

# PSRO—Its Challenge and Opportunity

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These are unusual times for those of us involved in the delivery of medical care. There has never been a time when the health care system and the health professions of this country were under greater pressure for change. Our society is concerned about the continually escalating costs of medical care, equitable access to that care, and the necessity and quality of much of the medical care being delivered in this country today.

These problems and concerns have stimulated many recent initiatives in the health field, including national health insurance, health maintenance organizations, health manpower training programs, area-wide health authorities, and Professional Standards Review Organizations (PSROs).

In my judgment, the most important of all of these programs and the one that has the potential for having a greater, favorable impact on health and the health care system in this country than any other program ever enacted is PSRO.

PSROs were authorized with the passage of Public Law 92-603, the 1972 amendments to the Social Security Act. This legislation came in response to public and congressional concern over the necessity and quality as well as the rapidly increasing cost of care being provided to Medicare, Medicaid, and maternal and child health program beneficiaries.

The legislation provides for PSROs to be established in designated areas throughout the country. Each PSRO will be organized, administered, and controlled by local physicians who will review the care received by beneficiaries of the federally financed health programs. The purpose of this peer review is to assure that the care provided is necessary, appropriate to the needs of the patients, rendered in the most efficient and economical setting, and that it meets standards of quality set and recognized by the medical profession.

The local physicians who make up each PSRO will establish standards and criteria of care to

be used in carrying out the review that reflect acceptable patterns of practice in their area. It is expected that the standards and criteria used by a PSRO will be modified as experience is gained and developments in medicine warrant their modification. Norms, standards, and criteria will take into account the professional personnel, facilities, and equipment available in an area. In addition, no standard or criterion can be applicable in every situation. There will be instances in which a physician's clinical judgment will require him to deviate from the established standards and criteria without objection from the PSRO.

The PSROs will use other health professionals to review services provided by those in their own profession. For example, dentists will be used to review dentists, optometrists will be reviewed by other optometrists, and so forth throughout the professions. Some degree of team review of all types of services may be highly desirable to assess total patient needs and to educate the health professionals involved in the role and contribution each can make to patient care. This is important in ensuring that services provided are those most appropriate to meet the patient's needs. For example, all of the potential or actual resources within an institution might not be well known to all of the physicians. Thus, it will be important that other health care providers be involved in the PSRO operations and work closely with all members of the health care team.

The utilization review committees existing in institutions will also have an important role in the PSRO program. The law provides that a PSRO will utilize and accept the review performed by those committees whenever the PSRO determines that such review is effective and that the physicians affiliated with the institution participate in the overall review activities of the PSRO.

PSRO offers great challenge and real opportunity to the medical profession. At the same time,

it is a complex and sensitive program and will require a great deal of skill, judgment, and reason on the part of the federal government and those involved in delivering medical care to implement and administer.

One of the many challenges lies simply in the magnitude of the program. Initially, the program will have an impact on over 350,000 physicians, several hundred thousand other health professionals, 11 million hospital discharges, and 50 million people who are eligible for Medicare and Medicaid in this country. There will be many problems involved in the development of criteria, data collection, and evaluation programs.

We are coming to grips with these problems, however, and, hopefully, with the cooperation of the medical profession and its various specialty groups, we will be able to put together an efficient and effective program.

We have designated PSRO geographical areas throughout the country, each of which will have a PSRO. Every effort is being made to assure that the PSROs are organized and operated on a local level so that the practicing physicians and health professionals in the community are involved in the review of care. We expect to have a number of PSROs in existence within the next several months.

Until January 1, 1976, only a nonprofit, professional association representing most of the practicing physicians in an area can qualify as a PSRO. If such an organization does not apply to be a PSRO by that date, we can designate another organization, such as a health department or medical school, that has the professional medical competence to be the PSRO.

PSRO is a response to the demand for public accountability for the funds spent on federal

health programs which last year totalled more than \$17 billion. The mechanism of this response is unique in our society in that the accountability comes from within medicine itself rather than through an outside commission, review board, or federal regulatory agency.

The PSRO legislation recognizes that through the years those in medicine, perhaps more than any other profession, have held themselves accountable for the quality of health care they deliver. Physicians and other health professionals have themselves mandated strict standards of performance for their profession. They have structured their process of education to rid medicine of charlatans and have insisted on licensure based on high standards of education and experience.

PSRO is a continuation of the recognition of medicine's proud tradition of independence and self-discipline. The program is an opportunity for the medical profession—not a penalty. PSRO can provide the long-needed mechanism for bringing about improvements in health care practices much more rapidly and effectively than in the past. It can speed appropriate innovation through education of health professionals.

PSRO can lead to the reduction of unnecessary defensive medical practice by establishing appropriate standards that all health practitioners can adhere to and thus reduce the potential for malpractice litigation. It provides an effective, orderly mechanism enabling the medical profession to constantly improve its practices and to monitor and discipline itself. The greatest opportunity it offers the medical profession, however, is the opportunity to improve the quality of health care available to the American people.