

Utilization Spot Analysis: Free Standing Emergency Departments

July 2016

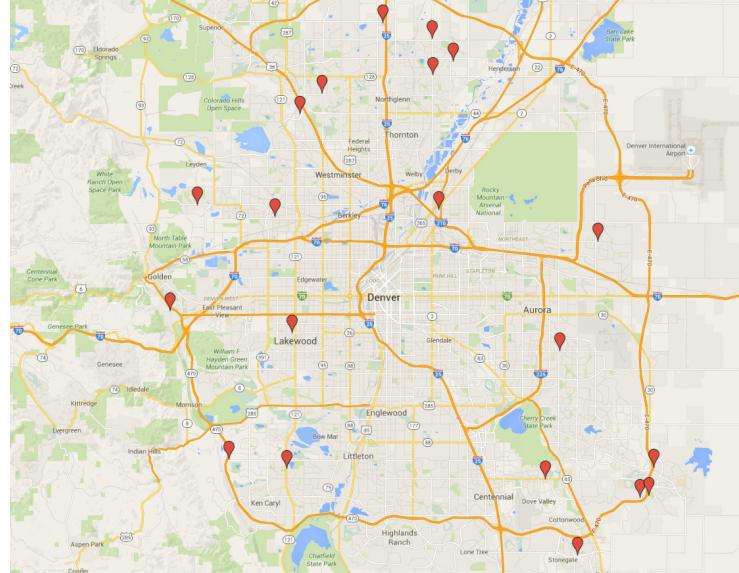


CENTER FOR IMPROVING
VALUE IN HEALTH CARE

How Coloradans are using these new facilities and the potential cost implications

Free Standing Emergency Departments (FSED) are designed to provide similar levels of emergency care as their hospital-based ED counterparts.ⁱ Consistent with national trends, Colorado's FSEDs are primarily located in affluent suburban areas relatively close to urgent care centers and traditional emergency departments.ⁱⁱ

Proponents of FSEDs explain that these facilities provide communities essential access to emergency care. Opponents argue that due to their stand-alone buildings and similarity to non-emergency facilities, it is possible for consumers to mistake an FSED for an urgent care center and wind up with an unexpectedly large bill.



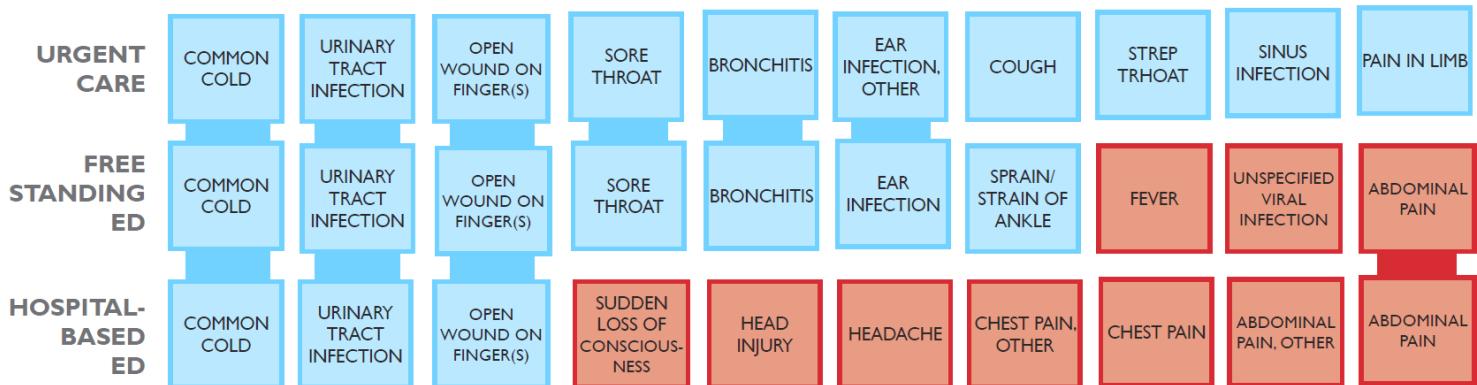
At least 37 FSEDs are currently operating in Colorado (map above shows only Denver Metro area); nearly triple the number in 2014. Several more are slated to open in 2016.

When are Coloradans using FSEDs?

To inform the conversation, understand how Coloradans are using FSEDs, and explore potential cost implications, the Center for Improving Value in Health Care (CIVHC) analyzed 2014 claims data from the Colorado All Payer Claims Database (CO APCD).¹

Results indicate that of the top 10 reasons Coloradans sought immediate care in 2014, seven of the 10 reasons for FSED visits were for non-life threatening events. This is in contrast to three out of 10 hospital-based ED visits being non-emergent, suggesting that patients are using FSEDs in ways more similar to urgent care centers than hospital-based EDs.

Top 10 Reasons (not ordered by frequency) Colorado Patients Seek Immediate Care Across Settings (2014, Commercial Payers, CO APCD)



Blue indicates non-life threatening conditions based on the National Institutes of Health's guidelinesⁱⁱⁱ for emergency care, Red indicates a potentially life-threatening condition requiring immediate attention.

