



Controlling Health Care Costs

How managing ER use can lower the cost of health without reducing benefits

With employers facing ever-rising health insurance premiums, most are looking for a way to control costs.

To do that, they are increasing co-pays and deductibles, or decreasing benefits. But there are other steps you can take to accomplish that goal without impacting benefits or increasing employees' costs, says Mark Haegele, director, sales and account management at HealthLink.

“Lowering the cost of health care is driven by managing utilization,” says Haegele. “There are a number of things in your data covering members' use that you can address to help control costs. Too often, people are not educated about alternatives to the emergency room, and educating them can help control costs.”

Where should employers start?

From 1996 to 2006, the annual number of emergency visits grew from 90.3 million in the U.S. to 119.2 million, and from 34.2 to 40.5 visits per 100 residents. So start by looking at emergency room usage and other high utilization data points to identify trends in your health care that are areas of concern. Those are the areas you should focus on and on which you can ultimately have an impact.

Emergency room utilization is something very tangible that you can get your arms around. Identify if overuse of the ER is an issue, and, if it is, identify what is driving it. Then you can implement action plans to correct it and to lower the cost for that high-cost category.

What should an employer be looking for?

First, over the last three years, has the number of visits per member per month gone up year after year? And has the cost per member per month gone up year after year? If the answer is yes, ask why. It will help you understand what you can do to control that cost category without cutting benefits.

Look at frequency of visits per person to identify whether there is a subset of people who go to the ER 10 or more times a year. If there is, you need to determine how to address those people. Do you need to have case management nurses reach out to them to help them find a better path to care? Do they need help finding a primary care physician? Can you educate them on more appropriate levels of care that are available?

What other patterns in ER utilization should employers look for?

Employers should look at the reasons for ER visits. There are two categories — symptom, injury or poisoning; and disease and virus. If someone breaks an ankle, that person is going to the ER. But the disease and virus category is a different story. We find that more than 60 percent of ER visits are for disease or virus, for things such as sinusitis, flu, cough, headache, etc.

This category can be managed. There are 24-hour nurse lines, urgent care clinics and clinics in pharmacies, and all of those are lower-cost alternatives for that category. The cost of the ER averages \$800 to \$900, versus as little as \$65 to \$150 for the alternatives. If more than 50 percent of ER visits under your plan fall into this category, you know where to focus your energy. Then you can implement specific action plans to modify utilization and create awareness.

How can employers create that awareness?

Education is the No. 1 thing. Post information for employees, do e-mails blasts, distribute articles on proper use of the ER, do payroll stuffers, anything you can to get the word out that there are alternatives to the ER.

A lot of employers have penalties, so if an ER visit is not a true emergency under the plan design, it doesn't pay. But hospitals have ways of getting around that. Typical plan designs waive that penalty if a patient is admitted. Guess what? Now your admissions just went up.

A better approach is to educate people so they know the proper use of the ER. And explain that if the ER coinsurance is \$150, that's \$150 out of their pocket, whereas, if they went to an urgent care center, the cost is much less. And oftentimes, the wait is shorter, as well. Sell your members on appropriate lower levels of care that are more easily accessible, less expensive and more convenient.

How do hospitals play into the equation?

Hospitals are not off the hook. Hospitals code ER visits from one to five, with five being the most severe cases, but some hospitals never code lower than three. As a result, we recommend to employers that, if they identify a hospital overcharging for ER visits, they address the issue with the hospital.

The employer, in conjunction with the insurance company, can co-write a letter explaining its issues with the ER. Say, 'We'd like you to consider two things. One, reconsider the way you're coding ER visits, and, two, consider establishing an urgent care center for lower level visits to your facility.' One letter isn't going to result in a new facility, but it does create awareness of the way it codes, and we will often start to see coding that is more appropriate. By showing the hospital the data demonstrating high coding levels for low levels of care, you create awareness.

The employer, the hospital, the member and the insurance company all have to work together to address this issue. As an employer, look at your benefit design and ways you can support the insurance company to educate members. It is the responsibility of members to do what is good for them, keep dollars in their pockets and appropriately use their benefits. Hospitals and providers have a stake in the game, as well. Everyone shares equal responsibility in managing this.

