



**ANALYSIS OF
FOCUS GROUPS
CONCERNING
MANAGED CARE
AND MEDICARE**

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EXECUTIVE SUMMARY

Frederick/Schneiders, Inc., conducted fourteen focus groups for the Henry J. Kaiser Family Foundation on the topic of managed care and Medicare between January and March, 1995. These discussions took place in eight locations: one in Baltimore, MD; two in Boston, MA; one in Columbus, OH; two in Irvine, CA; three in Miami, FL; two in Minneapolis, MN; one in Santa Monica, CA; and two in St. Louis, MO.

The focus groups were designed to explore the attitudes and experiences of Medicare beneficiaries in managed care programs -- primarily HMOs -- and those with traditional fee-for-service coverage, as well as consumers age 60 to 65 who are facing the health care decisions they will need to make as imminent beneficiaries of Medicare. The discussions investigated attitudes toward doctors, hospitals, Medicare and managed care, explored beliefs about specific aspects of managed care, and probed beneficiaries' practices and preferences for seeking information about their health care options. This report details the key findings of that research.

Like all health care consumers, Medicare beneficiaries show a wide range of experiences and beliefs about managed care. The Medicare population includes many beneficiaries who are satisfied members of HMOs or other forms of managed care, although certain dissatisfactions about this type of health coverage are common. Many other beneficiaries are not in managed care; the attitudes of these consumers range from positive, to curious, to hostile.

Our conversations with these consumers showed that those whose attitudes toward managed care are most favorable tend to live in areas where HMOs have high penetration and established reputations. Although negative stereotypes of managed care -- limited choice of doctors, rushed second-rate doctors, limited access to treatment, long waits for appointments -- are widespread, the presence of a high

concentration of HMO customers (who tend to be satisfied) serves to counteract the harshest images of this system of care.

By far, the most significant obstacle toward wider acceptance of the managed care option is the lack of choice of doctor. This difficulty bars many Medicare beneficiaries from managed care mainly because of a desire to stay with their current physician, not because they have such a specific idea of which doctor they would choose if they were selecting from scratch. By far, the most persuasive information offered in favor of joining an HMO was the prospect of keeping one's current doctor.

Many of the primary components of managed care are viewed by consumers in generally positive terms, including the HMO's business philosophy of prevention and the primary care physician. However, "managed care" as a concept evokes overwhelmingly negative reactions, and HMO's are often perceived as providing inferior care. Participants indicated that they do not like to be "managed" -- and "managed care" (the phrase, and the system itself) threatens their desire to be in charge of their own health care choices.

In Florida, HMOs are common but appear to have a poor reputation among non-members. Our discussions there revealed a deep anger among many Medicare beneficiaries toward the growth of HMOs, feeling that this trend represents an attempt to solve a budget problem, and to maximize profits for the health care industry, by forcing the elderly to accept a lower standard of care.

The main benefit of HMOs is seen as lower cost, in general -- and particularly as it operates under Medicare. In general, this means lower out-of-pocket costs to the beneficiaries, in the form of lower Medigap premiums, or the ability to skip supplemental insurance entirely, depending on the beneficiary's specific coverage. Medicare beneficiaries in HMOs, and those out of HMOs who are familiar with the details of how managed care operates under Medicare, tend to be very favorably

impressed with the cost advantages -- mainly, the elimination of the need for supplemental insurance, and coverage for prescription drugs.

However, relatively few beneficiaries and pre-beneficiaries are aware of how managed care functions under Medicare, and consumers outside of the high penetration areas are particularly uninformed. Those in the pre-Medicare age group are even less knowledgeable about this option. Many of these consumers react with disbelief when the details of this option are described for them, feeling that the deal offered is too good to be true.

Information about HMO coverage under Medicare, when presented to those who were not familiar with this option, elicits a fair amount of interest and even disarms some of the objections of those who are most hostile toward HMOs. However, the likelihood of having to change doctors rules out this option for many potentially interested Medicare beneficiaries.

Beyond doctor choice, the critical barriers to acceptance of managed care among elderly consumers lie in the areas of quality and service (for example, dissatisfaction about the length of time it takes to schedule an appointment), rather than resistance to the organizing concept of HMOs (i.e., primary care physicians; group health). Non-HMO consumers who believe in the quality of HMOs and HMO doctors (e.g., those in Minneapolis) are receptive to choosing this form of coverage if they do not already have full coverage from their former employer, or that of a spouse -- and if they can join an HMO without having to leave their current doctor.

The general lack of information about the Medicare-managed care option, and the finding that a given percentage of Medicare beneficiaries are interested in that option (provided they are convinced that it is not "too good to be true") strongly implies that HMOs and other forms of managed care have the potential to make considerable inroads in recruiting from

the Medicare population. However, the key to this success is the maintenance of quality and the ability to offer choice of doctors, such that the "word-of-mouth" reputation of HMOs lends credibility to their claims of providing high quality health care at a lower cost. It must be remembered that among elderly consumers, a doctor's personal sensitivity is the most important of characteristics.

Because the reputations of HMOs differ so widely by geography, as do the conditions of HMO coverage available under Medicare in different parts of the country, attitudes of beneficiaries toward the HMO-Medicare option vary by area. Non-HMO members in Minnesota and Irvine appeared to be the most favorable toward this option, while those in Florida appeared to be the most hostile.

Medicare beneficiaries seek information in a variety of ways. Those in the pre-Medicare bracket generally delay investigating their options until just before turning 65. Once they are ready to look into joining an HMO, they may prefer to read a brochure, attend a meeting, or do both in combination. There is a delicate balance between providing information that is thorough, and providing it in a simple, understandable way. Exotic forms of presenting information (computer simulations, videotapes) and peer ratings of HMOs do not appear to fit the practical needs of those who are selecting among health care options.

Details of the Medicare Select option are difficult for many consumers to grasp, at least as long as it is not well known. It appears limited in its appeal, as it offers savings substantially less than those available through an HMO, while still restricting their choice of a physician. However, the responses of some consumers suggest that Medicare Select may strike a desirable balance in some cases.

METHODOLOGY

Between January and March 1995, Frederick/Schneiders, Inc., conducted fourteen focus groups for the Henry J. Kaiser Family Foundation on the topic of managed care and Medicare. Participants belonged to three groups: 1) Medicare beneficiaries in managed care programs, primarily HMOs; 2) beneficiaries with traditional fee-for-service coverage; and 3) consumers age 60 to 65 who are about to become Medicare beneficiaries. The fourteen groups, including special features (i.e., low-income, African-American, or Hispanic) are summarized as follows:

<u>Group</u>	<u>Date</u>	<u>Features</u>
<u>Managed Care</u>		
- Irvine, CA	1/30/95	Low-Income
- Minneapolis	2/8/95	
- Minneapolis	2/8/95	
- Miami	2/8/95	
<u>Traditional Coverage</u>		
- Santa Monica, CA	1/31/95	Low-Income
- Boston	2/2/95	African-American
- Columbus	2/6/95	Hispanic
- Miami	2/8/95	
- St. Louis	2/9/95	
<u>Mixed Coverage</u>		
- Boston	2/2/95	
- Miami	2/8/95	
<u>Pre-Medicare</u>		
--Irvine, CA	1/30/95	
--St. Louis	2/9/95	
--Baltimore	3/14/95	

Note:

Focus group research is qualitative. It is not intended to yield statistically generalizable findings. The small size of the focus group participant pool, and the fact that they are generally not a random sample of the population, mean that the findings reported here should not be assumed to mirror perfectly the attitudes of all members of the population from which they are drawn. However, focus groups can reveal feelings and attitudes which would not easily come to light through survey research.

ANALYSIS

I. ATTITUDES TOWARD DOCTORS

To orient consumers to the discussion of health care options, they were first asked to describe the qualities of a good doctor. The most widely desired qualities of doctors had to do with personality: bedside manner, being a listener, caring about patients.

"When you go in there, first of all, she doesn't keep you waiting. And you go in there and sit down, and you can talk to her just like she was a friend. She doesn't rush you. She's very interested in what you have to say and how you feel. So I think she's wonderful."

-- Female, African-American, traditional coverage, Boston

"...someone who is not a panic button pusher, someone that doesn't try to get you out in a big hurry, ... a type of general practitioner like we had when we were kids -- someone that would almost come to your home "

-- Female, low income, traditional coverage, Los Angeles

"I always ask for a lady doctor. I have always felt that they were just a little more compassionate and understanding than a male physician."

-- Female, HMO coverage, Irvine

"He listens to you and he takes time to explain things."

-- Female, low income, HMO coverage, Minneapolis

"They take care of you seven days a week, twenty-four hours a day when you need it, at any time. You will call, and she will answer the phone call."

-- Male, Hispanic, traditional coverage, Miami

"A doctor that's kind of caring and friendly and helps my interest. I mean, he talks to me and lets me know and he don't walk around the room talking to everybody else. He sits down and talks to me and we can converse back and forth."

-- Male, pre-Medicare, traditional coverage, St. Louis

For some consumers, personality was not enough, and skills were a more important factor. But concerns about professional qualities, skills, and success rates were mentioned only after the personal characteristics noted above.

"He spends time with me, talking with me, but he doesn't necessarily follow through. He might have a lot of patients, and I think sometimes that I might need some individual thing, some test for this or that, and I'm not sure that he would be able to pick up on something if something extra were going wrong."

-- Female, African-American, traditional coverage, Boston

Gets to the bottom of your problems. That's very important. Because our doctor for years was a specialist, and I went to him other than my regular checkup because I had symptoms, and I kept telling him he kept taking all the wrong tests, and then when my hubby retired then we had to change doctors because our plan was changed, and that was a good thing, because if I'd have stayed with him I wouldn't be sitting here now.

-- Female, low income, HMO coverage, Minneapolis

"I wanted his success rate"

-- Female, HMO coverage, Irvine

"You ask the doctor, where did you graduate from, what school, and where did you do your residency?"

-- Female, HMO coverage, Irvine

"If a doctor doesn't have experience and does not qualify, you see, he doesn't have the diplomas, or it is not approved that that doctor doesn't. So you find it out, because you see the diplomas."

-- Male, Hispanic, traditional coverage, Miami

"Look, you send me the first time to your office, I'll ask update, how long, when you graduated, where from, 'Do you renew them, do you keep up on current educational status or do you just hang with what happened all of 50 years ago?'"

-- Female, low income, traditional coverage, Los Angeles

Although limits on doctor choice are often seen as the key disadvantage of managed care, few consumers exercise their choice in a systematic, investigative manner. By far, word-of-mouth and referral by friends are the major means by which consumers choose doctors.

"[Personal referrals are] important because that screens out a lot of mistakes that you might make if you just go by names and their background. If you have neighbors or friends that have had good experiences with a certain doctor, then you can sort of gauge what kind of treatment you're likely to get from that same doctor based on their experience.

-- Male, HMO coverage, Irvine

"When I needed a specialist, I asked a friend. And the doctor was recommended to me"

-- Female, HMO coverage, Irvine

"Well, you ask friends, there are people who have already been to this doctor and tell you, 'Well, he's good, he has been my doctor for so many years,' and then maybe you can try."

-- Female, low income, traditional coverage, Los Angeles

"Well, when I came down to Minneapolis I didn't have a doctor, so I just asked in my neighborhood... and they recommended a doctor and I had that doctor for 30-some years. I felt I had good care."

-- Female, low income, HMO coverage, Minneapolis

"I recently moved to Ocean City and my first experience down there, which about six months ago I scratched the cornea of my eye. I didn't have a doctor down there so I went to the closest medical center. That's how I picked the doctor. Whoever was the closest one."

-- Male, pre-Medicare, traditional coverage, Baltimore

"I chose mine through referral from a retiring doctor; one we went to for years and when he was getting ready to retire he referred me to this younger doctor and I've been with him for the last 15 years."

-- Male, traditional coverage, St. Louis

Patients usually find specialists through referrals from their doctors.

"Anything that I needed, heart, ear, nose and throat or another, obstetrics or somebody else, I asked and this doctor was able to recommend me to one and they all were top rate."

-- Female, low income, traditional coverage, Los Angeles

"Generally speaking, the way we get from one doctor to another is from the doctors themselves. In other words, we'll have the family doctor and I'll have a little cancer on my face and he'll recommend a dermatologist. I'll have some problems with my eyes, he'll recommend an ophthalmologist and so forth, I had glaucoma, he recommended a glaucoma expert. I had uveitis, the glaucoma expert recommended the uveitis expert."

-- Male, traditional coverage, Columbus

Many consumers do not feel knowledgeable in evaluating their choice of doctors.

"I belong to an HMO and we have choices of doctors but they give us the choices and you use your finger and you pick one and then you talk with him to see if he's compatible ..."

-- Male, HMO coverage, Irvine

"I don't think I'm qualified to choose a doctor on his credentials. I don't feel qualified."

-- Male, HMO coverage, Irvine

"The papers could be fake. I have seen twenty diplomas on a wall, and I know they haven't gone through there."

-- Hispanic, traditional coverage, Miami

"I haven't had a doctor in years. Then, suddenly, I need a doctor. There was prostate, there was heart, and then there was my eyes. But I'm referring to the prostate situation. I didn't know who to go to, so I looked in the Yellow Pages. My doctor didn't exactly appreciate the fact that I drew his name out of the Yellow Pages, but when I told him that there was a

good write-up on him, a complete, a conclusive write-up on him, that he can do the job. And so I chose him because I felt like he can do this job and after a while, though, he enjoyed it and appreciated it and we became friendly and he did a very good job as far as the prostate examination is concerned."

-- Male, low income, traditional coverage, Los Angeles

When patients switched doctors, it was most commonly because of circumstances beyond their control.

"My doctor retired so I had no choice. He had a doctor to come in and take over his practice."

-- Female, traditional coverage, Columbus

"I just, for some reason, didn't feel comfortable with my doctor. When I first started out with HMO, they gave me a young doctor and I had my physical and the second time, well, even before I went back to him a second time, they notified me that he was leaving and that I would have to have another doctor."

-- Female, HMO coverage, Irvine

"Believe it or not, all three of my specialists died."

-- Male, low income, HMO coverage, Minneapolis

But many HMO members had to change doctors because of turnover in the staff of their plan.

"I've had four different doctors in about the last five or six years and it was not of my choosing. They just leave. And that's the only thing I have to say against [the HMO]. Their turnover is a little higher than I'd like. They go into a private practice or something like that."

-- Female, HMO coverage, Irvine

"One doctor said that I had the option of transferring with him, but it meant traveling a great distance."

-- Female, HMO coverage, Irvine

It was not uncommon for patients to switch doctors for reasons of dissatisfaction. This dissatisfaction often stemmed from the way doctors ran their practices, rather than failure to demonstrate medical skills. Often, patients changed doctors after being kept waiting at their appointments. Trial-and-error would appear to be an important means by which patients exercise choice of doctor.

"I changed with the first doctor that my sister sent me to. His secretary, his nurse always started booking me appointments for 8:30 but he didn't come until 10:30 or 11:00 o'clock."

-- Female, HMO coverage, Irvine

"[My wife] mentioned that every time she went to [the doctor] she had to wait for an hour and I thought, well, that's unusual, so the first time I went there and waited an hour and I didn't like that but it didn't bother me that much. And the second time I went there and waited an hour, I ended up walking out on him. And when he called on the phone and asked what the problem was I said, I just changed doctors. The third one turned out to be the family practitioner that I was looking for. He's middle aged, very much experienced. His background is excellent and I'm very happy with him. He's fully qualified, and he gave me immediate service when I went there. As busy as his schedule was, he immediately took care of the situation..."

-- Male, HMO coverage, Irvine

"I did once because I had an appointment at 3:45. I was there twenty minutes to. And I sit for after 5:00 o'clock. And they say, 'Have you been waited on yet?' And I said, 'No, and my appointment was at 3:45.' Everybody else was coming in, going right in, and they just let me sit there and they didn't have any kind of system of signing the patients in so I didn't go back."

-- Female, low income, HMO coverage, Minneapolis

"We went to a young fellow... he was an alarmist. For example, my wife had a cardiograph -- and it was an old machine and it was wrong and so he was ready to send her off to have heart bypass surgery. She said, 'The heck with you,' and she walked out and hasn't been back to one since

and her heart's fine. And my daughter, he decided she had some kind of a disease. She had some little red spots on her shoulder and he decided she had lupus erythematosus and it was just like a rash, so he was an alarmist, so we got to another doctor as soon as possible."

-- Male, traditional coverage, Columbus

"You've got to keep on searching for something better in life, and you get that through changing doctors."

-- Female, traditional coverage, Columbus

"The doctor smoked too much, along with all of his staff."

-- Male, pre-Medicare, traditional coverage, Irvine

"I liked the doctor, but I could not stand his office staff. And it was a bunch of very young females, and while you were waiting there to be called, they were talking about their dates the night before. And the doctor wasn't aware of this, I'm sure, but I later found out that three of my friends had done the same thing, for that very reason.

-- Female, pre-Medicare, traditional coverage, Irvine

"We changed doctors because the doctor we've been going to is too routine.. there were certain procedures, as soon as you came in, he had this form he'd start checking off different things...you can have this test, this test, this test, before you even start talking to him. I mean, everything was the same thing every time you went in. You went in, you went out, he didn't listen. So, we changed doctors."

-- Female, pre-Medicare, traditional coverage, St. Louis

Although doctors are generally viewed in very positive terms, they are sometimes criticized for being more interested in economic factors than in their patients.

