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Christopher G. Hudson  
*Salem State University*

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## Churning in the Human Services: Nefarious Practice or Policy of “Creative Destruction”?

**Christopher G. Hudson**  
**Salem State University**

*This article examines churning as it manifests in organizational systems within the human services. Churning is conceptualized as a four-part iterative process consisting of (1) an intentional or unintentional initiative or shock to a system that (2) results in enhanced turbulence as adaptive capacities of the system fail to match demands of the initiative. This mismatch leads to successive bifurcations and termination of relationships between agents within the system and, finally, (3) the selection of “winners” and the extrusion of “losers” from the system and (4) the subsequent reorganization of winners and losers. Variables governing outcomes, both benign and malignant, are also discussed.*

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This article is a theoretical review of a largely hidden dynamic of change referred to as churning or, alternatively, as creaming, institutional cycling, or creative destruction. Churning is a metaphor based on the traditional method of butter and cream production that is often applied in economic, social, and organizational contexts. It is treated here as the intentional or unintentional agitation or stimulation of activity in a system of organizational decision makers that often results in changes in their relationships, in the resources available to them, and in their continued membership in that system.

Churning has been variously regarded in the literature. In economics, commentators have regarded it as the preeminent means of “creative destruction,” a term introduced by Joseph Schumpeter to refer to the process by which economic adjustments are continuously made and competitiveness maintained. In the health and human services, in contrast, commentators have treated it as a nefarious practice involving, for instance, the selection of desirable clients and the dumping of multi-problem, expensive, and uncooperative clients of health insurance companies, mental health agencies, or homeless shelters.<sup>1</sup> In the absence of any sufficiently developed definition and theory of churning, including an understanding of its underlying dimensions and the diversity of contexts in which it takes place, this article aims to fill that gap by reviewing what is known about its essential processes, identifying its most important dimensions, and proposing principles to guide its use.

The occurrence of churning in human service organizations is associated with more well-known trends referred to as privatization, “managed competition,”<sup>2</sup> and the decentralization and devolution of decision making. These trends have been linked with social Darwinian beliefs in the efficacy of enhanced competition as a means of social selection and social change and have been seen by many in the human services to be in direct conflict with intentional and planned change that is often top-down.

Churning can be either a naturally occurring phenomenon or an intentional and planned intervention. It provides a lens through which such diametrically opposing views of social

*Christopher G. Hudson is a professor in the School of Social Work at Salem State University.*

change might be clarified and even reconciled. This article introduces several key concepts with the goal of reconciling theories of intentional and planned change with those that capitalize on incremental, iterative processes that assume the efficacy of naturally occurring competition in the selection of clients, workers, or organizations to be sustained and promoted.

## **Definition and Background**

Even though the notion of churning is often featured in studies and commentaries in economics and in the human services, it is rarely defined. Typically it is treated as a synonym for turbulence, and the metrics used for measuring it vary dramatically. They may involve differential rates of growth of industries, excessive buying and selling of securities, staff or client turnover, or entries and exits of children and families from health insurance programs. Occasionally commentators cite its derivation from the old English verb *churn*, meaning “to agitate or produce violent motion” or its dictionary definition: “a violent stirring; to shake or agitate with continued motion.”<sup>3</sup> These meanings derive from the physical act of stirring milk to separate out cream or produce butter. Thus, when the phenomenon is used to refer to the selection of preferred clients or the rejection or referral out of nonpreferred clients, it is called “creaming.” In mental health, such preferred clients, the “cream of the crop,” have been referred to by the acronym YAVIS, the young, attractive, verbal, intelligent, and successful, and one might add, those with generous insurance policies.<sup>4</sup> These usages and definitions leave undefined the types of actions that qualify as churning, whether these actions are intentional or naturally occurring, whether the actors are necessarily those in positions of authority and privilege, or whether clients might also employ churning, intentionally or otherwise. Furthermore, researchers have not attempted to establish any minimum threshold of activity or turbulence below which the concept of churning ceases to be meaningful.