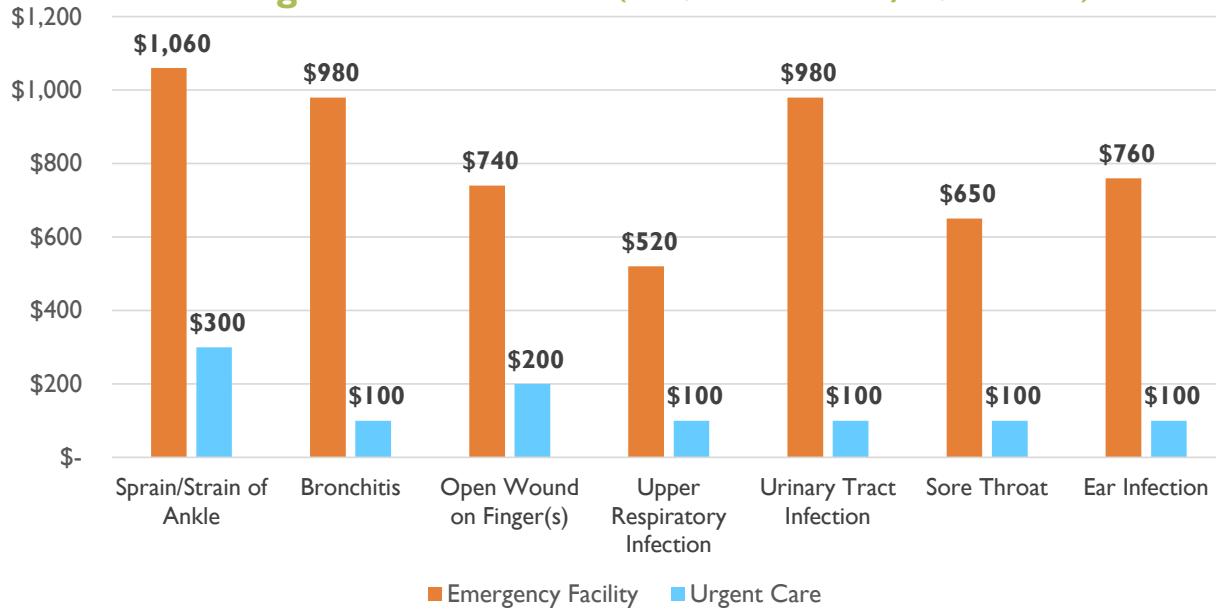
Cost Implications of Using Emergency Facilities for Non-Urgent Care

According to the Colorado Hospital Association, hospitals who own FSEDs are likely to charge the same amount for care at their free standing emergency departments as their hospital-based EDs.

Using median payments made by health insurance payers and any deductible, co-pay, or co-insurance paid by patients, CIVHC evaluated costs at emergency facilities (FSEDs and hospital-based EDs) compared with those at urgent care centers. Results suggest that patients could pay substantially more for treatment at emergency facilities.

Receiving care for bronchitis, for example, can cost nearly ten times more at an emergency facility. For all non-emergent conditions evaluated, the price tag at an emergency facility is at least \$400 more than at urgent care centers.

Median Treatment Costs: Emergency Facility (FSED and hospital-based ED, facility fees only) and Urgent Care Center (2014, Commercial Payers, CO APCD)



Prices represent median allowed amounts paid by health insurance payers and any deductible, co-pay, or co-insurance amounts paid by patients. Emergency facility fees represent the facility fee only (no professional or ancillary fees). Urgent care centers do not charge a facility fee, and therefore are not included.

Educating Consumers

FSEDs are new players in the on-demand health care market and many consumers have simply not heard of them. It is vital to educate Coloradans regarding when and where to seek care, as well as the potential cost implications of their decisions.

Previous CO APCD analyses explored [Avoidable Emergency Department Use in Colorado](#) and the associated costs for non-emergent ED visits compared to waiting for a doctor's office visit. Additionally, the National Institutes of Health provide detailed [guidelines](#) regarding what constitutes an emergency and when an urgent care or doctor's visit is appropriate.

In the last two Colorado legislative sessions, General Assembly members introduced bills intending to increase consumer transparency regarding FSEDs. For numerous reasons, the bills did not pass. However, as plans are in place to build more FSEDs across the state, educating Coloradans remains critical with or without legislation.

Sources

ⁱ UC Health, as quoted to The Denver Channel. (2016). Trip to Freestanding Emergency Room for the Flu Ends with a \$5,000 Bill. Denver 7 ABC News. Retrieved May 2016, from <http://www.thedenverchannel.com/news/local-news/trip-to-freestanding-er-for-the-flu-ends-with-a-5000-bill?autoplay=true>

ⁱⁱ Health Affairs; <http://content.healthaffairs.org/content/31/4/827.full.pdf+html>

ⁱⁱⁱ National Institutes of Health; <https://www.nlm.nih.gov/medlineplus/ency/patientinstructions/000593.htm>

¹ This analysis reflects eight FSEDs identifiable in the 2014 CO APCD data and does not include all FSEDs in Colorado. The majority of Colorado FSEDs are owned by and billed under a parent hospital or system and cannot be identified in claims submitted to the CO APCD. As a result, data in this analysis for hospital-based EDs may include hospital owned FSED information.