

Cost Driver Spot Analysis



CENTER FOR IMPROVING
VALUE IN HEALTH CARE

AVOIDABLE EMERGENCY DEPARTMENT USE

Reducing emergency department (ED) visits for health issues that could be treated in a doctor's office, clinic, or urgent care setting could result in over \$800 million in annual cost savings for Colorado.

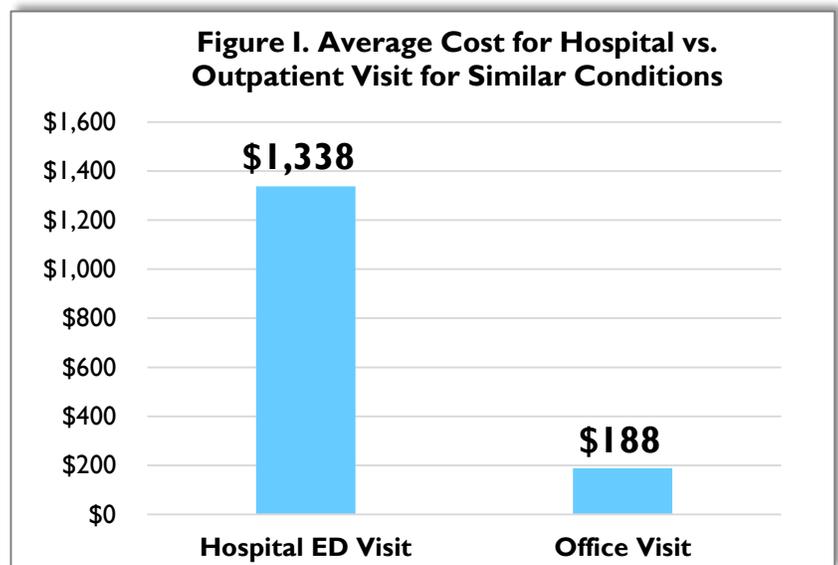
In 2011, there were about 136.3 million ED visits across the United States.ⁱ It is estimated that the average cost for an ED visit is **seven times** the amount it would cost to treat the same condition in a doctor's office or clinic.ⁱⁱ If patients sought treatment in appropriate care settings, health care system cost savings could total approximately **\$4 billion annually**.ⁱⁱⁱ Everyday health complaints like headaches and the common cold consistently rank in the top ten reasons why patients visit the ED.^{iv}

Potential for Colorado

In 2014, Colorado Hospital Association member hospitals reported approximately **1.8 million** ED visits.^v According to the 2015 Colorado Health Access Survey (CHAS), roughly **40 percent of ED visits** in Colorado occur for non-emergency reasons.^{vi}

Analysis of 2014 commercial health insurance claims in the Colorado All Payer Claims Database (CO APCD) suggests that Colorado **could save an average of \$1,150 per visit** equating to **over \$800 million per year in annual savings** if patients used a clinic or doctor's office for non-emergent care.

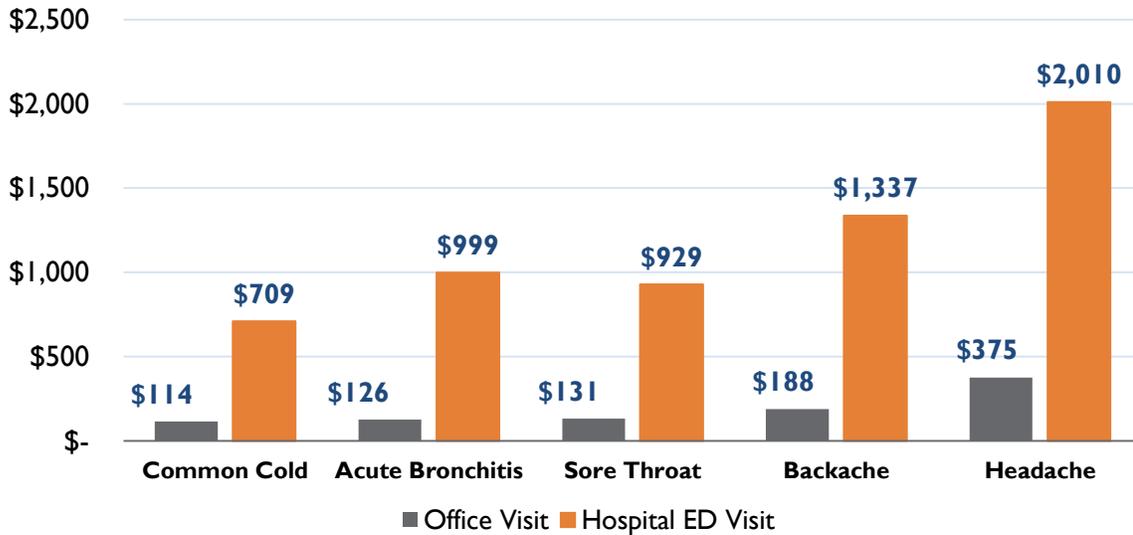
Condition-specific CO APCD analysis shows that the **common cold costs nearly \$600 more** to treat at the ED than in a doctor's office, while the potential **savings for a headache is \$1,635**.



