



# PURSUING JUSTICE IN AN ERA OF MANAGED CARE

**T**he Sisters of Providence Health System (SPHS) is dedicated to making room for all who need it in the new world of managed care. We began in the early 1980s to develop managed care plans for residents of the Pacific Northwest. We did this for two reasons:

- We saw managed care as, in general, the best way to rationalize the region's healthcare delivery over the long term.

- We saw managed care as, in particular, an opportunity to serve the region's poor and underserved populations.

## HEALTHCARE AND JUSTICE

As members of a Catholic organization, we SPHS employees are committed to seeking justice. "Justice holds the city together," said Aristotle.<sup>1</sup> "If life is clay," wrote the late Jewish philosopher and theologian Abraham Heschel, "justice is the mold in which God wants history to be shaped."<sup>2</sup>

In the biblical tradition, justice ends marginalization—it brings the poor and vulnerable into society so that they too may enjoy its goods. This notion of justice as full participation in society is emphasized by the social philosopher Michael Walzer: "The primary good we distribute to one another is membership in some human community. And what we do with regard to membership structures all our other distributive choices: it determines with whom we make choices, and

*Seattle-based  
System  
Makes Room  
For the  
Underserved  
And  
Uninsured*

BY LAWRENCE A.  
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from whom we require obedience and collect taxes, to whom we allocate goods and services."<sup>3</sup>

The Catholic tradition views justice similarly. In *Pacem in Terris*, Pope John XXIII argued that "all people have a right to life, food, clothing,

**Summary** The Sisters of Providence Health System (SPHS), based in Seattle, is dedicated to the search for justice. In 1983 the system's leaders decided to create SPHS-owned and -operated managed care plans for residents of the Pacific Northwest because they saw such plans as both the best way to rationalize the region's healthcare delivery and an opportunity to serve its poor and underserved.

In Oregon, where the legislature passed the Oregon Health Plan in 1989, 21,000 persons are covered by Providence Health Plans; another 15,000 receive care through SPHS providers and networks.

In Washington, whose Basic Health Plan enables customers to purchase coverage through payments adjusted to family sizes and incomes, 13,600 persons are enrolled in the version offered by SPHS; another SPHS plan covers 20,000 beneficiaries of the state's Aid to Families with Dependent Children program; in addition, 18,600 elderly Washingtonians are enrolled in an SPHS-sponsored Medicare supplement program.

SPHS has found that ownership of its plans enables it to integrate mission and business. But ownership also carries certain challenges. SPHS must, for instance, compete with for-profit organizations without compromising its core values. It must carefully coordinate the insurer and provider parts of its organization. And it must train all its employees in Catholic values and insist that its leaders create and enhance an ethical corporate culture.



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shelter, rest, medical care, education, and employment."<sup>4</sup> And in *Economic Justice for All*, their 1986 pastoral letter on the economy, the U.S. bishops wrote: "Basic justice demands the establishment of minimum levels of participation in the life of the human community for all persons. The ultimate injustice is for a person or group to be actively treated or passively abandoned as if they were nonmembers of the human race."<sup>5</sup> The social philosopher John Rawls describes a citizen as "a fully cooperating member of society over a complete life."<sup>6</sup>

This notion of membership as lasting "over a complete life" is one that we at SPHS find particularly valuable. We want our health plans to have the following qualities:

- They should sustain the member throughout life's various passages, including the last one, when they should enable him or her to die well. In doing so, they should demonstrate the Catholic view of the seamlessness of life in community.
- They should reinforce the concept of life as a gift, to be lived as a spiritual journey.
- They should prefer continuity and comprehensiveness to episodic encounters and "rescue" medicine, the kind of healthcare marginalized people so often receive.

### THE PROVIDENCE HEALTH PLANS

We decided in early 1983 that SPHS should own and operate managed care plans, rather than simply participate in plans owned by others, because we thought that ownership would enable us to bring poor and underserved populations into a comprehensive system of care.

In Oregon and Washington, our Providence Health Plans include both health maintenance organizations (HMOs) and preferred provider organizations (PPOs).

**Providence Health Plans of Oregon** Oregonians tend to be sophisticated about healthcare. Thirty-eight percent of the state's population are in managed care plans, as are 27 percent of its Medicare recipients (the nation's third highest Medicare enrollment).