The earliest discussions of churning used other terms for this phenomenon. Joseph Schumpeter (1883–1950) coined his provocative term “creative destruction” in 1942 to refer to the elimination of antiquated or inefficient industries.<sup>5</sup> Several generations of economists since then have adopted “creative destruction” as a shorthand description of the free market’s turbulent way of insuring progress, reminiscent of Adam Smith’s “invisible hand.” In *Capitalism, Socialism, and Democracy*, Schumpeter writes:

The opening up of new markets, foreign or domestic, and the organizational development from the craft shop to such concerns as U.S. Steel illustrate the same process of industrial mutation—if I may use that biological term—that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one. This process of Creative Destruction is the essential fact about capitalism.<sup>6</sup>

He devotes only six pages to “the process of creative destruction” that he associates with capitalism, which he also refers to as “the perennial gale of creative destruction.” Nonetheless, the concept, as W. Michael Cox and Richard Alm point out, has become a centerpiece for much of contemporary economic thinking about how economies develop, providing a rationale for the benign neglect of disappearing jobs, ruined companies, and declining industries that are viewed as unavoidable concomitants of technological progress. “The saving grace,” they argue, “comes from recognizing the good that comes from turmoil. Over time, societies that allow creative destruction to operate grow more productive and richer; their citizens see the benefits of new and better products, shorter work weeks, better jobs, and higher living standards.”<sup>7</sup>

The first use of the creaming metaphor in the human services is attributed to the physician Solomon Wand. In a letter to the *British Medical Journal* published in February 1960, during the post–World War II European resettlement efforts, Wand proposed that international refugee organizations were engaging in a “creaming off” of the more capable refugees from their camps. “Those who are left,” he writes, “are mainly the old and handicapped, sometimes loosely described as ‘difficult cases.’ Included in this group are a smaller number of refugees who need special psychiatric treatment and advice to help them become normal members of society again.”<sup>8</sup> The divergent roots of the notion of churning, whether termed “creative destruction” or “creaming,” illustrate the sharply divided perspectives that have evolved over the occurrence and use of such processes, with those in the human services largely rejecting what so many in the business and economic communities extol.

## **Manifestations of Churning**

In business, churning is often used to refer to certain illicit and exploitive practices. Examples in banking, for instance, include replacing old or expired accounts with new accounts, which generates new banking fees; accepting incomplete payments on delinquent accounts without addressing the underlying problem; and repeatedly and unnecessarily trading a customer’s securities in order to inflate commissions, regardless of the customer’s best interests.<sup>9</sup> Courts have regarded churning as the excessive turnover of an investment account, typically monthly or more frequently rather than every six to twenty-four months. This action is often treated as a potential cause for civil action against a broker.

Excessive turnover in employment markets has also been studied as a manifestation of churning.<sup>10</sup> Job losers and job leavers compete for new positions and with new workers for job openings, a phenomenon that both adds and eliminates positions. More specifically, churning has been associated with companies simultaneously hiring and laying off workers, becoming “leaner and meaner,” grasping at opportunities involving new technologies and product lines and eschewing unprofitable ones. “Good or bad,” one commentator points out, “the churn seems to be reaching unprecedented levels as companies that once might have retrained employees, or waited for them to leave via attrition, are now jettisoning them to make room for new blood. For one thing, companies are more wary of accumulating fat than in past economic cycles.”<sup>11</sup>

Within the human services, several qualitative studies, based on very small samples, also have sought to explore the dynamics of residential and institutional mobility among the seriously mentally ill and have focused on a phenomenon, referred to as “institutional cycling,” that such persons and their caretakers use as a coping mechanism when confronted with the dynamics of social control. Hopper and her colleagues, for instance, conclude on the basis of their interviews with thirty-six homeless mentally ill individuals that “shelters and other custodial institutions have acquired hybrid functions that effectively substitute for more stable and appropriate housing for some persons with severe mental illness.”<sup>12</sup> Similarly, DeVerteuil argues, on the basis of his interviews with twenty-five women in a Los Angeles shelter, that such churning or institutionalized cycling is essentially a new strategy resource-strapped service providers use to manage indigent populations.<sup>13</sup> The withholding of care serves disciplinary and social control functions, and the resulting recycling of clients through a service system also becomes a de facto means of social control and of rationing scarce resources.

