The rise of the freestanding emergency room

Over the weekend, I wrote about the rise of retail health clinics, store-based medical facilities that many see as a promising path to delivering health care for less money. At the same time though, there’s a counter-trend getting less attention, that could mean delivering health care for much more money: the rise of the free-standing emergency room.

Freestanding emergency departments started as a way to serve rural areas, bringing some hospital-level services to communities that didn’t have them. But they only started to rise about a decade ago, growing to at least 222 facilities across 16 states, as hospitals build stand-alone emergency rooms that can treat a wide variety of medical conditions.

The Seattle Times’s Carol Ostrom had an important story Sunday that gets at why this could become problematic: Emergency rooms tend to have higher costs than other doctor’s offices, or even urgent care centers. “The ER reimbursement for a sprained ankle might be $700, three or four times that for a visit in a primary-care or urgent-care clinic,” an executive with Regence BlueShield tells her. “For hospitals, he says, ‘it’s a bonanza.’” Seattle, hardly a rural area, currently has three free-standing emergency rooms under construction. One that just opened an hour north of the city has more square footage than an NFL football field.

Hospitals, however, say there is a place for these clinics, which can deliver more comprehensive care than the standard doctor’s office. They have a decent case to make for why free-standing emergency rooms have a place in the American health care system. The number of non-rural emergency rooms has decreased by 27 percent over the past two decades, according to a recent Journal of American Medicine Association study. Freestanding emergency departments could fill that space.

Whether that space actually needs filling, however, is questionable. About half of the medical cases that hospitals see are either “urgent” or “semi-urgent,” suggesting they could be seen elsewhere at a lower cost. While an increase in freestanding emergency rooms has the potential to bring better medical services to underserved areas, a building boom in a major urban area like Seattle likely does not bode well for the prospect of controlling health care costs.

Tags

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nylund wrote:

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Isn’t there a law that says that any hospital that participates in Medicare has to treat you in their ER regardless of ability to pay? Is that the case with these free-standing ERs? If so, I’m guessing that’s why they charge more, to recoup the money they didn’t receive from those who couldn’t pay.

Isn’t this also the source of the claim (and the problem with the idea) that was frequently stated by the GOP
during past healthcare debates that we don't need universal healthcare because we already have it at ER's where no one can be denied?

My insurance only covers an Emergency Room visit if I get admitted to the hospital, so a free-standing one sounds like a bad deal.

Your last paragraph is key. These ERs are being vastly overcompensated for providing services, like basic sutures, that an urgent care clinic could provide for less. Of course, this is all being done in the name of seeking filthy lucre, but firms genuinely interested in benefiting the locals where these things are sprouting up would combine these ERs with urgent care clinics in the same facility, and triage accordingly. Alas.

This overcompensation can be required to appear on an itemized bill sent to the patient and the government. It can require the wholesale cost and mark up to the patient to be transparently reported. As a final blow to greed, the government can levy a tax on the marked up profit at a severely progressive rates, like 99.9%.

do you mean regressive?