Educating Employees

How managing ER use can lower health care cost without reducing benefits

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

They may increase co-pays and deductibles, or decrease benefits. But there are other steps 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," Haegele says. "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."

Where should employers start?

From 1996 to 2006, the annual number of U.S. emergency visits grew from 90.3 million to 119.2 million, and from 34.2 to 40.5 visits per 100 residents. So, look at emergency room usage and other high utilization data points to identify trends. By focusing on those areas, you can ultimately have an impact.

Identify if overuse of the ER is an issue, and, if it is, what is driving it. Then you can implement action plans to lower costs for that high-cost category.

What should an employer be looking for?

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 yes, ask why.

Look at frequency of visits per person to identify whether a subset is going to the ER 10 or more times a year. If yes, determine how to address those people. Do you need case management nurses to help them find a better path to care? Do they need help finding a primary care physician? Can you educate them on alternatives?

Also, 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; more than 60 percent of ER visits are for things such as sinusitis, flu, cough, headache, etc.This category can be managed.

Twenty-four hour nurse lines, urgent care clinics and clinics in pharmacies all are lower-cost alternatives. The cost of the ER averages $800 to $900, versus $65 to $150 for the alternatives. If more than 50 percent of ER visits fall into disease and virus, you know where to focus your energy to modify utilization and create awareness.

How can employers create that awareness?

Education is No. 1. Post information, do emails blasts, distribute articles, do payroll stuffers, anything you can to get the word out.

Many 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. And explain that if the ER coinsurance is $150, that's $150 out of their pocket, whereas, at an urgent care center the cost is much less. And often, 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 code ER visits from one to five, with five being the most severe, but some hospitals never code lower than three. As a result, if employers identify overcharging for ER visits, address the issue with the hospital.

The employer, with the insurance company, can co-write a letter with the high coding data, while asking the hospital to reconsider the way it's coding ER visits and to consider establishing an urgent care center for lower level visits to the facility. One letter isn't going to result in a new facility, but it does create awareness, and often coding starts to be more appropriate.The employer, the hospital, the member and the insurance company have to work together, as they all have a stake in the game. Everyone shares equal responsibility in managing this.

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