

Managed Care: Friend or Foe of the Acupuncturist?

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As the new millennium begins, those who practice the millennia old art of acupuncture are being asked to participate in a truly modern phenomena: managed care. Independently licensed or certified acupuncturists along with other health professionals authorized to practice acupuncture are being courted by companies developing discount care and managed care programs. Most of these companies operate as middlemen, developing networks of specialized providers to contract with major companies who have realized that the American public is convinced of the value of complementary and alternative medicine (CAM) therapies, including acupuncture.

The situation began in California in 1997 when American Specialty Health Networks (ASHN), the state's largest company specializing in CAM networks, contracted with more than 600 licensed acupuncturists and created the nation's first acupuncture HMO plan approved under California's regulatory system. With the experiment a relative success in the eyes of many insurance companies, an interest developed in expanding these programs nationwide. As a result, those who practice acupuncture in the U.S. have already received (or will soon receive) applications to participate in network provider programs.

While some acupuncturists see this as the mainstream recognition they have patiently been waiting for, others question whether participating in managed care makes sense for the practice of acupuncture in general - or themselves personally. In considering these questions, it is useful to consider briefly some recent history.

Show Me the Money

A turning point in the insurance industry's interest in CAM services occurred in 1993, when *The New England Journal of Medicine* published a study by Dr. David Eisenberg showing that Americans were spending at least seven billion dollars a year out of pocket on CAM professional services. One can only imagine the discussions that took place at the highest levels of the largest insurance companies upon learning that their policies of essentially ignoring CAM services were cutting them out of a seven billion dollar a year market. A followup study published in 1998 in the *Journal of the American Association* showed this figure to have risen to over \$12 billion.

The first changes made as a result of this information were expansion of - or for some insurance companies, adding coverage for - chiropractic services. This was a logical first step, as chiropractors were the one CAM provider whose numbers, education, licensing, manner of practice, legal status and history in this country afforded them the position most closely resembling mainstream physicians.

The American public's interest in CAM therapies was not confined to chiropractic, however. After a

few years, the insurance industry turned their interest to acupuncture. Many health plans are now looking to cover services by massage therapists, dieticians, naturopaths and even fitness centers. In addition, health plans are looking for ways to become involved with herbal supplements, vitamins and other alternative health products. In other words, the CAM services and products that Americans appear to be spending billions on are all under consideration for insurance coverage of one type or another.

Apparently, the scientific proof needed by the insurance industry before covering CAM therapies has more to do with proof of potential profits than therapeutic efficacy.

Evolution of Managed Care

During the same time the American public was moving in droves toward CAM, the insurance industry was undergoing radical change. The spiraling cost of mainstream medicine, already a financial stress for many individuals, was beginning to hit businesses hard in every industrial sector. In 1990, the same year as Dr. Eisenberg's study was conducted, the Ford Motor Company announced they had spent more money that year on health care coverage for their workers than they had spent on steel. The announcement symbolized a chilling trend for American business. Many smaller employers were being hit even harder. Businesses began to demand something to be done to ease their burden of covering their employees.

At that time, most insurance plans operated via the fee-for-service program, in which patients may seek the services of the (mainstream) health care provider of their choice, who in turn is free to charge the fees they wish. Based on the terms of the contract (co-pay, deductible, etc.), the insurance company would pay all or part of the provider's fees. The provider could then charge the patient for any sum not covered by the insurance company and the patient.

In this system, a contract exists between the insurance company and the patient. In managed care, the service provider is also brought under contract with the insurance company and agrees to follow certain policies, including accepting set fees for their services and not charging the patient for any remainder.

In addition to the provider agreeing to accept set fees, most managed care plans require some sort of utilization management system in which the service provider attains authorization for the services they wish to provide. Managed care systems thus attempt to better control the cost of health care by placing restrictions on one aspect of health care cost: the frequency and type (medical necessity) of services rendered and the cost paid to providers for those services.

The financial stress felt by individuals and businesses from the skyrocketing costs of health care through the 1970s and 1980s fueled the present shift toward managed care. While this shift has helped slow the growth of health care costs, there are signs that these cost controls are reaching a plateau, and that costs may again be rising.

Where Do We Go From Here?

As I see it, acupuncturists faced with the decision of whether or not to contract with managed care networks have three basic choices:

1. Don't participate, and continue to work under your current practice of primarily cash patients mixed with some fee-for-service insurance.

2. Participate with the various networks by contracting with them and hope you are happy with the arrangement.
3. Participate with networks by contracting with them and become as involved as possible in influencing this system to work for both the acupuncturists and the patient.

While the first approach may work best for those acupuncturists who enjoy busy, financially successful practices, others who are struggling or just getting by could benefit from the influx of new patients that could eventually begin to access acupuncture once it becomes part of their health coverage. Even some of those doing well with cash and fee-for-service insurance may begin to feel the pinch, as fee-for-service insurance shifts to managed care and their "loyal" cash patients learn of other acupuncturists who are covered by their insurance. The second approach may work for some, but I would hope enough acupuncturists follow the third approach and help steer the growth of this trend toward a system that works best.

The insurance industry, including managed care as described above, is constantly evolving. For example, one major insurer recently announced that they will do away with MD preauthorizations, citing it had not proven cost-effective. Others believe the timing of that decision had more to do with threats of legislative managed care reforms. These events demonstrate changes on the horizon, but whatever the future may hold, it seems certain that any third party reimbursement system that evolves will include features that require bringing providers of service under specific contractual agreements.

No matter what you decide about participating in current managed care networks, it's clear that the only way acupuncturists can become integrated to any real degree in the mainstream of this country's medical system is to learn how to make peace with the prevailing reimbursement systems. This means that a majority of acupuncturists will at some point need to contract with insurance companies to work within some sort of "managed" system, whatever it may be. The managed care applications currently being sent to acupuncturists constitute the first step in what will surely be a long process of trial and error for all involved.

It is impossible to do more than scratch the surface of such a complex issue as this in one article. I invite you to write me in care of this publication with any questions or comments you may have regarding the subject.

In the next issue of *Acupuncture Today*, I will discuss some practical issues acupuncturists face when working within managed care networks.

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