She was only interested in Blue Cross/Blue Shield. She wasn't necessarily interested in me. The insurance changed, and she changed. She was the company doctor. She was interested in getting you back on the job regardless -- I had had a back problem at one point, and they were just interested in getting me back on the job.

-- Female, African-American, traditional coverage, Boston

Analysis: Although patients care very much about the ability of their doctors to perform professionally, the instances when they are able to adequately evaluate this performance are rare. As a result, patients focus more closely on the qualitative aspects of their dealings with doctors, and are very concerned that they be listened to, comforted, not rushed, and that they be seen promptly when they arrive at their appointments.

A paradox of attitudes towards doctors is that, while patients strongly value their ability to choose a doctor, they frequently lack confidence in their ability to make this choice. They often select doctors by relying on personal recommendations from others, and use a process of trial-and-error to correct their selection, switching if needed..

In order for patients to be comfortable with any system of managed care, their expectations and goals on this basic dimension of caring and comfort need to be met. As later comments underscore, an HMO which smacks too strongly of an impersonal "clinic," which rushes patients or treats them discourteously, will over time alienate its clientele.

II. ATTITUDES TOWARD MEDICARE AND HEALTH CARE COSTS

Most Medicare beneficiaries do not investigate the cost of treatment beforehand. Their tendency is to trust that their medical costs will be taken care of.

"Well, it has to be done and my insurance pays it, so I don't ask because it's going to be paid. If I had to pay it out-of-pocket I guess I would ask."

-- Female, traditional coverage, St. Louis

"Well, you already know if you belong to... one of these HMOs it's gonna be \$5.00 a visit and your prescription will be \$7.00. So you already know."

-- Female, HMO coverage, Irvine

"I don't think doctors like to talk to you about the cost of things. They usually turn it over to the office manager."

-- Female, HMO coverage, Irvine

"Well, when they accept your MediCal and Medicare, there's no need to even ask because they're accepting you and they're assuming all the responsibility of the cost."

-- Male, low income, traditional coverage, Los Angeles

"Why am I going to ask? I'm paying two insurances. I pay the Medicare, and what Medicare doesn't cover, my Blue Cross/Blue Shield better cover. So I don't ask, and I don't want to see any bills."

-- Female, African-American, traditional coverage, Boston

"You're not going to ask what does it cost, because they prescribe it to you. They send it to you, a letter from Tallahassee. They already know how much is an office visit, when you go to the hospital, or when the ambulance takes you."

-- Hispanic, traditional coverage, Miami

"I don't ask usually because I'm usually so sick when I call I don't care, just take care of me."

-- Female, low income, HMO coverage, Minneapolis

"If you're already sitting in their office and ask them, would you get up and leave? I mean, I've never thought of it."

-- Female, pre-Medicare, traditional coverage, St. Louis

"It depends on what avenue the doctor takes, and one thing leads to another, so you feel like there isn't necessarily a definite price at the beginning. It's what the ceiling is when you get done with whatever is involved... I ask about specific procedures, but not what he is going to determine the cumulative bill will be."

-- Female, pre-Medicare, traditional coverage, Irvine

A minority do investigate costs, even in cases when they will not be paying directly. Some patients object in principle to the high cost of health care, and its impact on society.

"I always ask them how much it's gonna cost. If they can't tell me direct, I start looking somewhere else. Even though it's not costing me more than a nominal amount, I want to know what the total package is going to cost. We have a certain amount we're allowed to spend through the year. If it goes above that, then it starts coming out of our pocket. ...they always want you to take this test and that test and I say, wait a minute, is that test really necessary? What's that going to cost?"

-- Male, HMO coverage, Irvine

"[Even on Medicare] I still ask. You should know what you're spending. I really think you should know."

-- Male, traditional coverage, Columbus

"I had to go to the emergency about six months ago, and I took a pencil and paper and I wrote down every single doctor that came and looked at me, took blood pressure. I wrote down every single time they came and gave me any kind of injection. I did that totally so that when the bill came and I

checked every single thing out and every doctor's name that was shown and so forth, whether or not I had it on my list."

-- **Female, traditional coverage, St. Louis**

"Quite often, you don't have to ask. They'll tell you, and especially if you're on Medicare because Medicare doesn't come close to covering what it's costing the doctor. For example, I had a little cancer removed from my face. The doctor's cost, if you're on private insurance was about \$380-\$400. He got \$68 both times. When I had my glaucoma surgery which was three hours and four hours of surgery, the anesthesiologist charged \$1200 and he got \$280, so he got screwed. I just sent him some money because I didn't think it was right."

-- **Male, traditional coverage, Columbus**

"You have to always ask because you've got to check with your insurance company to make sure that they're going to take care of that bill."

-- **Male, low income, HMO coverage, Minneapolis**

"It bothers me, whatever it is, the insurance company pays for it... I think some of it's a rip-off... the more they pay, the more the rates go up."

-- **Male, pre-Medicare, traditional coverage, Baltimore**

Many beneficiaries feel Medicare doesn't cover enough.

They don't cover enough of anything, Medicare don't. If you don't have a good supplement you're going to owe them, or they won't treat you if you don't have a good supplement.

-- **Female, traditional coverage, St. Louis**

"Since they charge so much, like \$500 or \$600 a year why do we have to have the \$100 deductible taken out? Why do we have to pay that?"

-- **Female, traditional coverage, St. Louis**

Low-income beneficiaries, in particular, appear concerned about direct costs to them.

"I had a nosebleed about a month ago and I went to Parkland, the emergency ward, and the bill exceeded \$190.00 for packing the nose and things like that. About a week or so later, I got a letter from the Medicare. They only paid so much and I had to pay \$34.16."

-- Male, low income, traditional coverage, Los Angeles

"When I think of cost, I want to know a lot of the other things with this cost of this plan. Am I going to get some of the other coverages. You know, so in my mind the cost or price is more than one thing. When they just say, 'This costs \$45.00 every three months,' or something like that, well, I would want to know then is that going to include some prescriptions or are there going to be different plans; for this amount of money I can get this and for that amount of money I can pay \$10.00 a visit or something like that. So in my mind, cost covers more than just one thing, you know. It may be expensive, but if I get a lot of extras with it, it won't be expensive.

-- Female, low income, HMO coverage, Minneapolis

"I have the experience that I ask when I get to the office, and it happens once. They told me it was very expensive, and I said, 'Good-bye.'"

-- Hispanic, traditional coverage, Miami

Some Medicare beneficiaries worry that Medicare's low rate of reimbursement limits their choice of providers.

"I had an immunologist and he cut me off and I think the reason was because he was getting \$4 less from Medicare than he got from his private patients, plus he had all the paperwork to take care of, so he figured it was cheaper for him to get rid of me than to keep me."

-- Male, traditional coverage, Columbus

However, other consumers believe that Medicare is too ready to cover health care costs, creating waste by encouraging doctors to take advantage of the system and order excessive tests and procedures. (See Section IV., D for a discussion of undertreatment and overtreatment issues.)

"I feel too many tests are ordered that are completely unnecessary... Medicare will pay it and that's why the doctors order it... I think Medicare can be cut back in many respects. I certainly use it a hundred percent... The doctors abuse it something terrible."

-- Female, traditional coverage, Columbus

Many -- but not all -- Medicare beneficiaries find health care billing confusing.

"The doctors will invariably send you bills. I have my friend's bills every month that she owes so much money and I know a lot of people who go ahead and mail that in and they don't owe it at all."

-- Female, traditional coverage, Columbus

"They need to make it more clearer... I have a nun out at St. John's that helps with Medicare and insurance bills and she is trying to get me through this. I mean I've had a year of bill after bill. Then they'll write and want more information. You think you've sent them everything, and then they'll write, no, they need more information. I find it very complicated. If I didn't have this sweet little old nun helping me I'd be up a creek."

-- Female, traditional coverage, St. Louis

"I have never had a billing problem with Medicare. I've been in it for a year and a half."

-- Male, traditional coverage, St. Louis

Prescription drugs are a significant cost for many Medicare beneficiaries who are not in managed care.

"Also [Medicare] does not cover all of your prescription drugs either. And that's one of the things that I don't like about it, because the same thing with the hospitalization, you're paying so much, they're deducting so much every month out of your income for a premium, but, yet, you're not fully covered."

-- Female, low income, traditional coverage, Los Angeles

"I pay \$100 for some medicine and I can't get it in generics. It's been years some of them; I'd like to take everything in generic if I could."

-- Female, traditional coverage, St. Louis

One participant commented that the inability to switch after the initial six-month Medigap open enrollment period reduces providers' incentives to offer good services.

"That concerns me about not being able to switch. I think it kind of takes the competitiveness out of the insurance industry when you have a six-month period after you're 65 to select a supplementary carrier. Then if you want to change, it's about impossible to change."

-- Female, traditional coverage, Minneapolis

However, not all beneficiaries are dissatisfied with the system. Several went out of their way to praise Medicare.

"I've had good experiences. My doctors -- my cardiologist, my internist and all the others are Medicare providers and they provide the service... the system is there if you take advantage of it, and you can take advantage of it if you insist on having a Medicare provider... I have had no problem."

-- Male, traditional coverage, St. Louis

"My doctors do take the assignment and I don't have a bit of trouble and my doctors are not any more than any other doctor is."

-- Female, traditional coverage, St. Louis

Analysis: The degree to which beneficiaries care about health care costs is closely tied to how much of those costs they will have to bear personally. Because health care costs can be packaged confusingly, patients have limited enthusiasm for delving deeply into them unless they will have to pay.

However, many Medicare beneficiaries reach a relatively high level of understanding about the economics of the treatment they receive, even when they do not pay directly. Some worry that the Medicare system is structured in such a way as to make them undesirable patients, which serves to limit their health care options.

Among the benefits not provided by Medicare, long-term care and dental visits were most frequently mentioned as items that beneficiaries wish were included in their coverage.

As will be seen in the next section, costs affect different consumers differently. The co-payments required by HMOs for visits and prescriptions, which wealthier beneficiaries may view as nominal, are significant costs for those of low income or limited resources.

III. TYPES OF CONSUMERS

The HMO option under Medicare is perceived very differently by different groups of consumers. In the course of this investigation, participants (and sometimes whole groups) fell into five broad categories, based upon their current coverage status and their attitudes toward HMOs. In brief, HMO members were likely to be satisfied with their coverage, even in the face of particular complaints about specific aspects. (People dissatisfied with their HMOs generally disenroll.) Fee-for-service beneficiaries could be classified as friendly, hostile, or uninformed in their attitudes toward HMOs. And pre-Medicare consumers, aged 60 to 65, were distinguished as relatively uninformed about Medicare in general, and about the managed care option in particular.

A. Medicare Beneficiaries in HMOs.

Many HMO members belong because circumstances, such as the coverage they had through their work, led them to that form of coverage before they retired. Others investigated their options when they retired. HMOs have recruited Medicare beneficiaries heavily in some areas.

"My husband was fortunate enough to have his health care carry on through his retirement. Of course, he has to pay, but we could stay with the same group, so we chose whatever they offered to their retirees. And we had a choice of MedCenter or a company where you chose your own doctor but you had to fill out all kinds of forms and all of that, and we also wanted to have a company that had clinics somewhere in our area so that you didn't have to go to another city or area, too far to go to a doctor."

-- Female, low income, HMO coverage, Minneapolis

"It was offered through my husband at work, and so we participated. We had a son who was going to the clinic at the time that we would have to participate in it and he was a diabetic and so were very happy to join that HMO, and this was many, many years ago, when the HMOs first started. And we've been happy with them."

-- Female, HMO coverage, Minneapolis

"When I retired the organization had programs for you to come in and talk about your retirement and give you information related to health programs, and I really investigated every one of them. I wanted to know about prescription drugs, what the cost would be, whether there would be coverage, half, a part or what. I also realized that two other females had retired and they immediately became home-bound, in chairs. And I thought, 'Okay, if something happens to me like that, what choice would I have of getting care at home or a nursing home.'"

-- Female, low income, HMO coverage, Minneapolis

"I know they have [seminars] all over. They have one today, in fact, I think.... it's a Red Lobster or one of the restaurants."

-- Female, HMO coverage, Miami

"With anybody that wants to find out anything like insurance or investments or HMOs, just read Consumers Report. I've been with that magazine for four years and I'll guarantee you, they don't leave any stone unturned. They'll tell you exactly what they pay, what they don't pay, the ifs, ands of every company."

-- Male, HMO coverage, Miami

(For a more extensive discussion of information-seeking practices and preferences, see Section VI.)

Some beneficiaries followed their doctors to an HMO to save costs, and therefore did not need to switch doctors in order to join.

"I joined because the physicians that I had been using, the specialists that I had been using were part of that plan, and I no longer would have to pay the charges that I was getting without joining the HMO."

-- Male, HMO coverage, Miami

Choosing a doctor within the HMO can present a problem, since HMO members often know little about the doctors, based upon the information provided by the HMO. A doctor's location and convenience can be important -- or decisive -- considerations.

"With [HMO], you choose a primary physician out of a book. Normally, I would say, probably take the one closest to your home. And I lucked out because it was rather close to where I was living at the time and I've been with this young man, now, for about four or five years and he, of course, refers you to specialists in any other medical problem that you might be having, including major surgery, the heart, neurological, and whatever else. And these doctors have been first rate. In fact the cardiac doctor I later found out was probably one of the leading two or three in the whole state of Florida."

-- Male, HMO coverage, Miami

"At [HMO] you have this booklet that lists all their degrees and background and everything, so you can base your choice on that."

-- Female, HMO coverage, Minneapolis

"I was just looking in the book yesterday that we got from this [HMO] and I was looking at their education and where their residency was. And if I was going to go I'd probably pick one that had a residency in a good hospital."

-- Female, HMO coverage, Boston

"When I originally joined [HMO] they sent a list of doctors and the nurse practitioner who worked with the specific doctor, and I liked the background of the doctor that I chose, and that his nurse practitioner was focusing and her main

focus was on care of the elderly. And I figured, well I'm not getting any younger, so I liked the idea that that nurse practitioner was interested in the problems of aging."

-- Female, HMO coverage, Boston

Medicare/HMO members are generally satisfied with their experiences. Some who joined because of circumstances out of their control were pleasantly surprised by their experiences. The main benefits of belonging include the cost, the quality of care, and the convenience. (Although HMO members often praised the quality of their plan, none asserted that the quality was necessarily better than in traditional plans.)

"We had to have some kind of insurance when [my husband] retired, and so we converted to this HMO, and I was so apprehensive of it -- I thought, oh, boy, here I'm going into socialized medicine and they're gonna be standing in line trying to get in to see a doctor. And it wasn't like that all. I never wait more than ten, fifteen minutes to get in to see my doctor. I have an appointment. I get there. I go in. The doctors have been wonderful.

-- Female, HMO coverage, Irvine

"Before I went with [HMO], my feeling was I heard all the negative. I never heard the positives. So, unless you really go there yourself, find out through your own experience, you really don't know."

-- Male, HMO coverage, Irvine

"I found anytime my wife, myself, my daughters needed anything we were sent to some of the better hospitals in Boston."

-- Male, HMO coverage, Boston

HMO members indicate that there is wide variation in quality between HMOs. In some cases, members believe that mergers and purchases of HMOs can lower the quality.

"I was in two HMOs. [The first HMO] was real good; very good I thought. The doctor was good. They operated on me for carpal tunnel, and a hernia, and I had real good care and treatment. They went out of business, and put us in [the second HMO]... They terribly mistreated the wife... She's diabetic and [they] came pretty close to killing her."

-- Male, traditional coverage, St. Louis

"I think they're all different. They're different companies. Like Coca-Cola's different from Pepsi-Cola. You have to select the correct one and sometimes you don't have that option to select the correct one. I guess I was just lucky that...I did have an option, when I chose this when I got my Medicare."

-- Female, HMO coverage, Miami

HMO members are generally happy with HMO doctors. Few echoed the sentiment of non-HMO members that HMOs hire doctors who couldn't make it on the outside.

"They're all good as far as I'm concerned. I've had good care at HP...And my wife died of cancer and she got everything -- they treated her great. So I've had no complaint outside of never having the same doctor."

-- Male, HMO coverage, Irvine

"They're all good. I've never seen a bad one yet."

-- Male, HMO coverage, Irvine

"After they decided [my husband] was going to have an operation [for prostate cancer], I went with him and the man was absolutely, without a doubt, outstanding. He laid it all out, all of his alternatives and everything. So, the specialists they chose and it was in his exact field that my husband

needed, he gave him all the different alternatives to choose, pros and cons of each and I thought he was marvelous."

-- **Female, HMO coverage, Irvine**

"Our primary doctor, we're very happy with. We go for quarterly checkups. I have a cholesterol problem and they seem to keep it under control -- my wife also. And not too long ago, I had what they call an echtoectomy -- it's Roto Rooter. And I had an excellent doctor and it was performed at an excellent hospital... and we're very, very happy with our plan."

-- **Male, HMO coverage, Miami**

"My wife's happy with him and as long as she's happy, that's okay with me."

-- **Male, HMO coverage, Irvine**

"If for any reason you want to change doctors you just say I want to change doctors. They don't ask any questions."

-- **Male, HMO coverage, Boston**

"Every one of the doctors was good enough to talk to me. I never felt like I was rushed and pushed out of the door."

-- **Female, HMO coverage, Irvine**

"My husband just had four surgeries in the past -- less than two years. And no charge and excellent doctors. Excellent. All the specialists in their own field. And they send you to the specialists."

-- **Female, HMO coverage, Miami**

"My feeling is that the women doctors that are in HMO are top-notch. I'm not so sure about the men, that they wouldn't be by themselves, they would work for an HMO if they were really top-notch."

