



Policy Implications of California Health Care Utilization Disparities by Race and Ethnicity

Robert J. Nordyke and Ellen Wu

In this research we examined differential rates in utilization of services, cancer screening, and chronic disease management among racial and ethnic groups in California who had managed care versus fee-for-service health insurance. Although managed care enrollees are more likely than fee-for-service enrollees to have a usual source of care because they are required to have a primary care provider, it has been unclear whether this translates into greater access to preventive or diagnostic care.

Managed care is a complex system that often requires consumers to be well informed about their rights and services and to advocate for their own health needs. This potential difficulty may actually result in lower utilization of health care services.

Previous work has shown that patients in some racial and ethnic groups receive preventive and diagnostic tests at higher rates in managed care than they do in fee-for-service systems. However, these findings could not be generalized to California because the studies had limited samples of racial groups relevant to California (especially Asian subgroups), and were drawn from surveys conducted only in English.

Using data from the 2001 California Health Interview Survey (CHIS), we examined disparities between overall use of health care services, cancer screening, and chronic disease management in managed care and fee-for-service systems among five major racial/ethnic groups in California: Latino, African American, Asian and Pacific Islander, American Indian/Native Alaskan, and white.

Summary of Findings

Our findings demonstrate that use of health care services is mediated both by race/ethnicity and other socioeconomic factors independent of race. Depending on how use is measured, managed care in California may result in better utilization than fee-for-service plans.

However, managed care may also have negative effects on utilization, depending on socioeconomic factors and the type of care being sought. For example, although managed care tends to improve cancer screening rates overall, Latinos in Medi-Cal/Healthy Families managed care plans have lower cancer screening rates than Asians and Pacific Islanders and American Indians/Native Alaskans in both Medi-Cal/Healthy Families managed care plans and employment-based/private insurance. A summary of our findings include:

- The differences seen between managed care and fee-for-service are greater in Medi-Cal than in employment-based/private insurance.
- While managed care enrollees in Medi-Cal/Healthy Families are more likely to have a usual source of care, they are also more likely to report an emergency room visit.
- Generally, cancer screening rates are higher in employment-based/private insurance than in Medi-Cal/Healthy Families, and are higher in managed care than in fee-for-service.
- Chronic disease management findings were very mixed. For some conditions, Medi-Cal/Healthy Families have higher rates of appropriate disease management than employment-based private coverage. In addition, disease management rates are generally higher in managed care compared with fee-for-service, but not uniformly so.
- Overall, managed care is associated with greater access to a usual source of care and utilization of cancer screenings across all racial/ethnic groups.

This study was limited by the utilization measures available. CHIS measures of health care utilization are highly aggregated, which may have given an advantage to managed care plans on measures of having a usual source of care, use of cancer screenings, and appropriate chronic disease management. As we noted earlier, managed care plans encourage or require enrollees to have a primary care provider. They

also tend to actively promote prevention and disease management programs.

In addition, the utilization indicators for this study were process measures, which did not provide information on the quality of care provided, or on health outcomes. Although we did see disparities in access related to language ability and immigration status, we could not tell whether these vulnerable groups receive higher quality of care or have better health outcomes in managed care than fee-for-service.

Summary of Recommendations

We anticipated that general patterns of utilization among racial and ethnic groups in managed care and fee-for-service would emerge through this analysis. These patterns may enable the State of California and local health plans to focus attention and resources on eliminating health disparities.

Because of rapidly rising health care costs, managed care has rapidly expanded as a solution to control costs. However, little is known about the impact of managed care on consumers, particularly people of color. It is essential for policymakers to ensure that communities of color are not affected negatively by the implementation of managed care. Our recommendations to policymakers are summarized below:

- Provide funding to investigate health plan characteristics that influence utilization differences among California's racial and ethnic population groups.
- Identify and replicate best or promising practices that reduce existing racial/ethnic disparities.
- Require the collection and analysis of race/ethnicity data by all health insurance purchasers. Data should be disaggregated, particularly among Asians and Pacific Islanders.

By prioritizing the reduction of health disparities and identifying the populations in greatest need, we will be able to target ever-shrinking health care resources to areas that make the biggest difference.

Robert J. Nordyke, PhD, MS, is an adjunct assistant professor in the Department of Health Services, School of Public Health, University of California, Los Angeles, and Ellen Wu, MPH, is executive director of the California Pan-Ethnic Health Network in Oakland, California.

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California Program on Access to Care

California Policy Research Center • University of California Office of the President
1950 Addison Street #203, Berkeley, CA 94720-7410 • Tel: 510-643-3140 • Fax: 510-642-7861
Email: cpac@ucop.edu • <http://www.ucop.edu/cprc/cpac.html>