



Dallas Morning News Special Report – State of Emergency: An Examination of Freestanding ERs in Texas

Description

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Since the Legislature passed a 2009 law allowing freestanding emergency rooms to operate in Texas, the industry has taken off statewide.

The facilities aim to add convenience by allowing patients to be seen faster than in full-service hospitals' ERs — where overcrowding has been an issue — and by making emergency care more accessible in areas without a hospital nearby.

But health economists say the business model grew too fast, and questions have been raised about whether Texans were fully aware that the centers are not always a lower-cost option.

The Big Boom

Freestanding emergency rooms cropped up in Texas faster than weeds on a prairie.

The initial cost of a two-year license for a freestanding facility is \$14,820,

which means the state has generated at least \$3.1 million in revenue from the openings since 2009.

But that number doesn't include fees for facilities that have renewed their licenses, withdrawn applications or submitted paperwork to change ownership.

City slickers?

The facilities tended to multiply in more populated areas of the state, which critics argued did little for rural communities where care is sparse.

"Freestanding emergency departments can earn a steady stream of revenues in Texas if they can serve a well-insured patient population. But policymakers should consider options for encouraging their more efficient use and notify patients that the rates are comparable to hospital ERs." Vivian Ho, Baker Institute Chair in Health Economics at Rice University

Scaling back

The state began to issue licenses to freestanding ERs in 2010.

In 2016, the number that had let their licenses terminate spiked, and not just because facilities went out of business. Fifty-one of the 58 licenses that ended in 2016 were because the facilities became owned and operated by a hospital, and hospitals do not need a separate license.

"Since 2010, we've seen tremendous growth in the number of freestanding emergency medical care facilities in Texas. At HHSC, we work to protect patient safety by ensuring these facilities meet health and safety code standards. To assure greater consumer awareness, by law these facilities are required to post information about their fees at entrances, in patient rooms, at checkout stations and on their websites." David Kostroun, Regulatory Services Division of Health and Human Services Commission

Claims Check

As facilities proliferated, the number of Texans using them soared.

Insurance claims from freestanding ERs that were ?led by policyholders of Blue Cross Blue Shield of Texas — the state’s largest health insurer — jumped 236 percent between 2012 and 2015. That outpaced the rate of claims the insurer received from both traditional hospital emergency departments and urgent care centers.

Hard bargain

Use of the facilities wasn’t the only thing to increase. The mean total price of visiting a free- standing facility, while still lower than the cost at a traditional hospital ER, is going up.

“Last year the Legislature added rules that require freestanding facilities to provide written con?rmation to patients about a facility’s insurance network status. But the fact remains that stopping to ask doctors about insurance is not top of mind for patients seeking care in emergency situations, no matter which type of emergency department they rush into.” Sabriya Rice, staff writer, The Dallas Morning News

Date Created

February 2018

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