-- **Female, HMO coverage, Minneapolis**

A minority of HMO members voiced complaints about HMO financial pressures that made them feel hurried by their doctors.

"All he worries about is hurry up and get your card out and slip it in there, I guess, and put some more money for you. And that kind of bothered me a little bit because all they care about was your card, you know?"

-- Male, HMO coverage, Irvine

Many HMO members expressed dissatisfaction with wait times to make an appointment. This was, perhaps, one of the most common complaints of HMO members. Some members have learned how to manipulate the system in order to get the treatment they want.

"You call in for an appointment, and you have to wait sometimes two weeks before you can get to see the doctor... But if I would call up and say my husband has to see the doctor, they would get him in."

-- Female, HMO coverage, Irvine

"I was told after the cancer that I was supposed to have every six months certain tests, and then my age changed, I became over 65, and then they said, 'Oh, no, once a year is fine.' Well, then, they stretched it out further than that because I started out every year in May, and then it was -- it would go to June, July, August, and last year it was September.

-- Female, low income, HMO coverage, Minneapolis

"I can be really sick, I mean really sick and want to see a doctor like today or tomorrow, and my doctor isn't in and so I have to wait for an appointment because he's busy and stuff like that, so sometimes I have to wait like a month and a half, so then they send me to another clinic to come in and see someone else."

-- Female, low income, HMO coverage, Minneapolis

"There were times when my sister would get quite frustrated about trying to get an appointment for [my brother-in-law]. It seemed to me as if they were giving him the run-around."

-- Female, HMO coverage, Irvine

"If you have something wrong, you call it an urgent visit and they'll take you right -- that day."

-- Female, HMO coverage, Irvine

"I had a severe infection and I really had to fight to get an appointment."

-- Female, HMO coverage, Minneapolis

"I called for a physical last September and the earliest that they could get me in was the twentieth of February... it's OK because I'm healthy. But, if it was an emergency, I'm sure they would get me in."

-- Male, pre-Medicare, HMO coverage, St. Louis

Time spent waiting at appointments was highly variable for HMO patients. While there were many complaints, other members seemed to find this situation no worse than at other doctors' offices.

"You don't have to wait an hour like you do when you go to a regular physician. I've never waited more than, at the most, ten to fifteen minutes. Usually, it's like five minutes."

-- Female, HMO coverage, Irvine

"But you get there and you wait and you wait and wait and wait. Maybe it's supposed to be 10 to 10:00, okay, you go there and it's pretty near 11:00 o'clock before you get in. Then you wait for your doctor, you're sitting maybe for a half an hour or longer."

-- Female, low income, HMO coverage, Minneapolis

However, patients were understanding of these delays, feeling they are compensated for by longer time spent with the doctor in the appointment.

"It'll add to the care we get then, because you know that he isn't going to look at his watch and say, 'I can't listen to you any more because I have somebody waiting.'"

-- Female, low income, HMO coverage, Minneapolis

"If he takes you a few minutes later, he's going to be with you a little bit longer so you'll probably have to wait for ten or fifteen minutes till he gets through with me."

-- Female, low income, HMO coverage, Minneapolis

HMO members are pleased with the low cost and predictability of the cost of their coverage.

"In an HMO, you know what you're gonna pay for an office visit. You know what you're gonna pay for drugs. You know that if you have to have dental or glasses or anything. You know if you want to chose fancy frames, you know that's extra and stuff."

-- Female, HMO coverage, Irvine

"My husband right now is in the process of getting a complete knee replacement and it won't cost us nothing."

-- Female, HMO coverage, Miami

HMO members view prescription drug coverage as a major advantage of this type of plan. Savings on pharmaceuticals are a visible, measurable benefit.

"I particularly liked the idea of the prescriptions. I have Parkinson's and my medication was costing \$200 a month. And it's awfully nice to pay \$12 a month."

-- Female, HMO coverage, Irvine

The level of benefits in HMOs is rated highly, as is the ease of referral to specialists.

"They didn't hesitate with my husband or me. I had a red spot come up on my eyebrow. And I couldn't figure out what it was and it was itching. And I was afraid of skin cancer. And I went to the doctor, and he sent me right to the specialist."

-- Female, HMO coverage, Irvine

"Any doctor that our primary physician recommended us, turned out to be a top-rate doctors. And I've been sent to ear doctors, eye doctors and you name them. And we're very very happy with them. And then I wanted to add that our drugs are also paid for in full. Doesn't cost us a penny. And we get free eye-glass prescription once a year. I'm entitled to a free hearing aid -- one hearing aid every three years."

-- Male, HMO coverage, Miami

"I wanted to go to a dermatologist because I had some moles and my doctor said, I have been sending my patients to this one dermatologist, but they come back to me and tell me that they're very unhappy with him. She said, I'm going to send you to this one. I've had good reports on him and I went and he was just great. I mean, it's like fun to go there. So, she's very concerned about where she sends her patients."

-- Female, HMO coverage, Miami

HMO members appreciate the inclusion of physical exams in the basic coverage (even though, as discussed in Section IV, D, the abstract concept of "prevention" is not universally endorsed).

"I went for the physical, which years ago would cost about two, three hundred dollars. So when the lady said to me, that'll be \$5.00, I thought I was dreaming."

-- Female, HMO coverage, Irvine

"At [HMO] you have a complete physical every year. I mean, it's like head to toes."

-- Female, HMO coverage, Irvine

"When I went down there the guy [primary care doctor] grabbed me -- he says, I'm gonna give you a complete physical. I said, I don't want a complete physical. I want just whatever you -- I says, no -- he says, the whole works. So he went through the whole entire thing with me ... and then later on gave me what the results were and I come back periodically for more testing, you know, whatever the tests are -- whatever, high blood pressure pills. So they have a preventive maintenance -- in the airlines -- what is called preventive maintenance... it was a good feeling to know that, you feel better when you have been tested and they can tell you what you need to do, what you shouldn't do, what you shouldn't eat... I thought was an extremely competent analysis and also the follow-up on what it should be."

-- Male, HMO coverage, Miami

Many participants, particularly low-income HMO members, listed the freedom from paperwork as an important advantage.

"I have friends [not in managed care] who do a lot of the paperwork. It gets very confusing. Sometimes there's mistakes made and the bills go back and forth. Maybe it takes a couple of years to get it. I don't experience that."

-- Female, low income, HMO coverage, Minneapolis

Many HMO/Medicare members report paying substantial premiums or supplemental insurance payments. Participants in Minneapolis reported payments, additional to what is taken out of their Social Security, ranging from \$54 to \$162.

"I pay \$134 every quarter, four times a year. They call it Senior Plus and I pay, I figured out, somewhere around over \$500 a year."

-- Female, HMO coverage, Irvine

Most HMO members were at least somewhat familiar with the prevention philosophy that underlies this form of coverage.

"The name of the game with an HMO is to have you all well, I think."

-- Female, HMO coverage, Irvine

"I came down with a very bad cold about five days after [my husband's] funeral and I went to the doctor and he said he knew what the situation was and without my asking, he just gave me a physical -- I mean, from head to toe. And he ended up having me go have a mammogram. And he was shocked that I had never had one. He asked me three different times, are you sure? Well, he made me go have one. And I thought that was pretty good that he was thinking that much of my health to make sure that I was all right because he knew what the situation had been.

-- Female, HMO coverage, Irvine

However, participants saw factors other than the emphasis on prevention as responsible for HMOs' ability to offer coverage at a lower cost than fee-for-service plans.

"Why is it cheaper? I feel that if a private person walked into the hospital, the bill was \$500 -- that's their normal fee -- I think they have a lower fee for HMO people who are financing the HMOs by virtue of the fact that they assign their Medicare benefits to them... for the HMO it's like \$375 or \$350 or \$425. So you're getting some kind of a break and not everybody gets sick. All the people that are not on HMOs and pay the regular price are picking up the slack for those who are on HMOs."

-- Male, HMO coverage, Miami

"In terms of the pharmaceuticals, I notice that they prefer they give you the generics -- And I know that they do get discounts from the pharmaceutical companies on the prescription drugs."

-- Male, HMO coverage, Miami

Special classes such as wellness and exercise classes were not widely used.

"I think sometimes they're spending too much money on [those classes]. If they weren't spending the money there in that area, they could lower the premiums."

-- Female, HMO coverage, Irvine

"They have a lot of classes and stuff that you can take if you're overweight to try to reduce -- well, smoking cessation things. But it's up to the individual to follow -- to contact and do it. And they can only do so much if you're not willing. They can't go home with you..."

-- Female, HMO coverage, Minneapolis

"I had one physical and they said to me what you ought to do is go to see the cholesterol class and sit down for about an hour and listen to what they have to say. And I sat down and listened to everything they had to say and took a lot of notes and went home. My cholesterol was 286. It's now 193... And if I wouldn't of done that, I would have kept on doing the same old things, but now I look at how much fat contents and everything else."

-- Male, HMO coverage, Irvine

HMO members seem knowledgeable about how to address any problems they may have. Those in Minneapolis and Irvine, in particular, were highly satisfied with the responsiveness, quality of information, and lack of confusion in their HMOs.

"I'm '5' all the way!"

-- Female, HMO coverage, Minneapolis

"If you have any kind of a grievance, they have a representative that you can talk to."

-- Female, HMO coverage, Irvine

"Or there's toll-free numbers that you can call, too."

-- Female, HMO coverage, Irvine

"[The HMO] sends out a survey about every quarter. Just recently sent one out."

-- Male, HMO coverage, Irvine

However, the HMO was sometimes seen as unresponsive, and some low-income members found aspects of their coverage confusing.

"You got a mechanical mechanism that says push this button for this, push this button for that. And then all of a sudden the thing goes dead. You go back and call again and they say wait, and you're waiting fifteen, twenty minutes and you get disgusted and you hang up. Sometimes you get a human being. You can't believe it! You go into shock! You talked to a human being! But [my wife] talked to a human being and she was processed but she tried to call her back -- apparently the doctor was out, he was somewhere else, couldn't be reached. So she had problems -- me, I've never had trouble like that so far. I've been lucky."

-- Male, HMO coverage, Miami

"If they could make it more clear and let you know precisely what it is that you are allowed for this or that, without having to look up twelve pages ahead for that part of it, and three pages back for another..."

-- Female, low income, HMO coverage, Minneapolis

Even when highly satisfied with their own personal experiences in an HMO, Medicare beneficiaries in managed care expressed skepticism that this option would work well for all beneficiaries if it is adopted widely as a solution to the Medicare financing crisis.

"I think what you're gonna find is an upswelling of opposition to it. There have been major standovers for Medicaid mills and I think that a lot of people still have the same skepticism about HMOs particularly if you're going to be forced into some, and that it would be politically unwise no matter who does it."

-- Male, HMO coverage, Miami

But overall, HMO members were ready to recommend HMOs to their friends.

"What would I say? The cost is not too much; that they pay for everything; that by and large the doctors, especially if you get women doctors, are very good; and prescriptions are covered."

-- Female, HMO coverage, Minneapolis

"I'm very satisfied with ours, and the fact that we don't have any paperwork is a plus. We go to a large clinic so we do have a comparable choice. I firmly believe that there is not just one good doctor in the city of Minneapolis; there are many. And so we have a good choice, and if we pick a primary physician that we wouldn't click with, we can change."

-- Female, HMO coverage, Minneapolis

Analysis: Medicare beneficiaries join HMOs mainly for reasons having to do with circumstance -- such as their coverage prior to retirement, following their own doctor into an HMO, etc. -- rather than because they believe it is a superior type of coverage. These beneficiaries in HMOs do not overly idealize the quality of care they receive, though some are extremely happy.

In terms of the most important part of a health care delivery system -- the doctors -- these patients provide high ratings. The cost and freedom from paperwork are highly appreciated, and are perhaps the decisive reasons for the popularity of this form of coverage with HMO members. However, members are by no means insulated from the frustrations which accompany any health care system, and patients have no difficulty identifying the HMOs' weaknesses in responding sensitively and in providing on-time treatment.

Nevertheless, HMO members are somewhat realistic about the pressures responsible for the HMO's weak points, and in their overall calculus of costs and benefits, they see the HMO system as worth recommending.

B. Some Medicare beneficiaries with FFS coverage are favorable toward HMOs.

Favorable non-HMO members are most commonly found in high-HMO markets like Minneapolis and Irvine. In these markets, non-HMO members were likely to know someone who has this form of coverage and is satisfied with their care.

"Well, I think there's good coverage on either one, the HMO or the non-HMO. I know my sister has a lot of allergy problems. She's in an HMO and so I think she's quite happy with who she sees."

-- Female, traditional coverage, Minneapolis

"My mother-in-law would call, make an appointment, and go in and do some paperwork, and she never waited any time... and she had nothing but praise, and was so thankful that she'd made the change."

-- Female, traditional coverage, St. Louis

"I haven't heard of anyone really who's dissatisfied with their HMOs, once in a while they'll be a little disgusted, maybe they don't get the same doctor or something."

-- Female, traditional coverage, Minneapolis

"They have a good reputation. They've tried to put together a group of good doctors, good specialists, and good referral within their own group and they're getting stronger and stronger and stronger and so I think that the overall quality is very good. In other words, where you get a primary care doctor in an HMO, you can almost demand that they refer you onto somebody else in the group that will give you the better treatment or come up with diagnoses."

-- Male, traditional coverage, Minneapolis

The low cost of HMOs is widely known.

"Office calls are supposed to be cheap, \$5.00, \$10.00, whatever they are. You can't go to a regular doctor and get an office call like that. The prescription is very cheap. I think a lot of times, though, it's all generic."

-- Male, pre-Medicare, traditional coverage, Irvine

Some consumers defended the quality of HMO doctors.

"I know that a lot of older doctors, when they're tired of having their own office, a lot of them go into HMOs, and they're excellent doctors. But they, instead of retiring completely, go into an HMO situation. And I do know that there are some really fine doctors in some of the HMOs."

-- Female, pre-Medicare, traditional coverage, Irvine

"I feel like he's on a salary, though, and he doesn't care whether he sees one patient a day or a hundred patients a day. Because he's on a salary. Where in private practice, he would hustle a little bit more, which means he spends less time with me."

-- Male, pre-Medicare, traditional coverage, Irvine

Some consumers volunteered that frustrations can be found in traditional settings as often as at HMOs.

"You know, I waited an hour and fifteen minutes for a dentist last year, who is certainly not on anybody's plan. And, that's a long wait. So I'm not sure that the amount of time you wait is necessarily the same under all circumstances. Sometimes, it depends on whether you're the first patient. You're the patient after lunch. If you're visiting your gynecologist and he's gone to deliver a baby, you may be sitting there forever and a day... I'm saying that, apparently, in a non-HMO setting, it's very probable, and it can happen, so I don't know that it's more likely to happen there than anywhere else."

-- Female, pre-Medicare, traditional coverage, Irvine

"I've been trying to get a doctor... I had an appointment last November; she moved it to May and now it's to June. I have never been in yet... I think probably with an HMO I'd get in sooner."

-- Female, traditional coverage, Boston

The main reason such consumers do not have HMOs is because of the specifics of their situation. Some have other coverage provided through their retirement or spouse, Some would have to change doctors to join an HMO, and don't want to.

"[HMO] was going to set it up geographically with a group of doctors, and my particular doctor that I was going to for the last 25 years was not included in that, so immediately I just x-ed out [that HMO]."

-- Male, traditional coverage, Minneapolis

"Most probably would not be interested. I'm fortunate. The company I retired from pays for my supplement 100 percent."

-- Male, traditional coverage, St. Louis

"When I joined, I'd had my doctors for many, many years and I did not want to change any doctor. In this plan, I could go wherever I wanted... I'd had my internist for about 30 years; I didn't want to change."

-- Female, traditional coverage, Minneapolis

"If my jerko ex wasn't paying for my supplement I would probably go for [an HMO]."

-- Female, traditional coverage, Boston

Many have been contacted by HMOs, invited to meetings, and recruited through other means.

"Ooh, yes, oh, yes, they call every month, every day."

-- Female, low income, traditional coverage, Los Angeles

"Oh, they send things to your house every five minutes."

-- Female, African-American, traditional coverage, Boston

"Even if you already belong to one, they send you from the other one... sometimes you go to these lunches because they have a lot of free lunches that you attend here and there and naturally, you give your telephone number and everything."

-- Female, low income, traditional coverage, Los Angeles

"On the buildings that I live, that's something that happens the whole week. The whole week. They go and give you, you know, pamphlets with advertising. They call you on the phone, and over the mail. The office is where they give you a [food] coupon. They have it in Miami Beach, which is where I live. I get there, and on the sidewalks they were sitting, waiting. They have their own territory."

-- Female, Hispanic, traditional coverage, Miami

Some wonder if HMOs may become too popular and crowded as they recruit more Medicare beneficiaries.

"I have a concern about HMOs -- because if we're going to get all these senior citizens into this, like the Harvard First Seniority, we're going to have tons of seniors joining. Already you're having a hard time getting an appointment. What's going to happen? I mean how many are they going to take? Sure they'll get more doctors in, but then they need bigger facilities. I don't know how it's going to spread."

-- Male, traditional coverage, Boston

The main advantage these non-HMO consumers see in HMOs is cost. However, many have heard positive reports from friends and relatives about the quality of care, as well. Some non-HMO members envy the HMOs' coverage of physical exams, while others see the freedom from paperwork as the major advantage of an HMO.

