

Reining In Freestanding ERs: *Unsustainable Costs, Consumer Confusion, and Surprise Billing*

Though freestanding emergency rooms (ERs) may look like urgent care centers, many consumers are unaware that freestanding ERs are often out of network and can charge up to 10¹ times what urgent care centers charge for the same services. Many consumers are confused about the network status of freestanding ERs and left reeling from exorbitant and surprise medical bills following their visits.

Solutions To Better Protect Consumers

The Texas Association of Health Plans, along with a number of consumer and business groups in Texas, is advocating to protect consumers from excessive and surprise billing as well as misleading information associated with freestanding ERs:

- Equip consumers with more information: Increase transparency of prices and network status at freestanding ERs
- Hold bad actors accountable who are exploiting patients, using deceptive advertising, and price-gouging
- Strengthen surprise billing protections for consumers by expanding the use of mediation to all non-network freestanding ER facilities and provider services: Allows consumers to challenge surprise bills and removes them from the dispute
- Repeal costly government mandates that have contributed to growing trend of surprise billing in Texas

Freestanding ERs Create Confusion & Excessive Costs for Texas Consumers & Employers

Texas has the largest freestanding ER problem in the U.S.: Over 50 percent of the 360 freestanding ERs nationally are located in Texas.²

Same prices as traditional hospital ER but not as equipped: Freestanding emergency rooms are ill-equipped to treat major emergencies and often must transfer patients to a hospital-based emergency room for treatment.³

Source of the largest out-of-network problem: Most out-of-network emergency claims for Texas ER facilities occur at freestanding ERs – 69 percent.⁴

Out of Network Emergency Facility Claims: 2015



Driving up health care costs and health insurance premiums: For the largest health plan in Texas, total costs for freestanding ERs increased nearly 500 percent from 2012 to 2015, including a nearly 650 percent increase in costs for out-of-network locations.

Charge like a hospital but provide mostly routine care: The top three reasons people visited freestanding ERs in Texas are fever, bronchitis and sore throat – conditions that could be treated for less at an urgent care or traditional doctor’s office. The average cost to treat bronchitis at a Texas freestanding ER is \$2,944, compared to \$136 at a traditional doctor’s office or \$167 at an urgent care center.⁵

Freestanding ERs charge consumers expensive “hospital-based” facility fees even though they are not a hospital: Consumers often seek emergency care from freestanding ERs, believing that these facilities will charge the same as look-alike urgent care centers, when in fact, freestanding ERs levy “facility fees” like traditional hospital-based ERs on top of charges for the physician’s services. As a result, consumers who visit freestanding ERs are often **charged up to 10 times what they would have been charged at a traditional doctor’s office or urgent care facility.**

Freestanding ERs Create Confusion & Excessive Costs for Texas Consumers & Employers (cont.)

Charge the same or more but have significantly lower overhead than hospital ERs: Because freestanding ERs are able to collect both a provider fee and a separate facility fee, the breakeven for a small freestanding ER can be as low as 12 patients per day.⁶

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These free-standing (ERs) do not have to meet the rigorous requirements of our hospital facilities, such as staffing issues that significantly affect costs. It's a frightening disadvantage as our hospitals invest heavily in equipment, technology and clinical talent, while these other facilities are able to service only patients who have an ability to pay, and provide only a fraction of the services to remain financially viable.

Lance Lunsford, Texas Hospital Association

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Not solving an access-to-care problem: Freestanding ERs in Texas typically do not set up shop in areas where there is reduced access to care. Instead, they are highly concentrated in areas where there are already a greater number of hospital-based ERs and physician offices.⁷ Additionally, they rarely serve uninsured and low-income populations that all traditional ERs are required to serve.

Confusing Consumers: The majority of freestanding ERs are not transparent about their network status and, in fact, use intentionally confusing and misleading marketing materials and web site language, including using phrases like “we accept all major private insurance plans like Aetna, BlueCross/Blue Shield, United Health Care, Humana and others” even though they are not in network with any of those health plans.



A Fort Worth Star-Telegram investigation discovered patient experiences like that of Daffney Cseke who received a \$1,800 bill in the mail, in addition to her \$100 copay, after visiting a freestanding ER in Plano for a migraine. Her bill totaled \$5,548 for the hour-long treatment of her migraine, which included a CT scan and a pregnancy test. After an unexplained \$1,200 adjustment, Cseke was mailed a \$1,808 bill.

“I could have gone to the {urgent care center} of Plano two miles away and paid just my \$100 co-pay.”

Daffney Cseke⁸

¹ “Utilization Spot Analysis: Free Standing Emergency Departments,” Center for Improving Value in Health Care, July 2016

² “Where Do Freestanding Emergency Departments Choose to Locate? A National Inventory and Geographic Analysis in Three States”, Annals of Emergency Medicine 2016

³ “Are freestanding ERs good for patients?” San Antonio Express-News, September 2016

⁴ TAHP Out-of-Network Claims Survey and Analysis of Three Large Texas Health Plans: 2015 Claims; May 2016

⁵ Health claim data from major insurer in Texas.

⁶ “Why Freestanding, physician- or investor-owned emergency departments may be bad for emergency medicine. ACEP Now 2015

⁷ “Where Do Freestanding Emergency Departments Choose to Locate? A National Inventory and Geographic Analysis in Three States”, Annals of Emergency Medicine 2016

⁸ (Source: Fort Worth Star-Telegram, As Free-Standing ERs’ Business Grows, So Does Backlash, August 2014)

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