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## Managed Care

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Managed care is an organized system of healthcare delivery designed to control costs through the coordination or management of services. Cost containment is sought through a combination of methods including benefit design; select clinician/provider networks; utilization management; promotion of best clinical practices; emphasis on health promotion, disease prevention, and chronic disease management; administrative functions optimization; bulk purchase discounts for services and medications; and stimulation of competition. Managed care systems typically deploy a “gatekeeper” as an intermediary between the person seeking care and the care provider. The gatekeeper may be a primary care physician or other clinician, healthcare organization, or an insurance company (Bobbitt 2006; Cummings 2006). Health maintenance organizations (HMOs), the best known and oldest form of managed care dating back to the 1920s, are the prototypical gatekeeper model and cover healthcare costs for a given period of time in exchange for a single overall payment per patient (Ginzberg and Ostow 1997). The Preferred Provider Organization (PPO) evolved as a more flexible variant allowing members to access select

network specialists without gatekeeper referral. Point of Service (POS) plans are a hybrid option that encourages members to seek care from providers inside the network but allow access to out-of-network providers for higher out-of-pocket charges. Critics argue that managed care imposes barriers to consumer access for needed care while failing to achieve significant appropriate cost containment (Berwick et al. 2008). In response to rising US healthcare costs amidst disparities in access and outcome, new managed care models characterized as consumer-directed healthcare, pay-for-performance or value-based purchasing, and population health management are emerging (Dafny and Lee 2016).

## References

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