"My only experience is with my mother-in-law, and she switched to [HMO] because she was paying for a backup policy, and it was costing her one-seventh of her yearly income, and she's very healthy. And now she doesn't have that expense, and it's giving her a better income. So that's been positive. And everything she does has worked out very, very nicely. In fact, she goes to the same doctor that my husband goes to, and he is not involved with this plan. I really have no bad experience, and in her case, it's been excellent."

-- Female, pre-Medicare, traditional coverage, Irvine

"One problem with Medicare, they don't cover a regular physical, so you have to concoct some reason to go see your doctor to avoid saying 'I'm going in for my annual physical.' And I think a lot of doctors are cooperating with their patients."

-- Male, traditional coverage, Minneapolis

"I know people that have [HMOs] that like them... They like the fact that they only pay \$3.00 to \$5.00 for their medical. That's number one."

-- Female, African-American, traditional coverage, Boston

"I'd like to join it, if they'll pay your prescriptions."

-- Female, African-American, traditional coverage, Boston

"I have a non-HMO as a supplement and they're not tied into Medicare, they're a separate entity, so I end up doing a lot of the paperwork, which I don't like. I really despise it... A friend of mine has an HMO, it's tied into Medicare; he never sees a piece of paper."

-- Male, traditional coverage, Minneapolis

"I would think they would give you good care. How are they going to stay in business if they don't give you good care?"

-- Male, pre-Medicare, traditional coverage, St. Louis

Analysis: The presence of non-HMO consumers who view the system positively is an indication that, when managed care systems are run well, they may continue to make inroads. It was notable that positive comments about HMOs among non-members were common in Orange County (Irvine) and Minnesota, but relatively rare in Florida, where HMOs are common but seem to have a less favorable reputation.

In general, favorable non-members accept the institution of the HMO, and are able to list the advantages, but do not find these advantages so compelling as to go out of their way to seek out this form of coverage. Medicare beneficiaries who already have supplemental insurance, and those whose doctors do not belong to a network, are unlikely to "rock the boat" and change their coverage.

In particular, few consumers are motivated to change doctors in order to receive the benefits offered by HMOs. The population of well-informed, favorable non-members is symptomatic of the HMO's acceptance in certain regions of the country, and of its potential for success as it moves into new areas. However, managed care is likely to find relatively few converts from Medicare beneficiaries who know and like HMOs but who have reasons for not belonging.

C. Other FFS Medicare beneficiaries are dubious about HMOs, or even hostile.

In areas where HMOs are uncommon, or where their performance may be seen as mixed, the initial reaction of non-member Medicare beneficiaries and pre-Medicare consumers to their concept is negative. Even in cases where such consumers were later able to list advantages of managed care, or who knew some people who were satisfied -- or who were later willing to consider this form of coverage after information was provided -- the phrases "HMO" and "managed care" elicit negative associations. Many consumers would

save money with an HMO, but prefer paying \$1000 and up for their supplemental coverage.

Nearly all participants did not like the phrase "managed care," unless they were completely unsure of the term's meaning. For some, the phrase suggests the health care rationing of England and Oregon which denies certain procedures to patients.

"Somebody manages your care."

-- Female, African-American, traditional coverage, Boston

"Somebody else manages what's going to happen to you, makes the decisions."

-- Female, pre-Medicare, traditional coverage, Irvine

"I think that means I don't have a choice of doctors, or something."

-- Male, pre-Medicare, traditional coverage, Irvine

"It's my understanding that you have to go to the doctors that they say you have to go to, is that correct?"

-- Male, pre-Medicare, traditional coverage, Baltimore

"It gives me a negative feeling, because it seems to me like they would be telling you who you had to go to. You couldn't pick your doctor, even if you wanted to. Most people prefer, even if they don't know the guy, to go to the guy they want to go to rather than pick the next guy that comes in the door."

-- Male, pre-Medicare, traditional coverage, St. Louis

"I think of [managed care] in terms of an HMO. And, that just turns me off. I want to have the choice of deciding when I need a specialist and when I don't and what doctor I want to go to. I don't want somebody else to tell me what I need or don't need or who I can see or who I can't see. For me, that's very, very important. I mean, at such time that we're forced into it, we'll have no choice. But, for the time being, I still can manage to have a choice."

-- Female, traditional coverage, Miami

"I think they're putting a price tag on your particular well-being, because they are watching how many tests and such that this particular doctor ordered. And if they find he's doing testing there again they could come down on him and his contract be null... because he's protecting your health but he's costing the managed care provider monies. It's detrimental to the patient. If the doctor is trying to perform good medical service then he's laying himself on the line also."

-- Female, pre-Medicare, traditional coverage, Baltimore

"Is that what they call managed care: In other words, you're sixty-five... if you're over a certain age, die."

-- Male, traditional coverage, Miami

These consumers have heard many negative reports about HMOs. Some of the frequently cited criticisms include:

- ***"You can't choose your doctor."***

"You cannot choose your own doctor, per se. They say you can, but they have their own doctors."

-- Female, low income, traditional coverage, Los Angeles

"They wouldn't help me find a suitable doctor for me that I wanted and they said, 'I'm sorry, whoever is on that list is all you can have.'"

-- Male, low income, traditional coverage, Los Angeles

"We're all here, wanting to be free, and we're not going to deliver ourselves with our hands tied. We want to enjoy that freedom in this country."

-- Female, Hispanic, traditional coverage, Miami

"That's an organization that if you have Medicare or Medicaid, you cannot go, even if you're dying, to another clinic, and no doctor is going to see you."

-- Female, Hispanic, traditional coverage, Miami

"The HMOs will give you a list of doctors; you've got to use the doctors that are on the list. And you also must use the hospitals that are on the list. You don't have a choice, but if you say, this one isn't satisfactory for you, you say 'I need another one.' But really -- I mean if you have a doctor, like some of these people all their life, and you find out he's not on that list, sorry, you either pay the premium for your insurance or you take what they have. And many times you may have a list and when you're ready for the doctor, he's no longer at the facility."

-- Female, traditional coverage, St. Louis

- ***"You have to wait for an appointment, and you will be kept waiting at your appointment."***

"And one of the nurses out there, I said, 'Oh, it's something like an emergency or something like that,' she said, 'Well, push him down the hall. We'll get to him when we can.'"

-- Female, low income, traditional coverage, Los Angeles

"I've taken a friend to [HMO] down here, and it's been like you walk in and take a number and sit down and wait... sitting there for three and four hours sometimes, waiting to get to see a doctor. Not a specific doctor, a doctor. Whoever is on duty."

--Female, pre-Medicare, traditional coverage, Irvine

"My friend has been very sick and he called in for an appointment at [HMO]. They told him he could come in March 3rd. [The focus group took place January 30.] And he's been very sick. He's had bronchitis, pneumonia. So they didn't call back, and he took an aide, a nurse's aide, and then it took him a week to get in there."

-- Female, pre-Medicare, traditional coverage, Irvine

- ***"HMOs are for people who can't afford better."***

"You're getting less care, but you're paying less for it."

-- Male, pre-Medicare, traditional coverage, Irvine

"I've got daughter-in-laws and daughters that go to them and they don't like them. They like them just for the money wise, because it don't cost so much, because they can't afford to pay for the better."

-- Female, traditional coverage, St. Louis

"You know, service is terrible, but they're cheap."

-- Male, pre-Medicare, traditional coverage, Irvine

"I think it's like K-Mart versus Nordstrom."

-- Female, pre-Medicare, traditional coverage, Irvine

"The average person that's in an HMO is in it because they don't want to spend the money, either because they can't afford it or it's cheaper, but it is financial, it is not really by choice. Given a choice, if they didn't have to pay for either, they could be in an HMO or just be a regular, do you think they would take the HMO?"

-- Female, traditional coverage, Miami

- ***"The HMO provides poor quality care, and hires inexperienced doctors and those who couldn't make it on the outside."***

"I somewhat have the impression that if a doctor can't make it in the real world, he goes to an HMO."

-- Male, pre-Medicare, traditional coverage, Irvine

"When they gave us the option of the HMO's versus PHP and so forth, they had a list of doctors that you could go to and I'll tell you frankly, I knew some of these doctors, they'd been in the newspapers and I'd seen their pictures and so forth, and as a group they looked like a lower quality physician."

-- Male, traditional coverage, Columbus

"Mostly interns. I mean, they're just out of school, aren't they? Med school?"

-- Female, pre-Medicare, traditional coverage, Irvine

"I got the impression that that type of system takes away motivation from the doctor to be a good doctor... because I feel in that case, I have no choice but to go to him, so he doesn't have to be good to me."

-- Female, pre-Medicare, traditional coverage, Irvine

"I do know that when doctors finish their training, that they will apply where they want to go, and the doctors who are accepted naturally get these positions. The doctors who are not accepted at these prime locations will then go to an HMO. And I know that, because of experience within the family and with friends. So I think that kind of tells us something."

-- Female, pre-Medicare, traditional coverage, Irvine

- ***"HMO clinic care is rushed, insensitive and impersonal."***

"The time that was spent in with the doctor was so quick and no way, that patient should have had a little longer stay with him."

-- Female, low income, traditional coverage, Los Angeles

"From the moment that you arrive, and you're going on Medicare or Medicaid, they look at you, like if you were a bad person, very vulgar, very bad words, and very mistreated. So that's why I got out."

-- Hispanic, traditional coverage, Miami

"My mother belongs to an HMO and it was at her insistence that we joined it. And she was fine until she had a problem swallowing. Now, that can be a terrifying experience, where you just cannot swallow. And yet somehow we could not make them understand that this was an emergency... I had my son call, and he is not used to being told no... He was very effective, and we brought her in. But a person should not have to do that... And now my mother wants out."

-- Female, pre-Medicare, traditional coverage, Irvine

"I belonged to an HMO once. I was at [a fee-for-service plan] and I went to an HMO, changed over and my wife went to the doctor, and he said to come back the next Wednesday and

take blood tests. And when we went back they said they didn't have anybody there that could take a blood test. And I said, can I see your manager. And I said, you mean to tell me that this place is open and you don't have anybody here that can take a blood test, and you told us to come here? And when the end of the year came I went back into [the fee-for-service plan] real quick."

-- **Male, pre-Medicare, traditional coverage, Baltimore**

"They work on volume, in-out, in-out."

-- **Female, pre-Medicare, traditional coverage, St. Louis**

"Do you people realize that this HMO is going to cost you five to ten years of your life? Of your life? Because every doctor today in an HMO, and they're going in by the hundreds and the thousands, are limiting how long they can talk to you. The day when a doctor said good morning, today, if he said good morning twice, you're billed for the second good morning."

-- **Male, traditional coverage, Miami**

"I was a member of [HMO] for a while and I had a doctor that I think was really a very good doctor. But he was kind of on a revolving door. You'd be sitting there and he'd come in and say, all right, and then out the door before you could even ask him anything."

-- **Male, traditional coverage, St. Louis**

"I have a family doctor who's a GP and I've known him for years, he took care of my husband when he was ill. And, three years ago, he joined one of the HMOs ...I don't belong to the HMO... After he gave up his practice and went in with the HMO, he decided to take a small office where he saw just his private patients. And, he told me, 'With the HMO, I don't have time to sit down and talk to my patients... we are allotted just so much time per patient. There's so much paper work that we haven't got the time.' And, he finally gave up the HMO and now he's gone back into his own private practice, and he said it was of the worst things he has ever, ever done."

-- **Female, traditional coverage, Miami**

- ***"You never see the same doctor twice in an HMO."***

"The doctors get in HMOs and they get out. I've had a friend who was in one and she went to a doctor for three or four years. She goes back right after Christmas of this year. And, he's no longer at the HMO, so she has to find another doctor."

-- Female, traditional coverage, Miami

"I think you can go to an HMO and you may have a doctor today and three weeks from now you go back to the HMO and you have a different doctor."

-- Male, pre-Medicare, traditional coverage, Baltimore

"They were running a commercial. At first it would show a pregnant woman going in and then she goes in the office and then the infant's, a child, school age, and right on through, same doctor. I don't *think* so. And this was under an HMO. Seeing the same doctor for 18 to 20 years. But this is how they were running a commercial."

-- Female, pre-Medicare, traditional coverage, Baltimore

- ***"Managed care is socialized medicine."***

"I think it's a step toward government control of health care, where it will be socialized medicine. And this is just one step for a generation, and the next generation is going to be closer, and eventually it's going to be all socialized medicine."

-- Male, pre-Medicare, traditional coverage, Irvine

- ***"You aren't covered for treatment when out of your area."***

"I go to San Francisco, something happens to me over there, and then there is nobody there to take care of me. That means that I'm responsible for whatever, if I go to the hospital, to a doctor. Because it's completely out of the area, it's not my doctor any more, it's not my hospital any more."

-- Female, low income, traditional coverage, Los Angeles

- ***"HMOs can be hazardous to your health."***

"I had a friend that recently lost her husband. He was in an HMO and they treated him terribly at the hospital and everything. She never joined the HMO. And because of her husband's experience, she refuses to go into it. She is still on, you know, \$100 a month, I think, she pays. And she just refuses because of her husband's bad experience. And they did treat him very shabbily."

-- Female, HMO coverage, Miami

"Three members of my family are in a graveyard because of HMO neglect. My sister-in-law, a dear friend, and another cousin are in a graveyard because of HMO neglect. And, there'll be more...a lot more. Because the doctors don't care. The doctors are getting squeezed. The doctors that used to make three hundred thousand a year are lucky to come off with a hundred and fifty thousand today. Their incentive to take care of patients is down to zero. And, I've got it right here in yesterday's Herald. All they're interested in is how much money HMOs are going to make and the profitability and what Wall Street thinks of their stocks. And, not one of them gives a damn about increasing life spans."

-- Male, traditional coverage, Miami

- ***"HMOs limit your access to care, including medication and specialists."***

"I have a friend that needed special care with her eyes and she was not getting it with [HMO]. Then she had to go to a specialist and naturally it cost her a lot of money."

-- Female, low income, traditional coverage, Los Angeles

"I understand that if your doctor feels that you need a particular test, or you need a particular medication, and maybe that medication is quite expensive, he has to call someone and get an okay to do that. And maybe then that person says, 'Well, may I suggest that you try this first?' And so then your doctor has to go back and, against his better judgment, give you a treatment for two or three weeks, or

whatever, that that other person, who is concerned with the bucks, is suggesting."

-- Female, pre-Medicare, traditional coverage, Irvine

"They wouldn't take care of a problem of my eyes or something like that, so I said, 'Well, who needs you?' And I just said, 'I resign, give me back my Social Security, my Medicare and everything,' and it took them 45 days before they got it back to me."

-- Male, low income, traditional coverage, Los Angeles

"When I can't even get a specialist, so how can I get a second opinion when I can't get the doctor that I want? I couldn't get a first opinion."

-- Male, low income, traditional coverage (former HMO), Los Angeles

"[My son-in-law] had to go to a designated physician, a general practitioner and the fellow would not sign him on to go to a specialist, until I think he finally just paid it himself and went to a specialist."

-- Male, traditional coverage, Columbus

"You are limited. You have to have a main physician. You have to go to that doctor and that doctor tells you which doctor, and you have to go to the book. If you need a urologist, you see what that HMO has, a urologist. And then you have to ask for a number and you have to call there. They have to give an authorization. If they don't authorize it, the doctor won't see you."

-- Hispanic, traditional coverage, Miami

"They would limit my medication, and the doctor that I had was 74 years old. Medication, they'll give me -- what am I going to do? They didn't want to give me the medication that I knew that I needed."

-- Female, Hispanic, traditional coverage, Miami

• ***Low-income consumers feel that the co-payments are too high.***

"They add a slight charge to everything that they do, along with what they do, it's not free like they'd like you to believe... Now wait a minute. They take your Medicare when you join these outfits, and it's 80 percent. Why should they charge you \$5.00 for this? They get enough from Medicare. I don't understand why they charge people."

-- **Male, low income, traditional coverage, Los Angeles**

"With the [HMO], every time they go to the doctor, it's seven bucks, and when they get a prescription filled, it's \$5.00."

-- **Female, low income, traditional coverage, Los Angeles**

"When you tell me \$5.00 for the doctor's visit, \$7.00 for the prescription, no matter how big, if it's \$120.00 worth of medicine, you pay seven. That \$12.00, for what my Social Security, is \$12.00 too many, I don't need that, I really don't."

-- **Female, low income, traditional coverage, Los Angeles**

"The reason [I got out] is that you're telling the salesperson that I have to pay \$5.00 for each prescription, and \$5.00 for each doctor visit. So I already got a little bit upset with the company."

-- **Male, Hispanic, traditional coverage, Miami**

Some beneficiaries believe that joining an HMO means "losing" Medicare.

"When I was operated for the cataract, [you had to] sign a paper that you don't have an HMO, because otherwise, HMO is going to get all the money and it's not going to pay anybody. For the problems I had with my feet, sign a paper you don't have an HMO, because if you have an HMO, they're going to give you the bill to Medicare, and Medicare is not going to pay it. "

-- **Hispanic, traditional coverage, Miami**

Some consumers are concerned that more and more, people will be channeled into HMOs.

"It seems that we're getting at where the future is going to be HMOs, and I would like to see some control, some standardization, maybe some legal documents put out, what are the standards... I resent the thought of going to an HMO because I'm going to lose control, because I feel I'm not going to get quality care, and because I'm going to be told, come in three months from now."

-- Male, pre-Medicare, traditional coverage, Irvine

"I think that we're all going to be in an HMO of some type... some sort of managed care eventually."