Periodic attempts have been made to describe some of the strategies service providers use to churn their client populations. Ellis, for instance, identifies three such strategies, linking them to the financial incentives associated with various methods of payment.<sup>14</sup> *Creaming*, involving the

overprovision of services to low-severity clients, is associated with cost-based reimbursement; *skimming*, or the underprovision of services to high-severity clients, is associated with capitated and prospective payment systems, as is *dumping*, or the explicit avoidance of high-severity and costly clients. These methods may represent intentional practices, but more frequently, they represent the accumulation of innumerable individual decisions regarding intake, service provision, referral, and termination, done for a wide range of officially reported reasons, which usually do not include service costs, personal preferences of staff, or discriminatory agency policies.

Research on churning in the human services has been scant and primarily descriptive, much of it involving health care and health insurance. Several studies have examined the phenomenon in the US Medicaid and Medicare programs as it relates to exits due to decertification, reapplications, and the resulting turnover of insureds. Fleming reports that in the Medicaid program almost two-fifths, or 38 percent, will have churned four or more times within four years.<sup>15</sup> Another study based on data from SIPP, the federal Survey of Income and Program Participation, reports that such short gaps of coverage are pervasive and that a third of those under sixty-five were repeatedly uninsured during a four-year period. Approximately half of these gaps lasted less than four months, with 70 percent lasting no more than a year.<sup>16</sup>

Such studies have sought to gauge the extent of health insurance churning among the low-income, children, and minorities. Fairbrother and his colleagues report that 20 percent of children in Medi-Cal, California's Medicaid program, were churned in a three-year period, and 10 percent in one year, typically as a result of lapses in caretakers' adherence to recertification procedures.<sup>17</sup> They report that churning is particularly prevalent in programs that do not involve cash assistance, such as Medical insurance and work programs. With respect to churning among minority individuals, Klein and her colleagues document that Hispanics have a 10 percentage point greater likelihood of experiencing periods without health insurance than whites, and blacks have a rate of 24 percent, compared with 20 percent for whites.<sup>18</sup>

Even less has been reported on the relative frequency of various types of churning among those in health insurance markets. Fairbrother and his colleagues, however, investigated the frequency of "cream skimming" in state hospitals in Washington. They define "cream skimming" as the selection of patients for characteristics other than their need for care, and they report that this phenomenon is more frequent among hospitals that are paid under capitation and other fixed and prospective payment systems, which disfavor those with greater needs. They did not find, however, that the extent of such creaming varies with hospital size or profitability. A major concern is the potential for greater churning under the Health Care Accountability Act between the state exchanges, which are designed to increase access to private insurance plans, some of which are subsidized, and the public insurance programs such as Medicaid and Medicare.<sup>19</sup>

Although the exits and reentries to various insurance plans are perhaps the easiest aspect of churning to document, the underlying drivers and dynamics that motivate churning activity are elusive. Commentators speculate that churning is primarily a function of breaks in eligibility status, lapses in recertification procedures, and changes in the economic and other circumstances of the families requiring insurance. Hwang and her colleagues observe, "Because there's no minimum enrollment period, eligibility and subsidy levels will change as income rises and falls — disrupting both coverage and care while potentially increasing administrative costs."<sup>20</sup> For this reason, considerable attention is being paid to improving recertification procedures as a means of providing continuous health coverage and minimizing the disruptive aspects of

churning, especially access to and the continuity of care. Perry documents high levels of churning in New York's public health care programs, estimating that one-third of eligible people fail to complete the recertification process each year and are therefore dropped from their health care coverage.<sup>21</sup>

## **Impact of Churning**

A central question of this review revolves around competing assumptions regarding the positive and negative consequences of churning. Data on the consequences of churning is limited, however, because so much of the suffering is hidden and elusive and because the practices and policies that promote churning have been so successful. For example, health care investigators have consistently criticized the impact of churning, regardless of how it is motivated. But few studies are able to empirically document the detrimental effects of churning because of the difficulty of operationalizing the concept of churning itself. Most studies in the human services simply describe such practices, making little effort to move beyond assumptions involving the costs and benefits of churning. Klein and her colleagues, for instance, conclude that "churning is of considerable concern because evidence suggests that gaps in coverage, as well as unstable health insurance coverage itself, have adverse effects on health care quality and access."<sup>22</sup>

Although there is an almost complete lack of acknowledgment of the benefits of churning in the human services, there are no shortage of such claims in studies of employment and other business matters. Adams is one of the few critics. She points out: "Churning sucks up time, energy, goodwill and money to boot. A company that churns is not very good at hiring or keeping employees. The existing team is demoralized each time an employee revolves out the door. The ever-changing employee landscape reflects badly on the company with customers, too."<sup>23</sup>

