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## HEALTH TRACKING

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## MARKETWATCH

# Patients And Profits: The Relationship Between HMO Financial Performance And Quality C

[Patricia H. Born](#) and [Carol J. Simon](#)

PUBLISHED: MARCH/APRIL 2001

**Abstract**

This paper matches health plan performance measured by 1997 Health Plan Effectiveness Data and Information Set (HEDIS) scores to address three policy questions: (1) How does a plan's financial performance affect its quality of care? (2) Do for-profit plans behave differently than nonprofits do? (3) What other factors are associated with variation in plan performance? We find, first, that more profitable plans achieve higher quality scores in subsequent years. Profits may enable a plan to pursue higher quality of care and invest in better management systems. Second, there is little systematic evidence that for-profit plans have different HEDIS scores than not-for-profits have.

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