-- Female, traditional coverage, Miami

"I think you find a lot of the younger people go to the HMOs because price is cheap. And they have the kids and they're running to the doctor all the time for colds, but I think the older people are getting wiser now, and you want to make sure you have good coverage, and therefore you're going back to your [fee-for-service plan], because you're also getting more serious."

-- Male, pre-Medicare, traditional coverage, Baltimore

"The two past years in which the Clinton Administration has been in has permitted the medical profession to formulate plans and policies to battle anything that's coming up. They're going to be as versatile as they can be. And, I think our discussion on whether you can go and see a doctor in an HMO is minor to the overall picture. The government wants to save money, and the medical profession said, well, we're set up in such a position that if you say it this way, we can do this. If you say it that way, we can do that. We as the American public are nothing but pawns to an unmerciful group of medical profession hospital organizations."

-- Male, traditional coverage, Miami

When the details of HMOs under Medicare were provided, some skepticism was dispelled. The most convincing reasons to join were the promise of keeping one's own doctor, and cost.

"I prefer to choose my own doctor, and if I am in an HMO, and I can get everything with no extra premiums or supplemental insurance, then I can stay in the Medicare, but keep my 50 bucks from [fee-for-service insurance company]."

-- Female, African-American, traditional coverage, Boston

"I have some friends who belong to HMOs, and they're satisfied with it. I have one friend who belongs to an HMO, and she loves it, because she pays \$1.00 for every prescription. All right. That's her philosophy. And this is a free country and, you know, if that does it for her, that's fine. But for me, it doesn't do it.... You will not believe this. Her husband is the one who died. And she still belongs to it, because it's so cheap. She has more money than I, but my attitude is, I don't get a second chance. And I don't want that happening. I'm very fearful of that."

-- Female, pre-Medicare, traditional coverage, Irvine

However, these consumers tend to mistrust the glowing descriptions of HMOs and managed care.

"Something has to give. You can't get the same quality of service if you have so many people in there and you're charging -- the amounts seem to be very low -- absolutely ridiculous. So why do we need the federal health plan if the HMOs can do it so easily? I can't believe it."

-- Male, traditional coverage, Boston

The strongest antipathy, and deepest hostility toward HMOs was found in our Miami group. In this area, the high penetration of HMOs is accompanied by mixed ratings for quality, rather than the high ratings observed in Minnesota.

"The way the thing is going now, the doctor don't have much of a choice. They're losing their practices to HMOs. The

average doctor's practice, you can get on the phone and call any fifty of them, has gone down about fifty percent because his patient went to the HMO. HMO promised him free glasses, free treatment, free finger-waves. Anything, everything for free...the HMO."

-- Male, traditional coverage, Miami

Analysis: The sources of resistance to HMOs among the consumers we studied are twofold: first, the concept of an HMO requires accepting certain intrinsically unappealing factors, such as loss of choice and control, and limited access to care; and second, the performance of HMOs, in some areas, has been uneven. In order to accept HMOs, in the face of the conceptual resistance, consumers would need a fair amount of evidence that the system actually succeeds at delivering high-quality, non-frustrating care. For many HMOs, this is simply not the case, and although other hospitals and insurance plans also offer their share of frustration, their system is at least familiar and established, and is believed to allow more potential for choice and switching.

Some of the sources of hostility toward HMOs seem clearly based upon lack of information, i.e., the belief that HMOs don't cover you when you travel, or that you "lose your Medicare." Further, most non-HMO beneficiaries whom we spoke with did not know the attractive details of the financial deal offered by HMOs under Medicare (no cost for prescription drugs, and no need for supplemental insurance). In some instances, providing this information increased these consumers' willingness to at least consider joining an HMO, but there were many other consumers who remained firmly opposed to this coverage even after learning the details.

The responses of some Miami consumers show that for some people, the HMO has a firmly entrenched image as an institution that makes money by short-changing health care consumers. This anger and hostility was maintained even in a focus group whose participants included HMO

members who were satisfied with the care they received. The antipathy expressed toward HMOs extended, to some degree, to the entire medical profession.

Since the source of resistance to HMOs among hostile consumers is attitudinal, rather than circumstantial (i.e., it's not that they have no need for an HMO because of supplemental insurance provided by a retirement plan), there is some possibility that HMOs can make inroads with these consumers through more public education and by improved reputations for individual HMOs. But as is true for consumers in every other category described here, the requirement to change doctors is the largest hurdle of all. Even when every other objection is answered, and every benefit of HMOs is presented, consumers who are happy with their doctors balk at joining a plan that will require them to switch.

D. Many FFS Medicare beneficiaries and pre-Medicare consumers are uninformed about HMOs.

Uninformed consumers are most common in low-HMO markets, such as Columbus. In St. Louis, non-HMO consumers were generally unfamiliar with how HMOs operate, though several had friends or relatives in HMOs and knew some details such as low co-payments and prescription drug coverage.

"Well, I was under the impression that some of these insurance companies where you have to go to their doctors and they have -- am I wrong? That's what I understood managed care was, that you must go to whatever hospital they recommend and use the doctors that they recommend and so forth."

-- Female, traditional coverage, Columbus

"I would have to know more about it to really warrant an opinion because I'm really ignorant about it."

-- Male, traditional coverage, Columbus

"Well that was Clinton's health plan, wasn't it, to switch everyone over to HMOs?"

-- Male, traditional coverage, St. Louis

Many Medicare beneficiaries in low-penetration markets (e.g., Columbus, St. Louis) do not realize that HMOs are an option under Medicare. Some think it is a form of supplemental insurance. Unlike consumers in Los Angeles, Irvine, and Minneapolis, beneficiaries in Columbus and St. Louis have generally not been contacted to join an HMO since going on Medicare.

"Why would anybody on Medicare want a HMO or any kind of a planned program? Why would they turn to something like that?"

-- Male, traditional coverage, St. Louis

The interest level of uninformed consumers, and their willingness to join an HMO are variable. Some are willing to believe that HMO doctors are of good quality.

"Maybe he just wants to increase the volume that he's doing. He may be better qualified than some old man who hasn't kept up on all the modern things. He may be a new young doctor trying to establish business. I don't know."

"I agree. I think many of the doctors who do sign up for such plans are, perhaps, just starting in practice, want to build their patients, number of patients and the young doctors, I think, many times are very much more versed, know the newer procedures, and it could be very good."

-- Male and female, traditional coverage, Columbus

"With the malpractice insurance that they have to pay, I think the HMO would be leery to take doctors that don't have a good reputation."

-- Female, traditional coverage, Columbus

"You know, I think we're blessed in this area with having such wonderful medical care with our really good teaching schools here and I think St. Louis has an abundance of good doctors, and I don't think you can get far off the path with anybody that's giving you care, not unless you really get a quack, and you'd have to go out of your way to find quacks here."

-- Female, traditional coverage, St. Louis

The little information they do have tends to include some favorable reports of the low cost of HMOs.

"Their costs and the amount of coverage -- they expanded the coverage some and the amount of deductibles and all that kind of stuff was better with the HMO. The cost was better than with the fee for service."

-- Male, traditional coverage, Columbus

Their biggest concern is choice of doctors and hospitals. The possibility of keeping their current doctor was rated by many as the most convincing reason to join an HMO under Medicare.

"I would want to know what doctors were involved with that particular [HMO]"

-- Female, traditional coverage, Columbus

"Well, the most important question for me is, can I choose my own doctor and my own hospital."

-- Male, low income, traditional coverage, Los Angeles

"I prefer to go to a certain hospital, the hospital of my choice, not the hospital of some doctor's choice."

-- Male, traditional coverage, Columbus

A minority of consumers believed that doctor choice is an overrated factor, and expressed willingness to forego some choice in order to achieve the savings offered by HMOs.

"It's nice to see your own doctor, but after all, these are professionals. They had to pass the boards in Maryland and what have you, so they're not going to throw any quacks in there I don't think... What's to say that the doctor who's treating you right now, another doctor can't treat you just as well? That's just in your mind."

-- Male, pre-Medicare, traditional coverage, Baltimore

Other important concerns include cost, ease of getting an appointment, and the extent of coverage -- and the ability to opt out if dissatisfied.

"What about a specialist if you needed one?"

-- Female, pre-Medicare, traditional coverage, Baltimore

"If I subscribe for their medication, do I have to pay for it and how much I have to have in my pocket when I come to visit you and that kind of stuff?"

-- Female, low income, traditional coverage, Los Angeles

"I don't know what this is based on, but my perception has been that it's insurance that costs a company less than some other kinds of insurance, therefore I assumed that there must be less somewhere down the line as far as their coverage is concerned, right?"

-- Female, traditional coverage, Columbus

"I would like to know if you could get an appointment right away like when I get the pneumonia or the bronchitis -- I might get up in the morning feeling fine and by evening I have it. I want to know that I can get in to see the doctor."

-- Female, traditional coverage, Columbus

"Will there be a regulator, a physician, what kind of a background -- where would he come from? How many

options would we have? And then will he regulate and direct you to a specialist and would the hospitals that you can utilize be limited or -- things like that."

-- Female, traditional coverage, Columbus

"Would there be more than one system, and I could opt out of it if I didn't like it? If I could try it and it worked for me, I could stay in it or I could opt out and pay more and go into another system."

-- Male, traditional coverage, Columbus

When presented with the details of HMO coverage under Medicare, many of these consumers express a widespread belief (also found among pre-Medicare consumers) that the arrangement as described is "too good to be true." They wonder how the HMO can provide full coverage for \$46 per month, and aren't familiar with the additional payments HMOs receive from Medicare for the beneficiaries they carry. Credibility problems, unfamiliarity, and scattered reports of problems with HMOs limit the appeal of the HMO-Medicare option.

"I don't think you're going to be able to get it for \$46, all that."

-- Male, pre-Medicare, traditional coverage, Baltimore

"In other words, we wouldn't have to buy our supplemental insurance? Well, how could they afford to do that?"

-- Female, traditional coverage, Columbus

"I want to know where the additional money from the government's coming from."

-- Male, traditional coverage, Columbus

"The amount of money that we pay into our supplemental insurance is so many, many times greater than what we pay into Medicare for the small amount -- a deductible and for the 20 percent -- and those are all private companies that run those, and if they can't be run any more efficiently than

that -- how do we expect that a private company can run Medicare any cheaper?"

-- **Male, traditional coverage, Columbus**

"I don't think people appreciate anything unless they pay something for it, and I don't believe in giveaways."

-- **Male, traditional coverage, Columbus**

"I just don't like the whole proposal. I don't know how such a proposal can be made considering the economical situation of our country."

-- **Female, traditional coverage, Columbus**

"If they're going to get paid by Medicare, I'm afraid they'll have a few strings in there... Usually when you get money from the government, they kind of tell you what you can and can't do."

-- **Female, pre-Medicare, traditional coverage, St. Louis**

Analysis: The ability to receive greater coverage at lower cost, or even no extra cost, to skip supplemental payments (in some plans) and have physical exams and prescription drugs included does indeed sound "too good to be true" to many Medicare beneficiaries. Even though they may have some passing familiarity with HMOs, these consumers have almost no awareness of the HMO-Medicare option, and so some of these details bear no connection to the little that they do know about how HMOs work.

These consumers have the same resistance to lack of control and choice that was found among our other groups, and are equally concerned about keeping their own doctor. However, one advantage for HMOs in low-penetration markets is starting with a "clean slate": HMOs do not have an expressly bad reputation among these consumers, and many of them were persuaded that this type of coverage was worth considering once they suspended their skepticism about the financing.

In St. Louis, for example, 10 or 12 participants were willing to strongly consider HMOs if their current doctors were included, and eight of the 12 were interested even if they would have to switch doctors. One overall factor may be general confidence in the local medical profession: if consumers generally trust the doctors in their area, they may predisposed to believe that the HMOs provide them with a good selection of doctors.

It is clear from this research that HMOs face a great untapped market of Medicare beneficiaries who know nothing about this option, but who might be very receptive to joining following intensive efforts to educate them and to raise the profile of HMOs in their areas.

E. Pre-Medicare FFS consumers tend to delay learning about the choices they will have under Medicare.

Information about Medicare is low in this group; many of these consumers do not begin to investigate Medicare until age 64, or until receiving information from the government. Those who have spouses that have turned 65 (or in some case, parents in their 80s and older) are an exception. Many consumers are aware that they will hear from Social Security six months before turning 65.

"I just went to a seminar last week at St. Jude Hospital... because I, number one, my mother is in an HMO situation, and she now wants to go back into Medicare, rather than the situation that she's in where she can choose her own doctor. So I went there for that purpose... and then also for, you know, myself."

-- Female, pre-Medicare, traditional coverage, Irvine

"Well, mine is this year, so I'd better find out, hadn't I?"

-- Female, pre-Medicare, traditional coverage, Irvine

"I think when you start getting Social Security, they send you a Medicare handbook."

-- Male, pre-Medicare, traditional coverage, Irvine

"I'm 63 right now. And just like a lot of the things I procrastinate and when I turn about 64 and a half I'll start inquiring about Medicare. And one of the reasons is because it changes. I figure why should I read a lot of stuff..."

-- Female, pre-Medicare, traditional coverage, Baltimore

"They do have pamphlets that they send you. I just got my Medicare card in the mail. And, there's quite a bit of information that they send with this card, plus numbers to call if you need more information."

-- Female, pre-Medicare, traditional coverage, St. Louis

"I'll find out. My husband will be on that in June."

-- Female, pre-Medicare, traditional coverage, Baltimore

Some preconceptions are negative.

"I know there's a lot of paper they waste they don't need to waste, because I took care of two elderly aunts and my mother, and another lady friend of the family. And, all this paper they sent out, you know. 'This is not a bill.' Why can't they just wait and sum it all up instead of wasting all the postage, all the paper, and all the office time? That is ridiculous. Because, then, I think they could cut down on the expense of Medicare overall. Because they wouldn't be wasting it all on all this paperwork. They could give it to the people that need it."

-- Female, pre-Medicare, traditional coverage, St. Louis

Such negative views were not universal. Some consumers viewed Medicare's administration as reasonable and its benefits as generous.

"My husband just went through this operation. And, I've got to say, I have had no problem with Medicare and that notice that they send out is for your information. You need that if you have your supplemental insurance to send, to get your payment sometime...sometimes it's all handled at once... as soon as I get the Medicare in, I send it, and it's all taken care of. The payment goes right to the doctor and there's no problem. I didn't find that there was an excess amount of paperwork at all."

-- Female, pre-Medicare, traditional coverage, St. Louis

"My husband... was hospitalized three weeks, two weeks, one week in ICU. Our bill was twenty dollars and twenty-six cents. You can't complain about that."

-- Female, pre-Medicare, traditional coverage, St. Louis

Pre-Medicare consumers' initial questions about Medicare include:

"I would want to know how it works really? Because right now I'm covered by a company policy, insurance policy. I was told that when I'm eligible for Medicare I'm going to have to contribute 40 some odd dollars a month that's going to come out my pension check. So basically I would want to know, hey what happens? How does it work? Which is primary? Which is secondary?"

-- Male, pre-Medicare, traditional coverage, Baltimore

"Does this [the \$46] just come out of your Social Security check?"

-- Female, pre-Medicare, traditional coverage, St. Louis

"What's it going to cost me. Not the premium, but what financial position am I in? If I get ill, what's it going to cost me."

-- Male, pre-Medicare, traditional coverage, Irvine

"I've heard that they only pay eighty-percent of the approved amount. Who's to say what the approved amount is? Whatever desk it comes over, if this person feels generous today...?"

-- Female, pre-Medicare, traditional coverage, St. Louis

"The thing you have to be careful about is your doctor, will he accept Medicare assignment, because if he doesn't then, there is where you're going to kick in with a lot of out-of-pocket expenses."

-- Female, pre-Medicare, traditional coverage, Baltimore

"What my choice of doctors would be."

-- Female, pre-Medicare, traditional coverage, Irvine

"Do you have to apply, or is this automatic?"

-- Female, pre-Medicare, traditional coverage, St. Louis

"What happens if you're out of the country?"

-- Male, pre-Medicare, traditional coverage, Irvine

"Referral for other problems, that you have when you're going to a doctor."

-- Female, pre-Medicare, traditional coverage, Irvine

"Do they cover chiropractors?"

-- Male, pre-Medicare, traditional coverage, Baltimore

"Am I going to be compromised in what I do? And do I have to sign up forever? Is this going to be a lifetime commitment?"

-- Female, pre-Medicare, traditional coverage, Irvine

"Could I change from one to another if I'm not satisfied? Could I divorce that HMO, get me another one?"

-- Female, pre-Medicare, traditional coverage, Irvine

"I don't want to be inconvenienced. That's the only thing. I want to go someplace that's close enough to my home. I want whatever hospital I go to to be the one that's close to my residence, so people can come and see me, and bring me flowers and, you know, not have to go miles."

--Female, pre-Medicare, traditional coverage, Irvine

"Medicare doesn't pay for any prescriptions? You pay the full price?"

-- Female, pre-Medicare, traditional coverage, Baltimore

"..the care, and the waiting in the reception room to see the doctor, and not having your choice to see whoever you want. I'm spoiled rotten, as far as seeing the doctor and going to who I want. And to me, that would be very depressing, to have to think I would have to go to the doctor and not -- I don't know."

-- Female, pre-Medicare, traditional coverage, Irvine

Consumers in Baltimore were given an opportunity to review the introductory information that is sent as part of the eligibility packet six months before a beneficiary turns 65. Their initial reactions included:

"A bunch of gobbly goop... In my opinion it isn't telling you that much, because you can read this and it tells you one thing; and call them, they'll tell you another."