2014 Commercial Payer Claims Analysis, Colorado All Payer Claims Database

Similarly, going to the ED for **back pain costs over \$1,200 more** than in an office setting, and being seen in the ED for a **sore throat costs almost \$900 more**. Figure II provides more common condition price differentials between the ED and an outpatient setting.

**Figure II. Average Costs to Treat Common Ailments:
Outpatient Setting vs. Emergency Department**



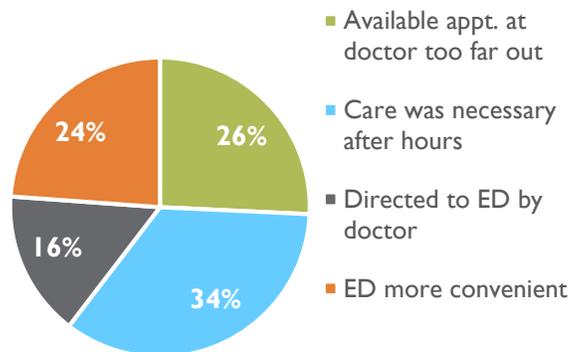
2014 Commercial Payer Claims Analysis, Colorado All Payer Claims Database

More can be done

There are four primary reasons why Coloradans go to the ED for non-emergent care, including convenience and after-hours availability (see Figure III). A number of methods can be deployed to reduce avoidable ED visits: including patient education about appropriate care settings, enhanced coordination among providers and care givers, and increased access to outpatient offices and clinics at night and on the weekends.

Multiple **care-coordination initiatives in Colorado** such as Healthy Transitions Colorado, Patient-Centered Medical Homes, Accountable Care Organizations, and Regional Care Collaboratives have been successful in reducing avoidable ED visits. By building upon the work already underway, Colorado could realize substantial cost savings and ensure patients are seen in the right setting at the right time.

Figure III. Reasons Given for Non-Emergent ED Visits



2015 Colorado Health Access Survey, Colorado Health Institute

ⁱ National Hospital Ambulatory Medical Care Survey: 2011 Emergency Department Summary Tables - http://www.cdc.gov/nchs/data/ahcd/nhamcs_emergency/2011_ed_web_tables.pdf
ⁱⁱ National Center for Health Statistics, Special Feature on Emergency Care 2012 - <http://www.gao.gov/assets/100/97416.pdf>
ⁱⁱⁱ How Many Emergency Department Visits Could be Managed at Urgent Care Centers and Retail Clinics? <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3412873/>
^{iv} Op. Cit. http://www.cdc.gov/nchs/data/ahcd/nhamcs_emergency/2011_ed_web_tables.pdf
^v Colorado Hospital Association, CHA Databank Program 2014 - <http://www.cha.com/getattachment/Resources/Colorado-Hospital-Utilization-Data/DATABANK-CHA-Web-Site-2014-Final-3-16-15.pdf.aspx>
^{vi} Colorado Health Institute Colorado Health Access Survey 2015 - http://coloradohealthinstitute.org/uploads/postfiles/CHAS/2015_CHAS_for_Web_.pdf