

American Social Welfare Policy: A Pluralist Approach

Chapter 7

Privatization and Human Service Corporations

Privatization Issues

- Commercialization
- Preferential Selection
- Cost-Effectiveness
- Standardization
- Oligopolization
 - The control of a market by few providers
 - As organizations seek to reduce competition by buying their competitors

The Challenge of Privatization

- For many health and human service professionals:
 - Privatization is contrary to social welfare
- Privatization reinforces a tendency in market economies to evolve:
 - Dual structures of benefits, services, and opportunities

Unions and the Private Sector

- Unions of health and welfare professionals are one response to privatization
- Collective bargaining
- Privatization and government cuts in funding make the issue ever more urgent

Welfare Capitalism

- Benefit packages for employees
- Corporate sponsorship of social welfare initiatives activities
- Commonweal

Corporate Social Responsibility

- The corporation is being attacked and criticized on various fronts
- Corporate social responsibility
- Corporate practices have also been applied directly to social problems

Corporate Influence on Social Welfare Policy

- AEI and the Heritage Foundation
- Corporate influence in social welfare is dynamic
- Health care organizations unleashed a legion of lobbyists on lawmakers
 - In anticipation of the Obama administration's health reform initiative

The Future of Corporate Involvement in Social Welfare

- “Decency Principles” proposed by Nancy Amidei
 - Equitable wages
 - Employee rights
 - Housing
 - Environmental responsibility

Human Service Corporations

- Continued demand for human services
 - Drawn the corporate sector directly into social welfare in the United States
- Public policy decisions
 - Encouraged proprietary firms to provide health and human services

TABLE 7.1 Prominent Human Service Corporations

Company	Revenues 2007	Revenues 2011	Market	Employees 2011
UnitedHealth	\$75.4 billion	\$102 billion	HMO	99,000
Wellpoint	61.1 billion	60.7 billion	Health care	37,700
Aetna	27.6 billion	8.5 billion	Health insurance	33,300
HCA	25.5 billion	29.5 billion	Hospital management	150,000
Humana	25.3 billion	36.8 billion	HMO	40,000
CIGNA	17.6 billion	22.0 billion	HMO	31,400
Universal Health	N/A	7.5 billion	Psychiatric care	46,500
Health Net	14.1 billion	11.9 billion	Health care	7,351
Coventry	9.9 billion	12.1 billion	HMO	14,400
Tenet Healthcare	8.9 billion	8.8 billion	Hospital management	43,856
CCA	1.5 billion	1.7 billion	Corrections	16,750
Sunrise	1.6 billion	1.3 billion	Assisted living	31,600
MAXIMUS	738.7 million	929.6 million	Consulting	7,102

Consolidation and Growth in New Human Service Markets

- Human service corporations have become prominent, if not dominant
- Nursing Homes
- 2003 Medicare Reforms
- Hospital Management

Consolidation and Growth in New Human Service Markets

- Health Maintenance Organizations
- Child Care
- Home Health Care
- Corrections
- Public Welfare

Private Practice

- Many social workers engage in private practice
- The current enthusiasm for private practice
- YAVIS syndrome
- The Future of Private Practice

Conclusion

- Health and human service professionals
 - Slow to adopt the corporate sector as a setting for practice
- The corporate sector
 - Can offers more opportunities for program innovation than possible under other auspices