-- Male, pre-Medicare, traditional coverage, Baltimore

"Somebody explain to me what's the difference between Medicare and Medicaid?"

-- Female, pre-Medicare, traditional coverage, Baltimore

"I don't understand why you would need this if you have insurance already."

-- Female, pre-Medicare, traditional coverage, Baltimore

"It tells you all the stuff that it doesn't cover which is surprising. It starts out saying it covers a little bit of this and a little bit of that, and then over here it says, it doesn't pay for that, and it doesn't pay for that. What good is it if it doesn't pay for all this stuff? It doesn't pay for most routine physical examinations, preventive health care, which is important. Services not related to treatment or anything."

-- Female, pre-Medicare, traditional coverage, Baltimore

"They're making a general statement here [that long term care is not included] for the whole country which does not apply [to Maryland]... It can't be [accurate]. Because every state has a different type of Medicare in their own system."

-- Male, pre-Medicare, traditional coverage, Baltimore

The greatest number of questions pertained to Medigap.

"What is Medigap?... It just says it changes at age 65, and it's got a certain enrollment period. And you have to be disabled or something. It doesn't say where you get it or anything else."

-- Male, pre-Medicare, traditional coverage, Baltimore

"I think they should write it more simple and to that point...It's like they're telling you different things. Like they're taking a paragraph and then in another paragraph they'll mention the same thing but you're going to have different idea of what it's all about... Up at the top here it talks about Medigap and it sounds like it's talking about a supplement. And another, it says, you can't do that."

-- Female, pre-Medicare, traditional coverage, Baltimore

"I think the biggest question in my mind is, which ones to fill in the Medigap. I need we need to know which ones we can use... We need to know exactly which ones we can choose from instead of falling through the cracks."

-- Female, pre-Medicare, traditional coverage, Baltimore

"They should give you some optional companies to get the Medigap. In other words list them."

-- Male, pre-Medicare, traditional coverage, Baltimore

The overall ratings of the Medicare introductory brochure were positive. Despite some initially negative reactions, when asked after several minutes of discussion whether major changes should be made in the brochure, all eleven panelists voted to keep it basically as it is. Three participants rated it as "excellent," and the other eight rated it as "good."

"I think this is a good first step. If somebody sent me a 100 page book initially I'd probably be very reluctant to start reading it. But if I got something like this I think -- In fact like right now, the first time I read it I had some questions. The second time I read it some of them were answered... The thing is you have to start somewhere. I think something brief like this is a good first step in my opinion."

-- Male, pre-Medicare, traditional coverage, Baltimore

"Actually if it's the first step it should probably be condensed a little bit more."

--Male, pre-Medicare, traditional coverage, Baltimore

The letter which accompanies the brochure also received high marks.

"This [the letter] is probably more informative than this [the brochure]... It highlights things to start with. Just as I said before, a message about Medicare. It says you're Part A, you're Part B. It explains what is basically, tells you what you have to do, it's very simple, and you don't have to be genius to understand it. When you read through this thing - Like I said I was in the insurance business 25 years and I have a hell of a time understanding this kind of stuff. But this is to the point. And if you've got any questions you have a 1-800 number here; just call that. This is very simple I think."

-- Male, pre-Medicare, traditional coverage, Baltimore

When asked the ideal time to receive this information, answers ranged from six months to one year before turning 65.

Several participants indicated that the government should hold seminars for people about to go on Medicare, or allow people to come into a Social Security office for an explanation.

"It says here on number three, it says get in touch with your Social Security office if you have any questions about your rights. As I said before, I think if you went to Social Security that they would be able to sit down and explain that to you a whole lot better, because if just a layman looked at this you would be confused."

-- Male, pre-Medicare, traditional coverage, Baltimore

Almost none of these consumers know about the HMO option under Medicare, or understand that it reduces or eliminates the need for supplemental insurance.

"I don't think it would be a good option if you can't buy a supplement. If you will get a supplement, yeah. You know, if you could pick up your twenty percent, and you can't do that when you're sixty-five at a half-way decent prize in most instances."

-- Male, pre-Medicare, traditional coverage, St. Louis

"Well, like I say, it sounds too good to be true. And, I mean, what quality can you get? I mean, there's going to be so many people clamoring for this, to go there... you'd wait a year to get an appointment to go in for a check-up."

-- Female, pre-Medicare, traditional coverage, St. Louis

In many ways, these consumers mirror the attitudes of older consumers in their general attitudes toward HMOs. Some are hostile to HMOs, while others are uninformed, and as was true for uninformed Medicare beneficiaries, the HMO/Medicare option sounds too good to be true. Despite generally unfavorable

preconceived views of HMOs, about half of the pre-Medicare consumers we spoke with indicated they would consider this option.

"I'd consider it. I don't know whether I would [join], but I certainly would evaluate."

-- Female, pre-Medicare, traditional coverage, Irvine

"I would [join] if it wasn't so crowded. There'd be so many people."

-- Female, pre-Medicare, traditional coverage, St. Louis

"I was just having a conversation yesterday with a friend of mine who is working in health care, and she was talking about how good the HMOs are -- you know, certain ones are very good. And then she went on to talk how you have to know how to play the game, and -- well, I don't think any of us want to play a game when we call a doctor. We don't want to have to cut through red tape or blue tape... We want to call a doctor and go."

-- Female, pre-Medicare, traditional coverage, Irvine

"It sounds attractive to me. I would consider it."

-- Male, pre-Medicare, traditional coverage, Baltimore

"Unbelievable."

-- Female, pre-Medicare, traditional coverage, St. Louis

"Sign me up."

-- Male, pre-Medicare, traditional coverage, St. Louis

"We'd have a long line waiting to get in."

-- Female, pre-Medicare, traditional coverage, St. Louis

"You could just take this [the Medicare introductory brochure] and throw it in the trash, it wouldn't be any problem. Because you wouldn't need all this explanation. It just pays 100 percent and everything."

-- Male, pre-Medicare, traditional coverage, Baltimore

Like other consumers, these pre-beneficiaries are highly concerned about doctor choice and keeping their current doctor.

"You have a primary doctor and like a general practitioner and then if something else is wrong with you other than ordinary cold or whatever then he will send you to another one in the same department. But there is advantages to it if you have a family and children and everything, because usually your prescriptions are like a dollar, two dollars. But I like the idea of being able to choose."

-- Female, pre-Medicare, traditional coverage, Baltimore

"I like to go the same doctor all the time myself. I don't want to jump from one to another. I prefer the same one."

-- Female, pre-Medicare, traditional coverage, Baltimore

"I like to choose my own doctor, and I don't think it can be done, 100 percent of it for \$46."

-- Female, pre-Medicare, traditional coverage, Baltimore

"He would only recommend certain specialists? You couldn't say, I would like to go to this doctor because he's performed the surgery once before? I probably would not do it then, because of my husband's problems. He's had heart problems; he's diabetic. And I would want him to continue with the doctor that's been treating him all his life, all his time he's had the problem. So if that were the case and they said no, I can't go back to the specialist I probably wouldn't."

-- Female, pre-Medicare, traditional coverage, Baltimore

Other questions of pre-Medicare consumers about HMOs included:

"Reputation of the doctors."

-- Female, pre-Medicare, traditional coverage, St. Louis

"Choice of hospitals."

-- Female, pre-Medicare, traditional coverage, St. Louis

"Fee schedules."

-- Male, pre-Medicare, traditional coverage, St. Louis

"Would the dental be covered? A lot of them do not cover your eye care, your prescription glasses."

-- Male, pre-Medicare, traditional coverage, St. Louis

"What kind of doctors would belong there? Doctors who are retired and can't, don't want a responsibility of an office anymore? Doctors that can't make it in their own offices?"

-- Male, pre-Medicare, traditional coverage, St. Louis

Analysis: Pre-Medicare consumers are somewhat overwhelmed by the process of going on Medicare, although a fair number have close second-hand contact with the system. Perhaps as a result, they tend to react unfavorably toward materials that purport to explain their Medicare options. The ultimate reactions of the Baltimore group suggest that, despite initial grumbling, the current materials designed to introduce Medicare are seen as adequate and helpful. Pre-Medicare consumers, however, are eager for further guidance, in the form of meetings and consultation with representatives of the program (in person, or over the phone.)

In the context of joining Medicare, the HMO option seems very attractive to a large number of pre-beneficiaries. Like others, they need to be reassured that it is not "too good to be true," perhaps via an explanation of how this form of care is fully financed beyond the money that is taken from their monthly Social Security. Further, the HMO option will lose a certain percentage of beneficiaries who do not want to accept the restriction of their choice of doctor.

The current generation of pre-Medicare beneficiaries is more likely to know about HMOs than are current beneficiaries, and recruiting them into HMOs is likely to be more straightforward at the time they start receiving benefits than it is for those already in another Medicare arrangement. Therefore, it appears likely that the Medicare population in managed care is likely to increase steeply in the coming years.

IV. REACTIONS TO DETAILS OF HMO COVERAGE

A. Persuasion by exposure to information from HMO members.

Our research included an investigation of the dynamics by which skeptical non-HMO Medicare beneficiaries might be persuaded to consider HMOs after hearing HMO members describe their experiences. We arranged two focus groups which combined HMO and non-HMO Medicare beneficiaries. In general, the HMO members in these groups were highly favorable toward their HMOs, and recommended this form of coverage. Non-HMO members were interested, but unmoved, because they continued to face the obstacles of having to switch doctors, and in many cases had other insurance and simply did not need an HMO.

Because of the wide range of quality of HMOs, non-members were not necessarily persuaded when brought face-to-face with satisfied HMO members. In particular, the negative opinions of non-HMO members in Miami were so strongly held that the experiences of satisfied HMO members were unpersuasive, as this exchange illustrates:

"The relationship that we have with our doctor at [HMO] is that if I call him about something, my knee is bothering me and I want to see an orthopedic man, there's no problem. He says, I'll just fax the referral over to the orthopedic man...call him up and make an appointment. And, never had any difficulties along those lines. And, all of our doctors, it's not outside clinic situation, I've never, ever felt that I was rushed"

-- Male, HMO coverage, Miami

"I find that very hard to believe from the experiences that I see. My son-in-law, my daughter have [HMO]. And, when my granddaughter went because she had a swollen leg, they just refused to refer her to anyone. And, then, finally my daughter insisted, the jerk referred to a podiatrist. I mean, a podiatrist, with a swollen leg. And, she's eighteen years old.

How do you send a child with a swollen leg that's black and blue to a podiatrist? And, it was like pulling teeth to get that, and finally I told her, I said, forget it, bring her over to my doctor. And, he looked at her and he referred her to an orthopedic surgeon. And, she had a little blood clot in there which, you know, they had to do some surgery. But, all of the experiences of people that I know, they have never been good. They have always, always had problems."

-- Female, traditional coverage, Miami

However, some consumers seemed open to reconsidering their views on managed care after these discussions.

"I feel that what I've come away from is that there's a possibility of being covered for a lot less money than I'm paying and if there was a way of doing it where I could still have the doctors that I'm interested in having then I would be interested."

-- Male, traditional coverage, Boston

HMO members acknowledged that their non-HMO acquaintances held generally negative views of HMOs.

"A lot of them are skeptical. They really don't understand."

-- Male, HMO coverage, Miami

"The doctors are great, but the perception is lousy -- in the eyes of people who do not belong to HMOs. But when they hear what you have been through, then they wake up and they realize. They say, gee, you went through all of that and you were there? You were at Miami Heart Institute and you had doctor so-and-so? You know something? I think I'll look into it."

-- Male, HMO coverage, Miami

HMO members believed that prescription coverage would be an important factor in convincing non-members to join.

"I have some friends that I discuss HMO with and I discuss their plan with them also. They tell me they have to pay for their prescriptions like maybe it cost them \$80 or \$90 a month for some pills and I'll tell them, gee, it cost me nothing, you know. My wife is on Mervercore. And before we were hooked up with HMO, it used to cost us \$70 a month for the Mervercore. When I tell them it doesn't cost us a dime, he's amazed. And that's one of the reasons why they look into it, you know."

-- Male, HMO coverage, Miami

The ratings sheet which non-HMO members completed listed a series of thirteen factors pertaining to HMOs, and asked participants to rate each factor as to how convincing it is as a reason to join HMOs. (See the addendum for the tabulated answers.) The factors listed most frequently by consumers were those relating to choice ("still see current doctor," and "able to switch").

"I want to see the doctor I'm used to seeing, and I want to be able to go to a doctor I may feel is not part of the program for a specific -- for whatever reason, and I don't want to feel locked into anything. I think marriage is probably the only thing that I felt locked into, and that was by choice."

-- Female, pre-Medicare, traditional coverage, Irvine

Nearly as appealing were those relating to low cost ("no extra premiums or supplemental insurance," "more things covered," and "limits on out-of-pocket costs"). Following these leading reasons were factors related to convenience and courtesy ("appointments made quickly," "easy to get to"). Reactions to the complete list of reasons to join an HMO fell into two categories: some participants were impressed, while others disbelieving.

"Peter, before you start asking questions, I want to know what planet you're talking about... You're not talking about this Planet Earth ...I mean, everything that's on this list seems too good to be true. I mean, come on."

-- Male, pre-Medicare, traditional coverage, St. Louis

"I had 'still see current doctor.' I had 'the dollar limit out of pocket costs.' 'No extra premiums for supplemental insurance.' 'More things covered.' 'One doctor or nurse contact.' 'Appointments made quickly,' and 'prevention,' and 'you can switch,' and 'free to go outside at no extra cost.' I was really surprised. I was trying to answer as honestly as I could, and I was surprised having a lot of things that convinced me."

-- Female (strongly anti-HMO), pre-Medicare, traditional coverage, Irvine

"Being able to see your current physician, the dollar limit on the out of the pocket. And, the no extra premiums or supplemental insurance. That sounds good. I wish Hillary would have had this."

-- Female, pre-Medicare, traditional coverage, St. Louis

B. Prevention philosophy

The prevention philosophy is very appealing and not widely understood by non-members as a central facet of HMOs. However, several panelists commented (sometimes jokingly) that at their age, they are past the point of prevention.

"I really don't believe in this prevention stuff... You've got cancer of the face. How are you going to prevent that when I'm 65 and I get cancer of the face?"

-- Male, traditional coverage, Columbus

Some doubted that the economics of prevention were viable for elderly populations:

"If you keep a guy that's 65 years old and he's going to live to be 95, and you keep him alive for 30 years... you're going to have tremendous costs, especially as they get older and older and older and they get diabetes, they get kidney failure, they start getting heart transplants and all that kind of stuff -- if you can let him die real quick at about 66, you'd be way ahead of the game."

-- **Male, traditional coverage, Columbus**

"By the time we're in this general age we're beyond preventive medicine... Let's face it, with a woman osteoporosis is a big factor in an older woman. That damage was done 20 years or 30 years ago. It's a little late for preventive now."

-- **Female, pre-Medicare, traditional coverage, Baltimore**

However, when framed in terms of specific prevention measures, like physical exams and mammograms, reactions were generally positive.

"That's one of the reasons why I think I would go, because I don't get a physical each year, because basically a lot of it isn't covered under my insurance policy, just a physical. And yet I've talked to some other people that belong to an HMO and I get the impression that they do have physicals. That's one of the pluses for me. I would like to have a complete physical."

-- **Male, pre-Medicare, traditional coverage, Baltimore**

"They seem to have a lot of screenings going on for your cholesterol and blood pressure and things like that. I would consider that prevention. They always stress walking."

-- **Female, pre-Medicare, traditional coverage, St. Louis**

HMO members, who tended to understand the philosophy, were strongly supportive, and considered this an important, attractive feature of their HMO coverage.

"They save money by keeping you healthy. They try to keep you healthy."

-- Male, HMO coverage, Miami

However, those who were skeptical of HMOs did not find it easy to reconcile their image of low-quality HMO care with prevention.

"They don't take enough time for prevention."

-- Female, pre-Medicare, traditional coverage, St. Louis

C. Primary care physician

The reaction of beneficiaries to the concept of the primary care physician who coordinates your care is generally positive. One participant in Minneapolis referred to the primary care physician as a "homeroom teacher." Although complaints about the referral process were expressed, on the whole HMO members and non-HMO members were surprisingly resistant to the criticism that the primary care physician serves as a gatekeeper who denies access to care.

"I always liken it to arms like the Three Stooges. One's doing one thing, another's doing and I'm getting all confused. So, if you don't get primary care from the one physician, things will just get all botched up."

-- Female, HMO coverage, Irvine

"The doctor or nurse would get to know the patient, and it's not fractured care."

-- Female, African-American, traditional coverage, Boston

"Becomes your quarterback in your health care team."

-- **Male, traditional coverage, St. Louis**

"If you can trust your primary physician, in [HMO], and you have something -- failing kidneys or something -- they will send you to a specialist. Even outside of [the HMO]."

-- **Female, HMO coverage, Irvine**

"You trust your primary care physician, and if she isn't sure, she'll just call in someone else or send you to another office. I think that's very important."

-- **Female, low income, HMO coverage, Minneapolis**

"He keeps track of everything that's going on, I think, with your medical care and knows what's going on with you mentally and physically, but sends you where you really need to go to take care of problems he can't take care of, but still knows your problem."

-- **Female, low income, HMO coverage, Minneapolis**

"My primary doctor, as a matter of fact, encourages second opinions, and if third opinions, third opinions."