In 1989 Oregon's government approved the Oregon Health Plan (OHP), which was intended to ensure that all the state's residents would have healthcare coverage.<sup>7</sup> State officials estimated that 400,000 Oregonians were eligible for the plan; more than 350,000 of them have enrolled to date. Of that number, 21,000 are covered by Providence Health Plans of Oregon, which is par-

ticipating in the OHP, and another 15,000 receive care through Providence Health System providers and networks.

The OHP originally had an employer mandate, but that was later repealed. The plan has three remaining key features:

- It expands Medicaid eligibility from 58 percent of the federal poverty level to 100 percent.
- It sets priorities among healthcare services according to their medical effectiveness and their value to the community, and it establishes a benefit package that is within the state's budget.<sup>8</sup>
- It promotes prepaid managed care programs in order to contain costs and improve the quality of care provided to

recipients.

John A. Kitzhaber, a physician who as a state senator led the fight for the OHP's creation, is now the governor of Oregon. He has said he intends to continue bringing eligible uninsured Oregonians into the system. However, the prospects for this were in doubt until recently, when Kitzhaber succeeded in gathering bipartisan support for Ballot Measure 44. This tobacco tax initiative, which Oregon's citizens approved in November, will enable the state to both expand the OHP and educate people about the dangers of tobacco.

**Providence Health Plans of Washington** In 1993 the state of Washington approved its Health Services Act. This legislation had two goals:

- To ensure basic healthcare for all Washingtonians through employer mandates and vastly expanded coverage for the uninsured
- To contain healthcare costs

Most of the Health Services Act was repealed in 1995, after the Republicans gained control of the legislature. However, two key provisions survive: One prevents insurers from rejecting applicants with preexisting medical conditions; the other prevents them from dropping the coverage of employees who change jobs. Unfortunately, 650,000 Washingtonians still lack coverage.

Nevertheless, we continue to offer Providence Health Plans of Washington to the state's uninsured and underinsured. One of them is our version of the state's Basic Health Plan, which enables customers to purchase coverage through monthly payments adjusted for differing family sizes and incomes. Basic Health Plan coverage includes physician visits, hospital care, prescription drugs, laboratory tests and x-rays, emergency care, and such preventive care as immunizations

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and routine checkups. Among Washingtonians who are Basic Health Plan members, 13,600 are enrolled in the version offered by SPHS.

In addition, we have 20,000 covered members in our Healthy Options plan, which is for women and children who are beneficiaries of the state's Aid to Families with Dependent Children program. And because Washington is moving much more slowly than Oregon in transferring its Medicare beneficiaries from fee-for-service healthcare to HMOs, we offer Washington's elderly a supplemental program called Medicare Extra, which currently has 18,600 members.

#### ADVANTAGES OF OWNING HEALTH PLANS

We at SPHS have found that ownership of the Providence Health Plans has given us several advantages.

**Integrating Mission and Business** Owning health plans is a good way to get providers and insurers "on the same page." Ownership enables us to integrate mission and business—to reach out to vulnerable populations, on one hand, and to employ sound fiscal principles while doing so, on the other. And since we own our plans, we need not be dependent on an insuring organization whose mission and values might conflict with ours. In this way, too, the healthcare provided by SPHS is seamless.

**Moving from Contract to Covenant** In the marketplace, including the healthcare marketplace, contractual language is used to define the rights and responsibilities involved in any relationship. However, SPHS's ownership of its health plans enables it to see enrollment as, not just a contract, but a covenant, which is a richer, Judeo-Christian concept. Our covenant with our plans' members and their communities implies faithfulness, loyalty, permanence, stability, and—dare we say it?—even love. It helps move us beyond the illness model of healthcare and toward one based on wellness, primary intervention, and health promotion in the community. We begin to see ourselves as morally obligated to serve each other with respect, as partners and coparticipants in health, ideally over our lifetimes.

**Changing Unhealthy Social Behavior** SPHS's newer programs for vulnerable populations have shown us we have an opportunity to change behavior. In particular, we can influence young people whose lives are threatened by violence, unsafe sex, and other risky behavior.

**SPHS'S NEWER PROGRAMS FOR VULNERABLE POPULATIONS HAVE SHOWN US WE CAN INFLUENCE YOUNG PEOPLE WHOSE LIVES ARE THREATENED BY VIOLENCE, UNSAFE SEX, AND OTHER RISKY BEHAVIOR.**

#### CHALLENGES TO BE FACED

Just as the ownership of health plans brings advantages, it also carries certain challenges.

