In This Issue

THE *MILBANK QUARTERLY* ALWAYS SEEKS TO PUBLISH research-based articles that shed fresh light on important health policy issues, but those that demonstrate how research can be an integral part of the policymaking process are unusual. In this issue, “Improving the Quality of Workers’ Compensation Health Care Delivery: The Washington State Occupational Health Services Project,” is such an article. Thomas Wickizer and his colleagues describe a sequence of initiatives to develop a managed care strategy to improve quality and outcomes in one state’s workers’ compensation program. The article is useful not only for its account of the managed care approach used, but also because of the careful description of how the program was developed. The process involved the Washington State Department of Labor and Industries, key stakeholders in the business, labor, medical and chiropractic communities, and researchers from the University of Washington. The availability of data systems also played a key role. As one of the reviewers of the manuscript wrote, “I found myself asking, ‘Why can’t all policy development be this logical?’”

As final proofs were in preparation for this issue of the *Quarterly*, I learned of the death in November 2000 of Avedis Donabedian, Nathan Sinai Distinguished Professor Emeritus of Public Health at the University of Michigan. Professor Donabedian was a towering and widely honored figure in the field of quality measurement and improvement. His ideas set the stage for systematic research in a field that had always been plagued by subjectivity. His seminal work that included the now standard structure-process-outcome formulation was published in these pages (Donabedian 1966), so it is most fitting, though quite unplanned, that this issue of the *Quarterly* begins with a paper on quality of care and that the lead author, Thomas Wickizer, was a student of Professor Donabedian’s. Dr. Wickizer asked that we dedicate his paper to Professor Donabedian and his lifetime devotion to the noble goal of improving the quality of medical care. The *Quarterly* joins Dr. Wickizer in that dedication.

The second article in this issue is also concerned with managed care. In his examination of "The Managed Care Backlash," David Mechanic discusses two important aspects of this pervasive phenomenon of the late 1990s. First, he compares the criticisms of managed care with available evidence from the research literature. The evidence does not always support the negative perceptions of managed care. For example, Mechanic cites national survey data that show that physician-patient visits were actually longer on average in the late 1990s than a decade earlier. Nevertheless, the regulation of managed care has moved to the center of the health policy agenda, crowding out other important issues. Mechanic's second concern is that the controversies about managed care have distracted public attention away from health reform to address the problem of the uninsured population.

In the third article, Barbara Norrish and Tom Rundall examine the impact of organizational change on nursing and nursing care in hospitals over the past two decades. During that period, hospital care has changed dramatically, with many services moving into outpatient settings and lengths of stay substantially decreasing. These changes have been facilitated by technological changes (e.g., laparoscopic surgery), but cost-containment pressures have been a driving force. These pressures have also stimulated internal changes in the organization of care within hospitals. These diverse changes, sometimes called the restructuring of the work, directly affect the 1.2 million registered nurses who play a central role in the care of patients.

In their article "Hospital Restructuring and the Work of Registered Nurses," Norrish and Rundall review the extensive empirical literature from the past twenty years about impact of various forms of restructuring activities on nursing care. During this period concern has grown about changing patterns of nurse staffing in hospitals (and nursing homes) and the quality of care that patients receive (Wunderlich, Sloan, and Davis 1996). Because of nurses' centrality in hospital care, there is interest among researchers, managers, and policymakers in the role that they may play in the quality of care and in the prevention of medical errors. Norrish and Rundall's analysis shows how restructuring can diminish this aspect of the nurses' role, and they conclude with recommendations for ameliorating the potentially harmful effects of restructuring on the work of nurses and the quality of patient care.

The fourth article provides a comparative perspective on a central problem of health policy—methods of paying for medical care. In "Capitation and Risk Adjustment in Health Care Financing: An International

Progress Report,” Nigel Rice and Peter Smith report, based on their survey of developments in medical care payment methods in 20 countries, that capitation payments to set prospective budgets have come into widespread use in quite diverse systems of care. Unfortunately, systems generally have inadequate data with which to adjust payments to reflect differences in patients’ needs for services, and, as a result, payment strategies often create unintended and dysfunctional incentives. Through lessons drawn from work like Rice and Smith’s, policymakers may benefit from other countries’ experiences.

The final article, “Perceived Outcomes of Public Health Privatization: A National Survey of Local Health Department Directors,” by Christopher Keane, John Marx, and Edmund Ricci, also draws lessons from the experience of program managers. The program managers in this case are the directors of local health departments, and their experience pertains to the contracting out of public health functions. The privatization of governmental functions has often been put forth for the past two decades as a solution to problems of weak incentives and inflexibility that are seen as inevitable when government agencies are responsible for providing services. Various forms of privatization have been tried in the contexts of education, social and medical services, and other public services. With regard to public health functions, Keane, Marx, and Ricci tell us that almost 75 percent of local health departments have privatized some services. In this article, the authors provide the first available data on the nature of the public health functions that are being contracted out at the local level and on how health department directors assess their experience with privatization. These directors’ assessments provide a useful summary of the benefits of privatization as well as the challenges that it presents. The positive results may be more modest than true believers may expect, but they suggest that privatization of some services is proving to be a very useful alternative for local health departments.

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References

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