-- **Male, HMO coverage, Miami**

"If you disagree, if your primary care physician would say, 'No, you don't have to,' I think there you can go through some appeal process."

-- **Female, HMO coverage, Minneapolis**

"As lay people, how do we know if we would need a cardiologist or somebody? I mean, our primary care physician would be the one. I mean, we might think we need it..."

-- **Female, HMO coverage, Minneapolis**

"That's appealing to me. Takes me back to the old general practitioner that I used to go to."

-- **Female, pre-Medicare, traditional coverage, St. Louis**

However, many HMO and non-HMO members were familiar with drawbacks in the execution of the primary care physician concept -- that HMO patients often do not see the same doctor.

"One of my friends left the HMO, and she went to the doctor for one thing, then she went back to the same HMO for another thing, and then she went back so many times, and I kept saying to her, 'Every time you go, you're seeing another doctor. Are you watching what prescription they're giving you?'"

-- Female, African-American, traditional coverage, Boston

"I usually get a card telling me when my appointments are, and so I try to get there before my appointment, and when I get there, my doctor's always on vacation. So I always have to go to another doctor."

-- Female, low income, HMO coverage, Minneapolis

"I think it's appealing but far-fetched. Who's going to take the time to really care? So they have it on your chart, but if you call up to ask them, unless they have the chart in front of them, they're not going to know you."

-- Female, pre-Medicare, traditional coverage, St. Louis

Some find the requirement to go through a primary care physician to be wasteful, and find specialist referrals difficult to obtain.

"[My daughter] gets a list and....picks out another gynecologist and she goes to him and he makes a diagnosis and recommends surgery and then some secretary says, 'Oh, no. You have to go to a general practitioner first and then be recommended to us.' So then she goes to the general practitioner who said, 'Oh, yeah, the gynecologists are right. That's what has to be done.' So she goes back to the gynecologist and her insurance company, in two instances, were paying for what seemed to us to be a duplicated procedure."

-- Female, traditional coverage, Columbus

"You have your primary doctor, and you go to him and then if you get, say, a gall bladder feeling, and you want to go to a surgeon, you have to wait for your primary doctor to feel that it's right for you to go to them."

--Female, pre-Medicare, traditional coverage, Irvine

"But I have to see an ear doctor periodically and every time I have to go through the primary care physician. I know when I have to see him, and I wish I could just go and make the appointment, but I can't.

-- Female, HMO coverage, Minneapolis

"One problem, though, was trying to get a referral. My wife tried for two days to get a referral to go in to get something checked on her skin. She's finally got through and they said, come on in. So that was taken care of -- sometimes the referral might take time. I don't know why, how it happened. She was very upset."

-- Male, HMO coverage, Miami

One HMO streamlined its referral process in response to such concerns:

"With [HMO] they have a new system they just instituted about a week ago that they can now get a referral for your primary to another doctor, a specialist in a matter of seconds... Because up until this, last week, to get a referral sometime required about a week until they got a hold of somebody in [the HMO] -- you know, your primary doctor's nurse or the office manager. And it could take as long as a week. Now, it's just a matter of -- usually the same day."

-- Male, HMO coverage, Miami

D. Undertreatment issues

Consumers showed surprisingly little concern about the dangers of undertreatment in HMOs. (The exception was in the low-penetration market of Columbus.) Several participants expressed the belief that malpractice laws will require doctors to take all needed steps. One non-HMO member in St. Louis said, "Your own doctor wouldn't do that" (limit your access to the care that you need). Others mentioned the HMO prevention philosophy.

"It's a major concern, but the theory of an HMO would probably overcome that. The HMO theory is, let's keep you healthy so that you don't have to get real sick, then we can afford to take care of you longer. If I keep you healthy that you don't have any major problems,"

-- Male, traditional coverage, Columbus

"I think that with all the litigation nowadays that they can't afford not to send you if they think and know that you should be seen by a specialist."

-- Female, HMO coverage, Minneapolis

"I would have nothing to base it on, but, they still have to answer to any chances of malpractice that may pop up. So, they're going to cover their butt, at least."

-- Male, pre-Medicare, traditional coverage, St. Louis

As discussed above in the section on primary care physicians, some HMO members have experienced, or heard of, HMOs that limited treatment and referrals to specialists.

"...but there are doctors that hold back. On certain plans, they will not send you to specialists. They will not -- to keep down the cost of the medical treatment."

-- Female, HMO coverage, Miami

Evaluations of the dangers of undertreatment varied from group to group. Among the pre-Medicare consumers in Irvine, nearly all considered undertreatment in HMOs to be a realistic possibility, as did some in St. Louis.

"It would be logical that they're not going to provide any more services that they feel is necessary."

-- Male, pre-Medicare, traditional coverage, St. Louis

Patients are also very familiar with the opposite danger -- of overtreatment -- in fee-for-service plans.

"I know that hospitals do push patients, especially patients who are in the hospital for certain procedures, tests, because that is how they make their money. And sometimes the patient is given the same test over and over. And it's a money thing."

-- Female, African-American, traditional coverage, Boston

"Private practice doctors, particularly since the problems with malpractice, they're doing a hell of a lot that there's no reason for and they know there's no reason for it."

-- Male, pre-Medicare, traditional coverage, St. Louis

Analysis: The details of the operation of HMOs are recognized as having certain advantages, and do not seem, in and of themselves, to dissuade prospective members from the Medicare population. The role of the primary care physician is seen as appealing, rather than frustrating: patients in and out of HMOs view the coordination of care as an advantage, and there are relatively few who see this role as a "gatekeeper" who will cause undertreatment.

There is some skepticism among consumers about the value of the prevention philosophy, particularly among those who think prevention is of limited use after age 65, and non-members do not seem to know much

about this facet of HMOs. HMO members readily cite prevention when listing the advantages of their plans, and among members and non-members alike, the emphasis on prevention improves the HMO's image and helps to provide a logical explanation for the lower costs associated with HMO coverage.

V. OTHER MEDICARE OPTION: MEDICARE SELECT

Consumers showed virtually no familiarity with Medicare Select, outside of Minneapolis, where the name was familiar but its meaning was unclear.

"I've never heard of anything like that."

-- Female, HMO coverage, Irvine

"I've heard of it, but I didn't know what it consisted of."

-- Male, traditional coverage, St. Louis

The following description of Medicare Select was read to our participants, in order to gauge their reaction:

"You sign up to agree to receive your health care through a large network of doctors and hospitals in this area and they work out of their own offices. You still need a supplemental policy to cover what Medicare does not pay, but the cost of such policies would be 15 to 20 percent less than current supplemental coverage. The reason is the doctors and the hospitals in this network have agreed to lower their fees."

When described, Medicare Select is very appealing to some consumers.

"It sounds ideal."

-- Female, traditional coverage, St. Louis

"It sounds good... The fact that you could go into an office and not be into a busy clinic, and if your appointment was at 9:00 o'clock, maybe you'd be seen not later than 9:15."

-- Female, African-American, traditional coverage, Boston

"If I could get the same coverage I'm getting now and save 15 or 20 percent, I'm for that."

-- **Male, traditional coverage, St. Louis**

"It sounds a little better... a little more logical than the HMO."

-- **Female, traditional coverage, Columbus**

"I think it would nice if it could be more private [than HMOs]. It wouldn't be as much volume, not too many people involved. It would be easier to get an appointment."

-- **Female, pre-Medicare, traditional coverage, St. Louis**

Some consumers wonder what Medicare Select has to offer. Some perceived the potential cost savings as too little to be worth the restriction of doctor choice.

"All you gave is the fact that you can go to a certain group of doctors for a certain amount of money, but you don't get no extra benefits out of it."

-- **Male, traditional coverage, St. Louis**

"It'd have to go down quite a bit before it would interest me." [Moderator: "Is \$200 a year enough?"] "I wouldn't think -- not to me."

-- **Male, traditional coverage, Minneapolis.**

"Well 15 percent I think at that point is very little and I'd rather have my choice of who I could go to."

-- **Female, traditional coverage, Boston**

"You'd have to broaden some of the benefits, you know, like length of stay in hospital or something else to make it attractive, I think."

-- **Female, traditional coverage, Miami**

"What they want to do is put the people that are on the regular Medicare in an HMO basically."

-- **Female, traditional coverage, Miami**

Generally, HMO members do not see this plan as an advantage over their current coverage. Most reactions in Irvine were negative.

"There's no comparison between HMOs and that program."

-- Male, HMO coverage, Irvine

"One of the big loopholes to that is catastrophic care."

-- Male, HMO coverage, Irvine

Medicare Select is of special interest to those in high-HMO markets who do not have HMOs, but are who are used to the general concept of managed care. As with HMOs, consumers are concerned about keeping their doctor under Medicare Select.

"I would still want my choice of doctors."

-- Male, traditional coverage, Columbus

"I want my own doctor. I wouldn't switch my heart doctor,,,
It would restrict my choice."

-- Female, traditional coverage, Columbus

The initial questions offered by participants pertained to the logistics of the program's working: would it be administered (or mandated) by Medicare, would it be a clinic like an HMO, how would the network of doctors operate, and why would this succeed in lowering costs. Some other questions included:

"Are you going to be totally restricted to the group? And is the group adequate?"

-- Male, pre-Medicare, traditional coverage, St. Louis

"Are they just using the Medicare name? I mean, it's not government-run, is it?"

-- Female, Minneapolis

"Would their plans be the same as we find in our supplemental insurance for Medicare?"

-- **Male, traditional coverage, St. Louis**

"Would you have to pay a full price to the specialist?"

-- **Female, HMO coverage, Irvine**

"Doesn't that sound like assignment? Like, for instance, if you have Medicare and they agree to take the amount that Medicare gives them. Wouldn't that be the same thing, in essence, if they're lowering their fee?"

-- **Female, pre-Medicare, traditional coverage, St. Louis**

"My question would be the supplemental insurance, what would that offer? Would it be comparable to my [fee-for-service insurance plan], which I like."

-- **Female, African-American, traditional coverage, Boston**

"Would they do all the paperwork for us?"

-- **Female, traditional coverage, St. Louis**

"[Do] they have different plans and each plans cost a little more for the amount of coverage?"

-- **Male, traditional coverage, St. Louis**

"It would depend on this network of doctors -- who they were, if I considered them qualified. I'm not bred to a particular doctor. I'll go with another doctor if he's just as good or better."

-- **Female, traditional coverage, Columbus**

"Would it be regionalized because this is involved with Medicare that it would be a national program? So, if I were to move from the St. Louis to the Milwaukee area, or to the Chicago area, or to the Omaha area, this same basic thing would be available. Then I would have to pick up with that regional organization in Omaha or Chicago or..."

-- **Male, pre-Medicare, traditional coverage, St. Louis**

"Prescription drugs, dental care, eyeglasses."

-- Male, traditional coverage, St. Louis

"I imagine they would have an age limit."

-- Female, traditional coverage, Columbus

"Would there be paperwork with that for the individual?"

-- Male, traditional coverage, Columbus

"Pre-existing conditions... my wife has emphysema. There's no way that we could do any switching."

-- Male, traditional coverage, Columbus

Analysis: With virtually no track record or reputation, it is difficult to obtain a clear reading on the likely reception of Medicare Select. Based upon the reactions expressed in our discussions, the appeal of this system is likely to fall into a relatively small niche of consumers who are not already in HMOs, dislike the clinic setting of HMOs, and who feel that the network offers them enough choice (particularly if the doctor they are already seeing is included). The potential savings -- about \$200 per year off a typical supplemental insurance plan -- did not seem substantial enough to convince many beneficiaries to undergo other inconveniences.

Beneficiaries tended to understand that the economic incentive for doctors to join such a network, and agree to lower their fees, is the potential for increased business. Our findings suggest that if the Medicare Select networks are sufficiently broad, such that many Medicare beneficiaries will be able to join while keeping their current doctor (or to feel they have a wide choice of providers), Medicare Select will make some inroads with this population.

VI. INFORMATION-SEEKING AND SELECTING AMONG HEALTH CARE OPTIONS

The focus group research explored the issue of how HMO members seek information about HMOs, how they make their choices, and how they would prefer to receive information. As with choice of doctors, word of mouth plays an important part in choosing specific HMOs.

"I lived with my sister who's five years older than I, and both she and her ex-husband were with [HMO]... So I thought, well, she's with [HMO], I'll go with it, too."

-- Female, HMO coverage, Irvine

"I saw [first HMO] at the ads in the TV about it. ...it was either [first HMO] or [second HMO], but then there's a little old woman that lives in the mobile home park with us ...she was very, very unhappy with [first HMO], so that's what made me decide to go to [second HMO]."

-- Female, HMO coverage, Irvine

In some high-HMO penetration markets, consumers are heavily recruited by HMOs as they approach Medicare eligibility.

"Actually, they contact you ahead of time before you reach the age of 65."

"Multi times. *[General laughter from group.]* All of them."

-- Female and male, HMO coverage, Irvine

Consumers varied as to their preferred form of receiving information. Many consumers express a preference for printed brochures.

"I'd like adequate material that I could read over and decide."

-- Female, traditional coverage, Columbus.

(Many group members echoed her comments.)

"Clear, understandable, brochure and publication that would explain it in written detail."

-- **Male, traditional coverage, St. Louis**

"And, pamphlets. Whoever you're purchasing from, but, if possible, if they have more than one program to offer, so each one's set up so that you could sit down and compare."

-- **Male, pre-Medicare, traditional coverage, St. Louis**

"Probably printed, because it'd give you an opportunity to research."

-- **Female, Minneapolis**

"I would probably like to see some literature, like companies have for sales propositions, describing the unit. Detailing how often you can see a doctor, or how long will it take to see a doctor. If it's an emergency, can I get attention right away."

-- **Male, pre-Medicare, traditional coverage, Irvine**

"I wouldn't mind getting written information in the mail."

-- **Male, traditional coverage, St. Louis**

Some wished to talk one-one-one with a representative of an HMO.

"I'd like to read first and then be able face-to-face to talk with someone."

-- **Female, traditional coverage, Columbus**

Others prefer the possibility of attending meetings and presentations in person.

"[Have a seminar] where you can directly talk to people, not paper."

-- **Female, African-American, traditional coverage, Boston**

"Most of us are going into this cold. Going into 65 and HMO, you don't really know what you're getting into. You're leaving a private physician and you want to know what the benefits are, and they are very thorough when they come out and give you this presentation. And if they didn't, you would just be going into this cold."

-- Female, HMO coverage, Irvine

"I went to several briefings by [HMO] and I'd like to now attend one of the others just for comparison, because having been to those sessions on a scale of one to ten, with ten being the highest, I would rate them at eleven. And I commented to them, that after seeing your briefings, I'm wondering how soon the others are going to go out of business because I had the feeling they were going to take over the entire field. Their presentation is eleven. Their delivery, I would say, is somewhere about an eight."

-- Male, HMO coverage, Irvine

"If a company is honestly seeking a market they should have meetings and explain exactly what they're going to do."

-- Female, pre-Medicare, traditional coverage, Baltimore

"The problem with sitting with the counselors is that you may not think of the right questions to ask the individual and secondly, the chances of their telling you something unfavorable about their program is virtually zero."

-- Male, HMO coverage, Irvine

"If they had a meeting last night, maybe my question isn't going to come up until two days from now, and I probably couldn't remember everything they told me."

-- Female, low income, HMO coverage, Minneapolis

Some interest was expressed in telephone briefings, but most consumers seemed to prefer meetings in person.

"Actually, when you call for it, they should be able to give it to you over the phone if you call for it."

-- Male, low income, traditional coverage, Los Angeles

"A real live person is nice to have. It's so hard to get a real live person on the telephone sometimes when you call Social Security. All you do is press buttons. And finally you hang up."

-- **Female, pre-Medicare, traditional coverage, Baltimore**

"If you get the right persons to give you the answers you're all right. Because you can call up the telephone and talk to a lot of these offices, representatives and they'll give you an answer right off the bat, whether it's right or wrong. And if you don't have any inkling what's going on, you're in bad trouble."

-- **Male, pre-Medicare, traditional coverage, Baltimore**

"I feel when you have to look a person in the eye face to face you're going to give the more honesty than you would a telephone. You can be very evasive when you don't have a face in front of you."

-- **Female, pre-Medicare, traditional coverage, Baltimore**

"I think they could show you if you had questions, and you're concerned about the financial end of it, they could maybe show you on paper, whereas they couldn't do that over a telephone."

-- **Female, pre-Medicare, traditional coverage, Baltimore**

Videotapes were not viewed positively.

"I'd like to see eye contact, sitting down, talk to me, let me see how you express yourself, let me see how you react and you see how I react. I don't need no on the phone or video, stick it in and this is going to be about your so and so and the next 15 minutes, you have so and so."

-- **Female, low income, traditional coverage, Los Angeles**

"It would be of help but you couldn't ask it a question."

-- **Female, pre-Medicare, traditional coverage, Baltimore**

"I don't have anything to put a video on."

-- **Female, low income, HMO coverage, Minneapolis**

Pre-Medicare consumers in Baltimore were asked about a computerized briefing in which they selected questions and got answers based on answers they provided about their particular situation.

"I think that would be a better idea than the meeting part, because you could do your individual case; you could have your things answered."

-- Female, pre-Medicare, traditional coverage, Baltimore

"That may be a good idea if you had a special interest at one point and you say I think I'll go and ask that question because it could be answered immediately. Maybe in a library."

