans which pay physicians a set monthly sum to care for each patient account for only a small share (4%) of all physicians' patients.

Clinical autonomy emerges as a concern for physicians trying to operate within managed care environments: 38 percent of physicians say they have less control in their "ability to make decisions they think are right for their patients" than they did three years ago.

Four in ten (41%) physicians also report they are spending less time with patients than three years ago.

Patient turnover due to changes in insurance coverage is also a problem. In markets with high managed care penetration, nearly half of all physicians report they have lost 10 percent of their patients when

patients' insurance plans changed.

One in ten physicians report they have a financial incentive not to refer patients for specialty services; up to 31 percent report having been denied their referrals for mental health, substance abuse, or physical therapy.

Facts and Figures

- Seventy percent of physicians practicing primarily in discounted and capitated provider payment plans report "very serious" or "somewhat serious" problems with limits on hospital length of stay, and 57 percent report problems with limits on approval for hospital admissions.
- More than eight in ten physicians in managed care plans report "somewhat or very serious" problems with being able to refer patients to specialists of their choice.
- One in five physicians has left a managed care plan in the past three years.
- One in four physicians who tried to join an HMO in the past three years has been denied entry.