

THE HMO PROGRAM— A HEALTH PRIORITY



Cover—The woman being examined symbolizes the preventive health care being given by health maintenance organizations, one of the special features of HMOs. The number of HMOs has grown rapidly from 30 in 1971 to 140 in 1974. The special section in this issue examines some current HMO concerns—in implementing the 1973 legislation, in marketing the health plans, and labor's role in fostering them. Also in the special section are reports from two operating HMOs.

□ In December 1973, the HMO Act was signed. That signing was the culmination of 3 years of congressional and administration effort to develop a significant alternate choice in health care delivery for the nation. The goal was to make available to more people—both consumers and providers—the option of prepaid comprehensive health care services through a single responsible organization.

□ Health maintenance organizations (HMOs), which have been in existence for more than 40 years, have demonstrated the capability to provide high quality health care with efficiency. Their ability to contain costs, which they must do since they operate on a fixed budget, is of particular significance in this time of inflationary pressures. Indeed, many of the recommendations stemming from last September's Pre-Summit Conference on the Impact of Inflation on Health dealt directly with measures to emphasize the delivery of health care through the HMO concept and to expand its availability.

□ The Health Services Administration is now fully involved in implementing this significant act. Its authorities are broad. Not only does it provide for financial assistance to develop HMOs to the point of financial independence; it also enhances their progress by removing barriers to access to markets and by permitting them to operate where certain State laws and regulations tend to inhibit them.

□ Regulations have been issued to activate the funding authority and 67 organizations have thus received grants for feasibility studies, planning, and in development. The first local cover initial operating deficits of an active HMO has been negotiated.

□ The remaining regulations will govern the qualification and retention of HMOs and impose on certain employers the obligation to offer the option of HMO membership to their employees appear in 1975.

□ These program actions will accelerate even more rapidly the growth of the HMO movement. Since the announcement of the HMO initiative early in 1971, the number of HMO-like organizations has grown from about 30 to more than 140. Of the new HMOs, more than 40 have received assistance through Federal funding. The private sector—physician group hospitals, Blue Cross and Blue Shield, and the insurance carriers—has, however, carried the main burden of expanding the nation's HMO activity so that more than 5 million people are now receiving their health care through HMOs.

□ The HSA mission is to use the authorities and resources made available under the HMO Act to help committed and capable sponsor groups develop effective HMOs and to facilitate their effort to gain enrollment. Beyond that, there must be assurance that these organizations meet—and continue to meet—the requirements of the