-- Female, pre-Medicare, traditional coverage, Baltimore

Consumers showed mixed enthusiasm for patient satisfaction ratings. HMO members in Irvine and Minneapolis expressed some interest in these ratings, and in ratings of doctors, but not all consumers trusted the opinions of those providing the ratings. As the Addendum shows, patient satisfaction ratings earned the fewest "most convincing" scores on the rating sheet of reasons to join an HMO.

"I think all of us are still evaluating a little bit here and there -- and I know I am. I would like to see an objective evaluation of possibly five of the largest HMOs in the country... Independent. Not put out by any of the HMOs but an evaluation by an independent agency which would be objective."

-- Male, HMO coverage, Irvine

"I think human nature being what it is, if you are going to a doctor and you have something very, very seriously wrong with you and he can't do anything short of a miracle for you and miracles don't happen these days, then that individual might have a very negative attitude towards that doctor -- they might have received very good care all that time but the

outcome is not what they wanted, so they would probably rate that doctor not as well."

-- Female, Minneapolis

"But anybody can get somebody to say, 'Aw, I think he just did a great job on me.'"

-- Female, pre-Medicare, traditional coverage, Irvine

"Hearsay is not too reliable."

-- Female, pre-Medicare, traditional coverage, St. Louis

A dissenting view:

"I'd sure want to talk to people who are already members."

-- Male, traditional coverage, St. Louis

Non HMO members worried about the objectivity of the information provided by HMO brochures and sales presentations.

"I think it could best be presented by someone who is not interested in making you think that this is the thing to have. These brochures are written by the people who want you to come. And they make it sound good, so if you're not knowledgeable, it will sound good to you. And I think it should be written by someone who just writes the facts."

-- Female, African-American, traditional coverage, Boston

"Salesmen are out there making their pitch, and they don't care what they're really telling you, all they're doing is trying to sell the program because they get points or money or some gratification for doing what they're doing, and they don't care how we feel or who we are."

-- Female, low income, HMO coverage, Minneapolis

"If this person is anxious to get you to join it, then naturally they're going to give you answers that you want to hear, right?... So I would prefer having a health professional. If I were going to go to something like this, I would prefer having

a health professional get up there and explain what he would do if he were the primary physician, and things like that."

-- Female, pre-Medicare, traditional coverage, Irvine

Questions that non-HMO members would have about HMOs include:

"Is there a long period of time that I have to wait until I get referred to a specialist?"

-- Female, low income, traditional coverage, Los Angeles

Analysis: Printed materials, providing they are organized clearly and thoroughly, allow Medicare beneficiaries and pre-Medicare consumers to study their options without the pressure of being on the receiving end of a sales presentation. Many consumers appear to have the inclination to devote the necessary time to absorbing information in this way.

The luncheon meetings, which have become so commonly used by HMOs in recruiting Medicare beneficiaries, are also popular, and appear to be an effective way to reach consumers who might otherwise not have the inclination to investigate their choices. A number of consumers expressed preference for the two methods in combination -- being able to review printed materials and then to attend a meeting or briefing where their questions could be answered.

Although concerns about the trustworthiness of the information were raised, consumers appear appreciative about receiving this information and seem to trust their own ability to filter and evaluate what they are told. The ratings provided by patients, and report cards compiled by independent groups (particularly Consumer Reports; see also one participant's comments on page 21) are of some interest, but do not seem to go far enough to address the specific questions which beneficiaries face as they make their selections. The same would appear to apply to videotapes.

CONCLUSION

In the complex, pluralistic environment of health care choices, managed care occupies a unique position. It holds the promise of quality care at lower cost than traditional fee-for-service medicine, but is prone to criticism that in its execution, if not its conception, it lowers quality as well as cost. Giving up some degree of choice is a difficult step for many consumers to take, even if it is in return for substantial benefits.

At the same time, consumers widely recognize that no system of health care delivery is perfect. In at least some markets, HMOs have been able to demonstrate competitiveness in the quality of care they provide, and there are many satisfied HMO members among the Medicare population.

Our investigation of Medicare beneficiaries and pre-Medicare consumers shows that there is a significant potential for managed care options (chiefly HMOs) to grow among the Medicare population, but that this growth will require continued efforts to educate uninformed members of the public, and will require HMOs to sustain and expand their image as a system providing high quality care. Many complaints about HMOs -- waiting for appointments, never seeing the same doctor twice, impersonal bureaucratic management -- have circulated widely, and seem to have more than a grain of truth in some regions of the country. As HMOs grow, so will their word-of-mouth reputation, which can either help or hurt this system of care depending upon the image that is developed.

In parts of the country (mainly Miami, in our investigation) there is strong anger among many Medicare beneficiaries toward the HMO trend. HMOs, for these consumers, are considered emblematic of the downgrading of the American medical system. Interestingly, attitudes toward HMOs appear related toward attitudes toward the medical profession as a whole: consumers who generally trust the doctors in their area are trusting of local HMOs. But those we spoke with in Miami, who

complain that doctors and hospitals are profit-driven, see HMOs as an extension of placing economic gain over serving patients.

This growth of managed care will be greatly aided if more Medicare beneficiaries are able to join while continuing to see the doctor they already have. This may become more common, and as HMO, PPO, and Medicare Select networks grow and more doctors sign up, the number of Medicare beneficiaries who find that their doctor is already in a network will increase. Such consumers have a great incentive to switch to managed care, if they can see the same doctor and cut their costs substantially.

At present, another major obstacle to HMOs in reaching Medicare beneficiaries is that beneficiaries have some trouble believing that the deal they offer is genuine. Senior citizens are often very skeptical, and tend to believe that there must be some kind of catch, unless they have first-hand or close second-hand information that reassures them.

If policy makers choose to promote managed care as a solution to the financing crisis in Medicare, they will have to overcome significant resistance based on all of these factors, as will HMOs themselves in their recruitment efforts. If the group health industry were to draw any practical conclusions from our findings, it would be to redouble their efforts to educate the elderly public about managed care as it applies to them. They will have to reassure this population as to just how they are able to offer more comprehensive benefits without charging extra, which they may be able to do by placing more emphasis on the principal of keeping patients healthy.

The findings from our discussions suggest that many beneficiaries will not need HMOs, even if they come to understand the specifics of the coverage, because they are already receiving adequate coverage through fee-for-service arrangements from their retirement or through their spouse. HMO recruits are more likely to come from among Medicare

beneficiaries who may be uninformed, or even skeptical, about managed care than from among those who are familiar and favorable, but who have opted for other forms of coverage.

As to forms of public education, many methods (including advertisements and brochures) may be helpful, but it appears that on balance, having an opportunity to attend a meeting or talk to someone who can answer questions is the most critical means of passing along information to potential HMO members.

Our findings show that there is an especially large information gap among pre-Medicare consumers, who have little idea about the process of becoming eligible for Medicare, and have even less information about the way HMOs operate under Medicare. These consumers showed great interest in the information that was provided in the course of our focus group discussions with them, implying that many would be receptive to organized efforts to educate them about both Medicare and managed care under Medicare. On the whole, consumers in our study showed great interest in this topic, which is of such immediate concern to them, and it appears likely that many would take an interest in such attempts to inform them more completely about the choices they face.

APPENDIX A

RATING SHEETS

WORKSHEET

	TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL	MIXED
How would you rate your overall health over the past year?					
Excellent	48	22	7	8	11
Good	70	24	28	9	9
Fair	22	3	11	1	7
Poor	5	2	3		
Very Poor	2		2		
How much do you pay each month for Medicare coverage?					
\$0	30	8	16	4	2
\$1-10	1	1			
\$11-25	3	3			
\$26-39	7	2	2		2
\$40-45	22	6	11		5
\$46-65	19	6	10		
\$66-100	1	1			
\$100+					
How much do you have to pay out of your own pocket each time you go to the doctor?					
\$0-4	60	21	25	2	12
\$5	7	3			
\$6-10	13	6	2	2	2
\$11-45	4	3	1		
\$46-60	1	1			
\$61-100					
How much do you have to pay out of your own pocket each time you have to be admitted to the hospital?					
\$0	79	34	23	6	16
\$1-5	2	1		1	
\$6-15	2	1	1		
\$16-30					1
\$31-75					
\$76-125	5		3	2	
\$126-200					
\$201-300	1			1	
\$301-400					
\$401-1000	4		4		

WORKSHEET

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL	MIXED
Do you receive any Medicaid benefits?						
	Yes _____	29	9	19		1
	No _____	103	40	29	9	25
A/D/F only						
Do you have a supplemental policy that covers costs not paid for by Medicare?						
	Yes _____	53		34		19
	No _____	21		15		6
Does your Medicare supplemental policy cover...?						
a. At least part of the cost of prescription drugs. _____	Yes	55	19	14	8	14
	No	28	5	18		
b. All of the cost of prescription drugs. _____	Yes	22	8	12		2
	No	60	15	22	8	15
c. At least part of the cost of long-term care at home. _____	Yes	30	11	8	3	8
	No	46	12	20	5	9
d. At least part of the cost of long-term care at a nursing home. _____	Yes	32	15	8	3	6
	No	41	9	21	3	8
e. Office visits to your doctor. (A/B/D/E/F) _____	Yes	42	5	29		8
	No	5		5		
f. Regular check-ups or physicals. _____	Yes	67	23	25	6	13
	No	20	2	10	2	6
g. Dental care. _____	Yes	27	13	5	4	5
	No	56	10	29	4	13
e. Cost of eyeglasses (C ONLY) _____	Yes	10	8		2	
	No	17	11		6	

**Specific Evaluations of HMOS
(Among Non-HMO Consumers)**

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
Quality of care they provide.	Excellent_____	2		2	
	Good_____	16		18	8
	Not So Good_____	28		16	12
	Poor_____	7		6	1
Quality of doctors in HMO.	Excellent_____	5		5	-
	Good_____	23		15	8
	Not So Good_____	36		24	12
	Poor_____	1		1	-
Choice of doctors and hospitals they allow.	Excellent_____	2		2	-
	Good_____	16		1	5
	Not So Good_____	38		26	12
	Poor_____	11		7	4
Their cost.	Excellent_____	12		7	5
	Good_____	36		23	13
	Not So Good_____	12		10	2
	Poor_____	4		4	-
The time you have to wait for an appointment with a doctor.	Excellent_____				
	Good_____	25		20	5
	Not So Good_____	26		19	7
	Poor_____	14		6	8
The ease of getting referred to a specialist or a second doctor for a second opinion.	Excellent_____	3		3	
	Good_____	25		16	9
	Not So Good_____	28		19	9
	Poor_____	9		7	2
The time the doctors and providers spend with you when you go for treatment.	Excellent_____	3		3	
	Good_____	17		12	5
	Not So Good_____	36		24	12
	Poor_____	10		6	4
The convenience of going to an HMO to see a doctor.	Excellent_____	4		4	
	Good_____	28		16	12
	Not So Good_____	20		16	4
	Poor_____	12		9	3
The level of extra benefits they provide for the same monthly cost like prescription drug coverage or long-term care.	Excellent_____	8		5	3
	Good_____	24		13	11
	Not So Good_____	23		19	4
	Poor_____	8		7	1

**Factors in Selecting HMOs
(Among HMO Members)**

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
Which Doctor Would Treat You	Very Important_____		26		
	Somewhat Important_____		8		
	Not At All Important_____				
The Cost	Very Important_____		25		
	Somewhat Important_____		8		
	Not At All Important_____		2		
Benefits and Coverage Provided	Very Important_____		35		
	Somewhat Important_____				
	Not At All Important_____				
Ease of Getting to the HMO	Very Important_____		22		
	Somewhat Important_____		17		
	Not At All Important_____		1		
A Strong Referral from Someone Else	Very Important_____		12		
	Somewhat Important_____		18		
	Not At All Important_____		5		
The Presentation of HMO Salesman	Very Important_____		6		
	Somewhat Important_____		17		
	Not At All Important_____		14		
Having One Primary Care Physician Coordinating Your Care	Very Important_____		29		
	Somewhat Important_____		5		
	Not At All Important_____		2		
Their Emphasis on Preventive Care Such as Physicals	Very Important_____		31		
	Somewhat Important_____		7		
	Not At All Important_____		2		
Their Wellness Programs such as Exercise or Dietary Classes	Very Important_____		17		
	Somewhat Important_____		9		
	Not At All Important_____		12		
The Quality of Care They Provide	Very Important_____		33		
	Somewhat Important_____		1		
	Not At All Important_____				
Prescription Drug Coverage	Very Important_____		34		
	Somewhat Important_____		5		
	Not At All Important_____		1		

**Factors in Choosing HMOs
(Among Non-HMO Consumers)**

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
You could still go to your current doctor.	Not At All Convincing - 1	8		7	1
	2				
	3	6		4	2
	4	8	2	5	1
	Very Convincing - 5	56	9	33	14
Your doctors was not in the HMO, but all doctors in HMO were rated and screened for quality and descriptions of their expertise were provided.	Not At All Convincing - 1	15	1	12	2
	2	5		3	2
	3	30	5	19	6
	4	15	3	5	7
	Very Convincing - 5	14	2	11	1
You could see satisfaction ratings by patients like yourself of the HMO and compare it to ratings of other HMOs.	Not At All Convincing - 1	11	1	8	2
	2	6		5	1
	3	25	4	18	3
	4	26	4	11	11
	Very Convincing - 5	10	2	7	1
Your out-of-pocket cost would be limited to \$5 or less for every trip to the doctor and all hospital costs would be covered.	Not At All Convincing - 1	11		9	2
	2	2		1	1
	3	3		3	
	4	16	4	10	2
	Very Convincing - 5	46	7	26	13
You would pay no premiums to be a member of the HMO other than what is currently deducted from your monthly S.S. payment now to pay for Medicare. No supplemental insurance is needed.	Not At All Convincing - 1	10		8	2
	2	3	1	1	1
	3	5		4	1
	4	9	2	6	1
	Very Convincing - 5	51	7	31	13
More things would be covered -- like prescription drugs, regular physical exams, and immunizations.	Not At All Convincing - 1	7		6	1
	2	3	1	2	
	3	9		8	1
	4	9	2	5	2
	Very Convincing - 5	48	7	28	13
You would have one doctor or nurse who would be your contact and in charge of making your appointments, your referrals, your prescription refills, and your admission to the hospital.	Not At All Convincing - 1	13		10	3
	2	6	2	4	
	3	9		7	2
	4	12	1	9	2
	Very Convincing - 5	38	7	20	11

**Factors in Choosing HMOs
(Among Non-HMO Consumers)**

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
The HMO's doctor's office would be easy for you to get to.	Not At All Convincing - 1	9		8	1
	2	5	1	2	2
	3	10	2	5	3
	4	13	1	10	2
	Very Convincing - 5	42	7	25	10
You could get an appointment to see a doctor as quickly as you can now.	Not At All Convincing - 1	8		6	2
	2	4	1	3	
	3	8	2	4	2
	4	16	1	12	3
	Very Convincing - 5	42	7	24	11
There would be special programs for seniors like senior nutrition and cooking classes, exercise programs, and specialists in aging.	Not At All Convincing - 1	8		6	2
	2	6	1	4	1
	3	14		10	4
	4	17	4	10	3
	Very Convincing - 5	34	6	20	8
The philosophy of the HMO is to work to prevent you from getting sick, because that's how they make money, rather than wait to get paid only once you are sick.	Not At All Convincing - 1	11		9	2
	2	4	1	3	
	3	14	2	8	4
	4	19	6	11	2
	Very Convincing - 5	31	2	19	10
If you didn't like your HMO, you could switch.	Not At All Convincing - 1	12		11	1
	2	1	1		
	3	6		3	3
	4	10	1	6	3
	Very Convincing - 5	50	9	30	11
You would be free to go to any doctor or hospital you wanted outside of the network, you would have to pay extra to do so.	Not At All Convincing - 1	23		22	1
	2	6	2	4	
	3	9	2	3	4
	4	16	2	8	6
	Very Convincing - 5	25	5	13	7

Evaluation of Your HMO

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
The overall quality of care provided.	Low - 1 _____		1		
	2 _____				
	3 _____		4		
	4 _____		12		
	High - 5 _____		23		
The quality of doctors.	Low - 1 _____				
	2 _____				
	3 _____		8		
	4 _____		9		
	High - 5 _____		23		
The cost.	Low - 1 _____				
	2 _____		1		
	3 _____		3		
	4 _____		5		
	High - 5 _____		31		
The level of benefits available.	Low - 1 _____				
	2 _____				
	3 _____		3		
	4 _____		7		
	High - 5 _____		9		
The ease of referrals to specialist or hospitals.	Low - 1 _____				
	2 _____				
	3 _____		8		
	4 _____		8		
	High - 5 _____		24		
The ease of getting a quick appointment.	Low - 1 _____				
	2 _____				
	3 _____		11		
	4 _____		11		
	High - 5 _____		17		
The amount of information provided about your care.	Low - 1 _____		1		
	2 _____		2		
	3 _____		3		
	4 _____		9		
	High - 5 _____		24		

Evaluation of Your HMO

		TOTAL	HMO: TOTAL	TRAD.: TOTAL	PRE-MED: TOTAL
The effort they spend keeping you well instead of just treating your when you're sick.	Low - 1 _____				
	2 _____		2		
	3 _____		7		
	4 _____		9		
	High - 5 _____		21		
The overall ability to receive care without being confused or frustrated by their system.	Low - 1 _____				
	2 _____		3		
	3 _____		7		
	4 _____		11		
	High - 5 _____		18		
Freedom from red tape and paperwork, compared with other kinds of coverage.	Low - 1 _____				
	2 _____				
	3 _____		3		
	4 _____		3		
	High - 5 _____		33		