Most studies that extol the benefits of churning reference Adam Smith's invisible hand or, more often, Schumpeter's notion of creative destruction. Cox and Alm contend:

Societies that deny the churn by trying to freeze employment actually retard the formation of new jobs and new sources of income. Societies that allow the churn to work reap the rewards of more employment and better living standards. In these fundamental concepts, ironic as they may seem, lies the key to achieving higher living standards.<sup>24</sup>

They go on to claim that the long-term effect of churning on the economy is positive. This process, they argue, frees labor from work in declining industries to be more productive with newer technologies and emerging industries. Other studies look at the application of chaos theory in organizational contexts, specifically, the idea that the "edge of chaos" phenomenon, that which incorporates a balance of predictable and nonpredictable processes, is optimal for problem solving and organization responsiveness to changing conditions.<sup>25</sup> Again, this approach begs the question of the definition of churning, particularly its type and degree, as it relates to the positive and negative consequences of churning initiatives.

## **Theoretical Interpretations of Churning**

### **Past Theoretical Approaches**

The research considered in the previous section is primarily descriptive; it seeks to profile the types of churning activities, their extent, and only occasionally their impact on populations of

concern. An overall theory of churning, its dimensions, sources, drivers, dynamics, and consequences, has yet to be proposed. Nonetheless, several attempts have been made to lay the groundwork for such a theory, two of which are discussed here, one originating from political philosophy and the other from an interorganizational analysis.

The libertarian political philosopher Anthony de Jasay introduced the notion of the “churning society” as an alternative to the welfare society.<sup>26</sup> In *The State*, he argues that the “churning society” more accurately captures the essential functioning of contemporary society than the “welfare society,” with its pervasive and often hidden systems of covert transfers of public and private goods that are accompanied by turbulence and instability. “The only certainty,” he contends,

is that the system of transfers and above all of covert transfers through public goods (more accurately, tax-financed goods and services), regulations, protectionist measures including subsidies, and so forth has become so complex and non-transparent that as a rule the government itself is not able to tell who, on balance, has been assigned the role of “suckers” and who the role of “free riders.” The “Churning Society” is seen as a consequence of the advance of social democracy, of the combination of socialism with democracy in any of its many varieties.<sup>27</sup>

Jasay theorizes that the dynamic instability of churning, consisting of a constant shifting of ties and alliances, is a consequence of the attempt to deal with the tension between classical liberalism, involving the optimization of individual rights, and contemporary forms of social democracy that promote the role of the state in the achievement of socialist ideals. Egalitarian ideals require a degree of nontransparency in the constant renegotiation of public and personal relationships, whether in the human services, business, or government, that inherently generate disparities between winners and losers.

Whereas Jasay points out that the essential object of that which is churned involves the relationships that are constantly formed, broken, and reformed, Lazzarini and Zenger propose an interorganizational theory that builds on this insight through their notion of “the strength of churning ties.”<sup>28</sup> They address the problem of understanding the vacillation of most business managers between maintaining their organization’s autonomy and developing close bonds between collateral organizations through long-term contracts and joint ownership. They point out that whenever ties become excessively strong, they are terminated and relationships are restructured, generating “ties that are neither permanently weak nor strong, but churning.” Their central thesis is that because an optimal static strength of a relationship between two organizations cannot be maintained for long, organizations vacillate, constantly initiating and terminating relationships. These actions result in churning.

### **Dimensions of Churning**

According to the definition proposed at the start of this review, churning is the intentional or unintentional agitation or stimulation of activity in a system of organizational decision makers that often results in changes in their relationships, in the resources available to them, and in their continued membership in that system. Thus, churning can be characterized by the extent and type of actions that result in intensified activity in a group or system of decision makers or agents, whether these be clients, employees, groups, or organizations.

