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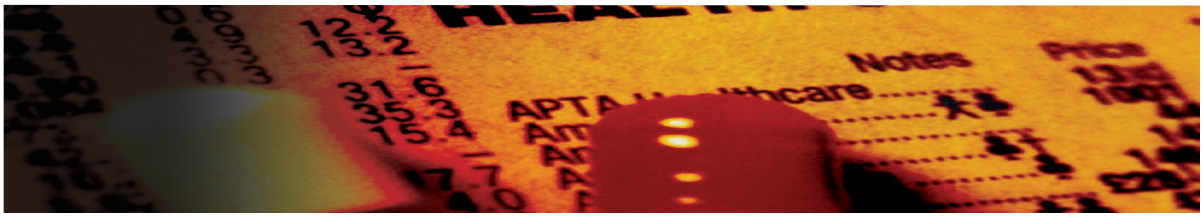
Issue 1



MARCH 2018

IN THIS ISSUE

The paper "Comparing Utilization and Costs of Care in Freestanding Emergency Departments, Hospital Emergency Departments, and Urgent Care Centers," co-authored by Vivian Ho et al., was published in the journal Annals of Emergency Medicine in Dec. 2017. The paper can be downloaded free of charge on the journal's website: http://www.annemergmed.com/article/S0196-0644(16)31522-0/fulltext. Ho is the James A. Baker III Institute Chair in Health Economics and director of the Center for Health and Biosciences at Rice University's Baker Institute for Public Policy. This research was supported in part by a grant from the Texas Medical Center Health Policy Institute.

Baylor College of Medicine

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HEALTH POLICY research

Rice University's Baker Institute for Public Policy-Baylor College of Medicine
Joint Program in Health Policy Research

Are freestanding emergency departments (EDs) the same as urgent care centers?

"No," says Vivian Ho, Ph.D., James A. Baker III Institute Chair in Health Economics and director of the Center for Health and Biosciences at Rice University's Baker Institute for Public Policy. "Texans are likely to come across both a freestanding ED and an urgent care center in their neighborhood shopping centers. But the Texas legislature requires freestanding EDs to deliver a range of services that are offered by hospital EDs. In turn, Texas law allows freestanding EDs to charge patients a 'facility fee' similar to that charged by hospitals, which can raise the patient's bill by hundreds of dollars."

Ho had heard frequent complaints that freestanding EDs failed to notify patients whether or not their facility was part of the patient's insurance network, so that many customers would receive surprise out-of-network bills several days after their visit.

Ho and her colleagues analyzed insurance claims processed by Blue Cross Blue Shield of Texas from 2012 to 2015 for patient visits to freestanding EDs, hospital-based EDs or urgent care centers in 16 Texas metropolitan statistical areas containing 84.1 percent of the state's population. They found that visits to freestanding EDs rose 236 percent in this time period.

Fifteen of the 20 most common diagnoses treated at freestanding emergency departments were also in the top 20 for urgent care clinics. However, prices for patients with the same diagnosis were on average almost 10 times higher at freestanding emergency departments relative to urgent care clinics. For example, the most common diagnostic category treated at freestanding EDs is "other upper-respiratory infections," which has an average price of $1,351 — more than eight times the average price of $165 that was paid for the same diagnosis at urgent care clinics.

One might be concerned that comparing facilities by diagnosis doesn't account for the possibility that patients visiting freestanding EDs could be more severely ill than patients with similar diagnoses at urgent care centers. The study found that 13 of the most common freestanding ED procedure codes were also among the 20 most common for urgent care centers. For these 13 procedure codes, the total price per service was 13 times higher in freestanding EDs versus urgent care centers. For example, the price differential between freestanding EDs and urgent care centers for an automated blood cell count ($109 versus $7) or a routine urinalysis ($51 versus $3) isn't likely attributable to disease severity. These procedures were performed in 22.8 percent and 18.7 percent of all freestanding ED visits respectively.

Ho presented the results of her study to Texas state legislators last spring. The findings supported the legislature's decision to require freestanding EDs to notify patients what health insurance networks (if any) they belong to. Another new law expanded access to mediation for Texans with PPO insurance coverage who received surprise out-of-network bills from freestanding EDs. Texans with HMO insurance are shielded from these "balance bills." The laws became effective on Sept. 1, 2017.

"Patients seeking immediate medical attention in their neighborhood should think carefully before walking into a freestanding ED," says Ho. "A patient with a broken bone should visit an emergency room, but they need to be aware that a visit to a freestanding ED will result in an emergency room copay if the provider is in their insurance network, and an even higher bill if the facility is outside their network. Patients with minor illnesses or injuries who can't see their regular doctor should visit an urgent care center instead."

HEALTH POLICY research presents a summary of findings on current health policy issues. It is provided by Vivian Ho, Ph.D., James A. Baker III Institute Chair in Health Economics and director of the Center for Health and Biosciences at Rice University's Baker Institute for Public Policy, in collaboration with Laura Petersen, M.D., MPH, chief of the Section of Health Services Research in the Department of Medicine at Baylor College of Medicine.

This publication aims to make research results accessible to regional and national health policymakers. The views expressed herein are those of the study authors and do not necessarily represent those of the Baker Institute or of Baylor College of Medicine.

The Baker Institute and Baylor College of Medicine's Section of Health Services Research work with scholars from across Rice University and Baylor College of Medicine to address issues of health care — access, financing, organization, delivery and outcomes. Special emphasis is given to issues of health care quality and cost.

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