“Utilization management” is the term of art used for the concept that some people get care they don’t need while others get a lot of care but genuinely need it, and someone has to decide which is which. An estimate by researchers Levine and Mulligan from 2015 found that a third of all US healthcare spending is on unnecessary care (Levine and Mulligan, 2015). Additionally, according to our textbook, about 20% of patients account for 80% of all healthcare spending (Shi & Sing, 2022).

To maintain some gates to care and prevent the entire system from being inundated, several “utilization management” methods are employed. These include choice restriction, care coordination, disease management, pharmaceutical management, and practice profiling (McAtee, 2023). Notably, “case management” is a type of care coordination for particularly complex patients where a healthcare provider acts as a sort of “Air traffic controller” to coordinate care across many providers and mediums, allowing for the most efficient use time of and resources.

Utilization review (UR) is how services are evaluated for appropriateness. Any large Managed Care Organization (MCO) has an obligation to keep costs in check by ensuring only necessary treatments are being provided. The types of Utilization Review are named for the period in which they are employed: prospective UR; concurrent UR; and retrospective UR (Shi & Sing, 2022). As its name implies, prospective UR ensures the care is necessary prior to its administration. This often comes in the form of requiring a preauthorization. Our textbook highlights prospective UR as critical for making sure patients aren’t hospitalized unnecessarily. A version of prospective UR is a primary care provider (PCP) deciding whether to refer a patient to a specialist. That PCP acts as a prospective reviewer and prevents inefficiencies farther “downstream” (Shi & Sing, 2022).

Concurrent review requires a running evaluation of the care currently being received by a patient. Managers from the MCO monitor what procedures and tests a person receives while under care and ensure they’re appropriate for the condition or injury. Our textbook mentions the example of someone with a hip fracture who could either recover in the hospital or be moved to a skilled nursing facility (SNF). This determination is a standard part of “discharge planning” and conducting thorough concurrent reviews of care can help the providers as well as the patient save money, time, and other resources through being executed efficiently (Shi & Sing, 2022).

Finally, Retrospective UR occurs after treatment has occurred. Plan managers would check billing accuracy as well as the necessity of all treatment provided. This has the added benefit of determining with hindsight whether patients actually received too little care. This type of holistic audit allows providers and MCOs to constantly refine their approaches to treatments and allows providers access to critical statistics on patient care and recovery (Shi & Sing, 2022).

References

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