More than 176 million Americans are covered by managed care health insurance— the dominant form of health insurance in the United States. This figure includes millions of children, many of whom are enrolled in managed care programs under Medicaid. Yet a new study, conducted with support from The Commonwealth Fund, finds that many parents, even those with children covered under managed care, have limited knowledge of managed care and its rules and practices.

In their article “Urban Parents’ Knowledge and Practices Regarding Managed Care,” (Medical Care, April 2004) Glenn Flores and colleagues examined the level of managed care understanding among inner-city parents. The research team surveyed 1,100 parents of children aged 18 and younger in six low-income Boston neighborhoods by conducting in-person, bilingual interviews at community sites, including local supermarkets, bodegas, laundromats, and beauty salons. The participants were mostly poor, minority (82 percent Latino, 10 percent black), and covered by public health insurance. Most study children were covered by public insurance (68%), with 15 percent covered by private insurance, and 17 percent uninsured. Among insured children, 55 percent were covered by managed care.

Specifically, the researchers sought to examine general knowledge of managed care, knowledge about specific managed care features (e.g., physician incentives, utilization review, gatekeeping, prior approval, copayments), and parental practices concerning prior approval for emergency care of minor childhood illnesses (i.e., fever, diarrhea, rash, sprained ankle).

Results from the study show that many urban parents, particularly those who are poor, Latino, and of limited English proficiency, need better, comprehensible managed care information. Specifically, parents were asked, “What is managed care?” Only 12 percent of parents knew that managed care was a type of health insurance. Some study participants incorrectly identified managed care as a hospital, an afterschool program, child care, a medical card, and something for the elderly. Parents with children covered by managed care were not significantly more knowledgeable than other parents. In fact, 45 percent of the parents with children covered by managed care were unaware of their children’s managed care coverage. In addition, Latino parents were significantly more likely than non-Latino parents to give either incorrect/do not know answers, regardless of whether their children were covered by managed care.

Most parents with managed care-covered children gave wrong/do not know answers to 10 of 11 questions regarding specific characteristics of managed care. Again, Latino parents were significantly more likely than non-Latino parents to provide a wrong/do not know answer. The only question correctly answered by more than one-half of the participants concerned copayments for prescription drugs. The questions least often answered correctly related to the existence of physician incentives for ordering fewer tests or not referring children to specialists.

At least two-thirds of the parents surveyed said they would bring their children to the emergency department without prior approval for treatment of four minor childhood illnesses. In most cases, parents with managed care-covered children were not statistically significantly different than parents with non-managed care-covered children. Latino parents were significantly more likely than non-Latino parents to bring their children to emergency departments without prior approval.
The authors suggest that one possible reason why inner-city parents have such a poor understanding of managed care may be that Medicaid is not providing sufficient education, resources, and oversight. Many Medicaid enrollees are enrolled by default into participating plans and parents of these default-enrolled children may be at particular risk of having poor or limited knowledge. Many study participants were recent immigrants from Latin America, where there is much less familiarity with managed care. In fact, the authors say, there is no Spanish word or phrase that is a complete, accurate translation for managed care. Obstacles, like inadequate English proficiency, lack of telephones, or limited knowledge of the workings of U.S. health care, may prevent parents from telephoning for prior approval.

Additional research is needed, the authors say, to determine whether managed care organizations may be intentionally keeping parents uninformed or whether managed care organizations may benefit from parents’ lack of knowledge. For instance, potentially educating parents may increase the costs of appropriate visits to primary care providers or may encourage parents to challenge denial of procedures and specialist referrals.

To ensure that parents are well-informed and efficiently using the health systems, the study’s authors suggest that managed care organizations, Medicaid, hospitals, and healthcare providers collaborate to provide clear, targeted, multilingual information about managed care to urban parents.

Facts and Figures

- The 1,100 study participants were mostly poor, minority (82% Latino, 10% black), and covered by public insurance.
- Among parents in the survey, 88% did not know that managed care is a type of insurance.
- More than one-half of parents in survey gave wrong/do not know answers to 10 of 11 questions regarding specific managed care features.
- At least two-thirds of parents surveyed said they would bring their child to the emergency department without prior approval for treatment of four minor childhood illnesses.

General Knowledge of Managed Care Among Urban Parents

![Bar chart showing percentage of urban parents who knew or did not know managed care was a type of health insurance.]

When asked, “What is managed care?” percentage of urban parents who . . .

- Knew managed care was a type of health insurance: 12%
- Did not know managed care was a type of health insurance: 88%