Emergency Department EDPMA
Practice Management Association

MICHIGAN COLLEGE OF EMERGENCY PHYSICIANS

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Just the Facts: Emergency Medicine Coverage

Emergency Departments are the Nation's Healthcare Safety Net

- The Emergency Medical Treatment and Labor Act (EMTALA)[i] ensures that all individuals visiting the Emergency Department (ED) are evaluated and stabilized, regardless of the ability to pay. EMTALA limits the emergency providers' ability to discuss the cost of care, collect copays before providing care, or to refuse to provide care to those who have not paid their bills in the past.
- Emergency physicians account for only 4% of physicians but provide 67% of all care to uninsured patients and 50% of all care given to Medicaid and CHIP patients.[ii]
- Only visits covered by commercial insurance are profitable. The rest result in negative profit margins: uninsured visits: -54.4%; Medicaid: -35.9%, and Medicare: -15.6%.[iii]
- According to the Centers for Disease Control and Prevention (CDC), Medicaid or CHIP covered 34.8% of ED visits, private insurance covered 34.3%, Medicare covered 17.7%, and 9.8% of visits were uninsured.[iv]
- For patients under the age of 65 years, the share of ED visits covered by private insurance decreased from 2006 to 2015.[v]
- Emergency physicians collect only an estimated 30 to 40% of the patient cost-sharing portion of the allowable amount for emergency care.
- All payers must contribute their fair share for federally mandated care.

Narrow Networks and Surprise Gaps in Insurance Coverage Increase Patient Costs

- 72% of insurance plans have either small or extra small networks for hospital-based providers.[vi]
- The Texas Medical Association reports that "[a]ccording to TMA's 2014 Texas Physician Survey, one-quarter of physicians approached a plan with which they were not contracted in an attempt to join its network. Of those, 29 percent received no response at all. … When it does come to negotiating contracts, a number of health plans barely cover the rent, …with some offers as low as two-thirds of Medicare rates. … [H]ealth plan out-of-network payments are typically less than half of physicians' charge for the service, across specialties."
- From 2006 to 2016, average patient deductibles and coinsurance increased, and patient out-of-pocket spending rose by 54%.[vii]
- Current law encourages insurers to shift much of the cost of supposedly "covered" emergency care onto patients by narrowing networks, increasing deductibles and copays, and unilaterally changing out-of-network reimbursement formulas to reduce commercial reimbursement.

Emergency Providers are Not the Problem; Inadequate Coverage Is

- In 2014, the emergency physician was out-of-network when the hospital was in-network in only 6% of the visits.[viii]
- Between 2007-2014, physician prices grew only 6% for hospital-based outpatient care (such as emergency care), while hospital charges grew by 25%.[ix] This small growth is more than explained by the fact the ED patient population has grown increasingly sicker.[x,xi,xii]

Endnotes

[i] 42 USC 1395dd. Examination and treatment for emergency medical conditions and women in labor; also known as Section 1867 of the Social Security Act; also known as Section 9121 of the Consolidated Omnibus Budget Reconciliation Act of 1985. http://www.medlaw.com/statute.htm

[ii] Morganti, K., Bauhoff, S., Blanchard, J., Abir. "The Evolving Role of Emergency Departments in the United States". RAND Corporation. 2013

[iii] Wilson, M. and Cutler, D. "Emergency department profits are likely to continue as the Affordable Care Act expands coverage."Health affairs(Project Hope) vol. 33,5 (2014): 792-9

[iv] https://www.cdc.gov/nchs/data/nhamcs/web_tables/2015_ed_web_tables.pdf

[v] Agency for Healthcare Research and Quality (AHRQ), Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project (HCUP), Nationwide Emergency Department Sample (NEDS), 2006–2015

[vi] https://ldi.upenn.edu/brief/trends-physician-networks-marketplace-2016

[vii] Claxton G et al. (2018, June 15) *Increases in cost-sharing payments continue to outpace wage growth.* Retrieved from https://www.healthsystemtracker.org/brief/increases-in-cost-sharing-payments-have-far-outpaced-wage-growth/?_sft_category=spending#item-start

[viii] Garmon, C. and Chartock, B. "One In Five Inpatient Emergency Department Cases May Lead To Surprise Bills. December 14, 2016.

[ix]"Hospital Prices Grew Substantially Faster Than Physician Prices For Hospital-Based Care In 2007-14". *Health Affairs.* February 5, 2019.

[x] Abrams,K; Balan-Cohen, A; Durbha, P. "Growth in Outpatient Care – the role of quality and value incentives". August 15, 2018. (*based on Deloitte analyses based on data from AHA annual survey, Medicare Cost Reports (via Truven Health Analytics).*

[xi] Morganti, K., Bauhoff, S., Blanchard, J., Abir. "The Evolving Role of Emergency Departments in the United States". RAND Corporation. 2013; See also Attachment 2 (graph illustrating care for the uninsured).

[xii]. Trends in Visits to Acute Care Venues for Treatment of Low-Acuity Conditions in the United States from 2008-2015." *Journal of the American Medical Association.* October 2018.