

The Doctor's Guide to Health Care Abbreviations

With the anticipated changes in health care for the United States, it is time to take a look at those options currently available to the health care provider and what options may loom on the horizon. The following will help the provider and the consumer know what to look for when "health care" phrases and abbreviations are used in the media.

Fee-for-Service: This term is used to denote those instances when the patient and/or the insurance company pay for services rendered by the health care provider on a per-service basis, i.e., for each adjustment, for x-rays, for different kinds of physical therapy. This is the method of reimbursement most familiar to Americans.

Managed Care: The generic term for organized networks of health care providers intended to be set up to provide consumer access to quality, cost effective health care.

HMOs: The term stands for Health Maintenance Organizations or the earliest form of "managed care," wherein the consumer member pays fixed monthly premiums and is entitled to differing ranges of service. "Staff model" HMOs salary the health care providers, who are usually housed in the same offices. Sponsorship of HMOs can include governments, schools, hospitals, employers, labor unions, and insurance companies. Kaiser Permanente is probably the best known and one of the oldest HMOs in the United States.

POs: Point-of-Service Plans are similar in matters and structure to HMOs, but patients who decide to seek services from non-HMO member providers are reimbursed 60-70 percent for those services.

IPAs: Independent Practice Associations are another form of HMO, whereby the HMO contracts with specific health care providers to provide services to members. The specified health care provider can contract with more than one HMO, sees the patient in the office, and is also permitted to treat fee-for-service patients.

PPOs: Preferred Provider Organizations are another form of managed care, wherein the health care provider agrees to provide a subscriber, such as an insurance company or an employer, with discounted service. Generally speaking, a PPO patient will receive reimbursement of anywhere from 80-100 percent of treatment by a PPO provider, as opposed to a reimbursement rate of only 60-70 percent if nonmember services are utilized.

Managed Competition: This is an attempt to make a hybrid of free-market forces, coupled with governmental regulation. Consumer members are formed into large conglomerates to increase their purchasing power, with insurance companies, HMOs or other types of health care plans bidding for their business by offering core-benefit packages. Theoretically, the economy-of-scale buying power of these groups creates competition among health plans which ensures quality service at an acceptably low price.

HIPCs: Also known as HIP-ics, refers to Health Insurance Purchasing Cooperatives. These are large

regional consumer groups, which can include a combination of small business employees of various sizes and make-up, which shop for the highest quality plan at the lowest available cost.

Capitation: This type of managed-care plan predetermines how much care a patient is to receive for a certain health condition, and pays the health care provider that fixed amount to care for the patient. Should the cost of care for the patient exceed the allowable fixed amount, the health care provider would receive nothing additional for the extra services rendered.

APs: APs or All-Payer Systems impose uniform prices on medical services, regardless of who is paying for those services.

Global Budget System: A supposedly independent health care board determines how much, in total, health care services should be for a specific period of time, then sets a limit on how much any health care provider can be reimbursed for services rendered, whether the payer is a public or private entity.

SPs: Single-Payer Systems are set up on the order of the Canadian plan, where the patient goes to the health care provider of his choice and then bills the government according to a standard fee schedule. The government then pays all the bills.

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