**Potential Pitfalls of Competition** In deciding to compete with large for-profit health plans, SPHS has entered uncharted territory. Our for-profit competitors bring huge sums of capital into the marketplace, buying out smaller plans and starting a kind of feeding frenzy. This is a new experience for a not-for-profit, Catholic organization like ours. Can we keep our heads in such a situation, or will we be forced into making bad decisions—decisions not consonant with our core values? Can we develop successful strategies and choose good partners? Should we turn to physicians as sources

of capital? Are partnerships with for-profits completely out of the question?

**Reproductive and End-of-Life Issues** Some purchasers, such as government agencies and big corporations, want full reproductive services—including abortion and sterilization—as a component of the coverage they choose for their employees. It is possible, moreover, that next spring the Supreme Court will find assisted suicide to be a constitutional right; if it does, some purchasers will probably demand that service, too. How can we be faithful to our values while trying to respect the values of the individual members of our plans?

**Fragmentation of Healthcare** Healthcare's quality is threatened when its provider and insurer cannot agree on the appropriateness of the care to be given. Plan members are then at risk of undertreatment or overtreatment. To prevent this, we must carefully coordinate the insurer and provider parts of our organization, so that they both reflect Catholic tradition and values.

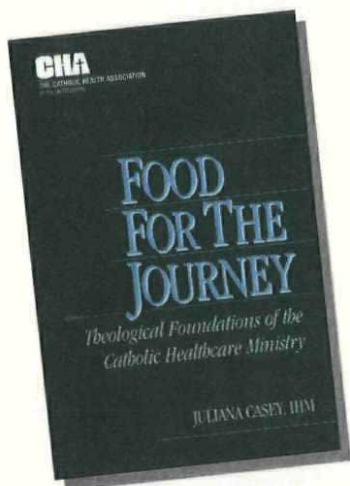
Providing compassionate care for the dying will be a litmus test for us. We talk about offering dying people an alternative to both unbearable pain and assisted suicide, but how much comprehensive, compassionate, supportive care are we in fact able to deliver?

**Cultural Integration** If we are to successfully own and operate a managed care company, we will have to train all our employees in Catholic social teaching. Moreover, we must insist that the system's leaders in sponsorship, governance, and operations—including its primary care physicians—develop those competencies which promote justice in managed care settings and create and enhance an ethical corporate culture. This is, perhaps, our greatest challenge.

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# BOOKS



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**THE CATHOLIC HEALTH ASSOCIATION  
OF THE UNITED STATES**

## **PURSuing JUSTICE**


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### **WANTED: PATIENCE AND RESPECT**

We in Catholic healthcare lack experience in the insurance side of the business. We are learning, but becoming expert in it will take time. In the absence of a system of universal coverage, managing risk and providing for vulnerable populations are even more difficult. The fiduciary pressures are great and the search for capital is intense. And we do not yet clearly see how "charity care" fits in our fiscal equation.

Moreover, now that we are offering personalized, customized health plans to large numbers of people, we are beginning to understand "diversity" in a new way. We must work hard at building bonds of trust and respect with all involved.

It is possible that our managed care system is not the best mechanism for delivering healthcare. We must be open to experience, ready to learn. We must remember that our goal is to manage, not an organization, but care. □

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### **NOTES**

1. Aristotle, *Nicomachean Ethics*, 1132b.
2. Abraham J. Heschel, *The Prophets*, Jewish Publication Society of America, Philadelphia, 1962, p. 198.
3. Michael Walzer, *Spheres of Justice*, Basic Books, New York City, 1983, p. 31.
4. Pope John XXIII, *Pacem in Terris*, 1963, paras. 8-27.
5. National Conference of Catholic Bishops, *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy*, U.S. Catholic Conference, Washington, DC, 1986, para. 77.
6. John Rawls, "Justice as Fairness: Political Not Metaphysical," *Philosophy and Public Affairs*, no. 14, 1989, as cited in David Hollenbach, *Justice, Peace and Human Rights*, Crossroad, New York City, 1988, p. 81.
7. John A. Kitzhaber, "Oregon Act to Allocate Resources More Efficiently," *Health Progress*, November 1990, pp. 20-27.
8. See Jane H. White, "Rationing Healthcare: Is It Time?" *Health Progress*, December 1990, pp. 10-23.
9. See Alicia Super and Lawrence A. Plutko, "Danger Signs: Coalition Points to Causes and Consequences of Inadequate Care of the Dying," *Health Progress*, March-April 1996, pp. 50-54.