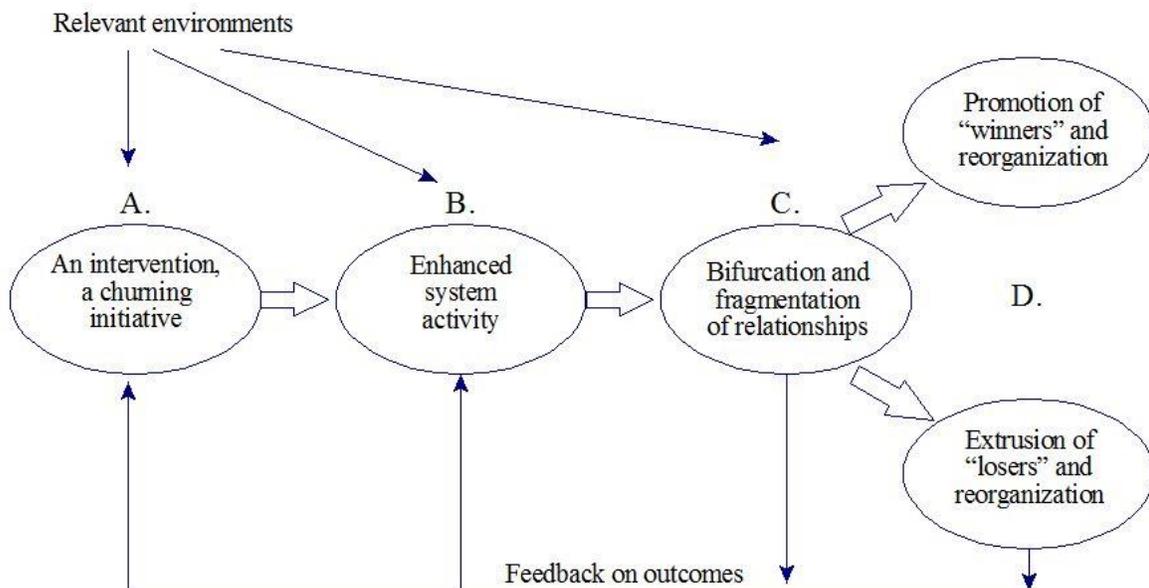
The following list of the most important dimensions of churning provides a framework for the research and analysis of social systems that are subject to churning initiatives.

1. *Object of the churning.* The target of the initiative may include services for clients, jobs for employees, memberships, contracts for social agencies, statuses, profits, or other benefits.
2. *Intent of the actions.* Intensified activity may be unintentional or intentional. When planned, the consequences are likely to be only partially understood. For instance, increased scrutiny of nontenured faculty in aspiring research universities, resulting in the churning of such faculty, may generate a mix of outcomes that range from increased publications to the neglect of teaching.
3. *Types of actions.* Intensified activity can include changes in rules, the addition or elimination of resources, enhance scrutiny, or the addition or elimination of members or their statuses within the system. Nonintentional changes, including such physical disasters as earthquakes and epidemics, often result in the churning of populations.
4. *Selection criteria of the churning initiative.* The criteria or rules of an initiative are those that are used to promote, retain, or eliminate members of the system, whether workers or clients. For instance, a mental health agency may decide to reduce the number of no-shows permitted before a client is terminated, or a university might increase the expected publication rate for new faculty.
5. *Identity of the actors.* The actors engaging in intensified activity may be those in positions of formal control, such as managers or policymakers, or they may even be lower-status individuals, such as clients or customers. For instance, the term “churning” has been used to refer to customers who frequently open and close credit cards to reap the frequent flyer mileage bonuses offered by the creditors, or to the creditors themselves who seek to enroll high spenders and eliminate deadbeats. Psychiatric hospitals that discharge patients whose insurance is expiring and clients who engage in a service to secure an immediate concrete benefit are potentially attempting to churn a social service system.
6. *Intensity of the churning initiative.* The frequency or rate of activities directed at churning is a critical variable that is linked to both system churning and outcomes in a complex and nonlinear manner. It involves the extent and explicitness of the rewards and sanctions that may be promoted as part of the churning initiative.
7. *Resilience of the churned system.* Resilience is determined by the extent to which those subjected to churning, whether clients or workers, have the resources and capacities to effectively respond to or secure protection from the negative impacts that may result from such churning initiatives.
8. *Ascribed meaning.* The quality and type of portrayal of churning activities and the resulting churn is important for the reception of and secondary responses to the churning, which may result in defining the actions and their effects as either benign or malignant. A critical element is the honesty and transparency with which the protagonists portray their actions and the resulting churn.
9. *Perceived meaning.* Related to the ascribed meaning is the perceived equity and due process associated with the actions directed at the churning. Is it fair, reasonable, or necessary that staff or clients be terminated? What safety net and due process protections are afforded to insure equity for those negatively affected?

At this point, it is not possible to define the essential criteria for each of the dimensions of churning before one ascribes the term “churning” to such initiatives, especially because of the

diversity of contexts that churning is believed to take place in. What is a more important question is whether churning initiatives are inherently malignant or whether they can in some circumstances be benign or even beneficial means for planned social change. If they can be benign or beneficial, under what conditions? What are the criteria that would assure such possibilities? To answer these questions, any theory of churning needs to consider whether there are essential or typical dynamic processes or patterns associated with churning.

The model of churning proposed here consists of three basic elements: (1) actors who undertake some initiative that uses churning as a strategy, along with particular actions and rationales for those actions, (2) a system, whether a social service agency, a group of agencies, or some related group or population, and (3) a means of feedback to the protagonists, from those immediately affected and from the larger and longer-term environments affected. These hypothesized elements, along with several generic phases involved in churning, are illustrated in Figure 1.



### Dynamics of Churning

This model of churning is based on the assumption that churning most commonly begins with a set of actions by an individual or perhaps a group of managers or policymakers. These actions may involve an effort to “clean up” an agency caseload of those reluctant to receive services, to upgrade the quality of staff, or to better target services or benefits to those most in need. New rules and policies are announced, spending is cut or reallocated, or new intake criteria are instituted. While the rationale will invariably be promoted in a positive light, the reality is that diverse interests, explicit and implicit, benign and malignant, often merge to drive and guide the implementation of what may emerge as a churning initiative. Although initiatives usually develop out of complex sociopolitical contexts, for simplicity, they are treated here as our starting point, (A). Churning initiatives are reminiscent of Lewin’s seminal theory of organizational change, in which he conceptualizes this process as encompassing the three phases of Unfreezing, Changing, and Refreezing.<sup>29</sup> He suggests that the unfreezing of static and frozen

organizational structures can often be accomplished through a variety of intentional and planned actions, such as the use of the technique of “Burning Platform,” which he defines as exposing or creating a crisis.

Whether the scope of an initiative is a particular organization and its staff or clients, or a community, state, or nation, the changes, with their perceived opportunities, challenges, and problems, will invariably stimulate enhanced activity (B) on the part of those potentially affected, as they attempt to determine the meaning of the initiative and plan for how they might respond. Such enhanced activity could involve meetings, investigations, complaints, or organizing. Depending on the intensity and urgency of the initiative, above some level of enhanced activity, responses are liable to become individualized and even precipitous, perhaps characterized by a pattern of hypervigilance.<sup>30</sup> And above some threshold of urgency, relationships begin to splinter, as workers and their administrators, clients and their providers begin to react to opposing interests, especially when the initiative aims at challenging staff or client membership in the system. Below such a threshold, when sufficient time and resources are perceived to allow for creative response, the individuals and groups affected are more likely to evidence creative, resilient, and collaborative action. But as opportunities and challenges are redefined as threats and even attacks, the dynamics of churning become fully apparent, with its capriciousness and unpredictability.

At this point, separation and termination of relationships occur, staff are terminated, clients are prematurely discharged, and benefits are cut (C). Preferred clients are “creamed,” and others dumped. An explicit “up or out” phenomenon may take place, with some thriving in new niches, others being terminated from the system they are accustomed to. Unlike the case with more cohesive social systems, increasing disparities between haves and have-nots come to characterize relationships, with greater homogeneity within small enclaves and subgroups of individuals positively or negatively affected.

The final stage of the churning process (D) involves the adaptation and reorganization of the individuals affected by the churning initiative, its winners and losers. Terminated workers may opt for “private practice,” and clients may turn to self-help groups. Both discover new relationships, new providers, and new employers, as well as new narratives to give meaning to their changed circumstances.

Even the most simplified model, such as this one, would be incomplete if it did not consider the effects as its protagonists and participants receive ongoing feedback on the unfolding of the short- and long-term consequences of the churning initiative. These effects dramatically ramp up the inherent unpredictability of initiatives that rise to the level of being regarded as churning, creating a highly complex set of choices for all involved. These inherently nonlinear feedback effects involve rapidly escalating positive loops that may be either highly destructive or creative, guaranteeing a departure from former equilibria. One type of nonlinearity involves what could be called symbiotic churning, in which both managers and clients, perhaps the winners and losers from prior rounds of churning, discover novel ways to churn each other. Managers hire former employees on a fee-for-service basis, and these individuals search for creative ways of gaming the new system. Churning may represent a type of opportunism in which key players capitalize on the payoffs inherent in the early stages of a relationship and eschew the long-term costs of these relationships through early termination.

## Conclusion

Research on churning is in its infancy and involves primarily exploratory and descriptive studies. These studies are largely noncumulative, in part because of the definitional ambiguities that encompass the wide range of populations and systems affected. Furthermore, churning initiatives may be intentional and planned or unintentional, unanticipated, or even accidental. Some may argue that such a diversity of contexts and processes requires separate studies of the interventions, the dynamics of organizational turbulence, the responses to it, and the long-term consequences. Such a reductionistic approach, however, would likely miss the common threads that connect the dynamic stages of the churning process outlined in this article. Churning interventions typically challenge the adaptive capacities of a population or an organizational or policy system, stimulating increasing turbulence and fragmentation. These actions weaken or break the essential bonds between the participants and other elements of this system, which in turn permit the application of new selection rules for the retention of desirable participants, relationships, or other benefits and the expulsion of others who may be associated with unacceptable costs.

The emerging literature on churning illustrates its diverse ideological roots and its many outcomes. Depending on the intensity and purpose of the initiative and its transparency, and on the resilience of and options afforded to each of those affected, churning may be either a nefarious and unethical practice or a benign policy of creative destruction that depends on a variety of conditions identified in this review. These include the intensity and purpose of the initiative, its transparency, and the resilience of and options afforded to each of those affected.

## Notes

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<sup>2</sup> Alain C. Enthoven, "The History and Principles of Managed Competition," supplement, *Health Affairs* 12, no. 1 (1993): 24–48.

<sup>3</sup> *Webster's New Universal Unabridged Dictionary*, 2nd ed., s.v. "churn."

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<sup>5</sup> Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (1942; London: Routledge, 1994).

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<sup>7</sup> W. Michael Cox and Richard Alm, *The Churn: The Paradox of Progress*, Annual Report (Dallas, TX: Federal Reserve Bank of Dallas, 1992).

<sup>8</sup> Solomon Wand, letter to the editor, *British Medical Journal*, February 20, 1960, 563.

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<sup>15</sup> Chris Fleming, "Frequent Churning Predicted between Medicaid and Exchanges," *HealthAffairs* (blog), February 4, 2011, <http://healthaffairs.org/blog/2011/02/04/frequent-churning-predicted-between-medicaid-and-exchanges/>.

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<sup>17</sup> Fairbrother et al., “Churning in Medicaid Managed Care.”

<sup>18</sup> Klein et al., *Entrances and Exits*.

<sup>19</sup> Fleming, “Frequent Churning.”

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<sup>24</sup> Cox and Alm, *Churn*, 9.

<sup>25</sup> N. Packard, *Adaptation toward the Edge of Chaos*, Technical Report CCSR-88-5, Center for Complex Systems Research, University of Illinois, 1988; M. M. Waldrop, *Complexity: The Emerging Science at the Edge of Order and Chaos* (New York: Simon and Schuster, 1992); R. Richards, “Does the Lone Genius Ride Again? Chaos, Creativity, and Community,” *Journal of Humanistic Psychology* 36, no. 2 (1996): 4-60.

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<sup>27</sup> De Jasay quoted in Gerard Radnitsky, “The Churning Society and Its Perversities,” *Journal of Social and Evolutionary Systems* 18, no. 4 (1995): 357–95.

<sup>28</sup> Sergio Lazzarini and Todd Zenger, *The Strength of Churning Ties: A Dynamic Theory of Interorganizational Relationships* (St. Louis, MO: John M. Olin School of Business, Washington University, 2002).

<sup>29</sup> Kurt Lewin, “Frontiers of Group Dynamics: Concept, Method and Reality in Social Science, Social Equilibria, and Social Change. *Human Relations* 1 (1947): 5–41.

<sup>30</sup> Irving Janis and Leon Mann, *Decision Making: A Psychological Analysis of Conflict, Choice, and Commitment* (New York: Free Press, 1977).