

Written Testimony Prepared by the Urgent Care Association
How to Reduce Health Care Costs:
Understanding the Cost of Health Care in America

Submitted to the
Health, Education, Labor and Pensions Committee

U.S. Senate

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Reducing the cost of health care in the United States requires an understanding of health care cost drivers and empowering patients to make wise health care decisions. The Urgent Care Association (UCA) appreciates the opportunity to lend its voice to this discussion and respectfully requests that this statement be reflected in the hearing record.

Since the early 1980s, urgent care centers have been providing care to patients throughout the United States. Today there are more than 8,200 urgent care centers in the United States. According to UCA's most recent benchmarking survey, urgent care centers provide more than 88 million patient visits per year making these patient-centric destinations a dominant point of service for health care for millions of Americans.

All Americans should have access to affordable and comprehensive health care coverage. The reality is, however, that health care affordability requires attacking the cost drivers in our system without compromising access or quality. One cost driver is health system failure to incentivize site appropriate health care and the inability of consumers to make informed decisions on where to access care because transparency is lacking.

Urgent care centers provide walk-in, extended-hour access for acute illness and injury care that is either beyond the scope and/or the availability of the typical primary care practice or clinic. Many of the same non-emergent conditions treated in a hospital emergency department or free-standing emergency department can be treated in an urgent care center at significantly lower cost.

Consider these statistics:

- According to the 2015 Colorado Health Access Survey, roughly 40 percent of emergency department visits in Colorado occur for non-emergency reasons.¹ Analysis of 2014 commercial health insurance claims in the Colorado All Payer Claims Database suggests that Colorado could save an average of \$1,150 per visit, equating to more than \$800 million per year in annual savings if patients used a clinic, such as an urgent care center, or doctor's office for non-emergent care.
- According to a report issued by the Massachusetts Health Policy Commission in 2015,² a high share of emergency department visits in the state stem from limited access to care after normal operating hours of

¹Colorado Health Institute Colorado Health Access Survey 2015 - http://coloradohealthinstitute.org/uploads/postfiles/CHAS/2015_CHAS_for_Web_.pdf

² 2015 Cost Trends Report; Massachusetts Health Policy Commission.

the doctor's office. The report also found that the presence of a retail or urgent care clinic nearby reduced use of emergency departments by 30 percent.³

- An analysis insurance claims processed by Blue Cross Blue Shield of Texas from 2012 to 2015, published in the February 2017 *Annals of Emergency Medicine*, found that 15 of the 20 most common diagnoses treated at freestanding emergency departments and 12 of the most common for hospital-based emergency departments were also in the top 20 for urgent care centers. However, prices for patients with the same diagnosis were on average almost 10 times higher at freestanding and hospital-based emergency departments relative to urgent care centers. For example, the diagnosis of other upper respiratory infections, the cost was \$1,074 in the hospital emergency department and \$165 in the urgent care center — 6.5 times the price paid at urgent care centers.⁴

While there are a number of factors that contribute to emergency department overuse, the lack of price and information transparency is a major contributor. Consider the patient who accesses an off-campus, free-standing emergency department for an acute, non-emergent condition and unexpectedly receives a bill for the care provided that is twice of what it would have cost in the urgent care center. Many consumers simply don't understand the cost associated with accessing care in free-standing or hospital emergency departments versus urgent care centers.

Alongside empowering consumers with information to make wise health care decisions, states, the federal government and commercial payers have other policy levers — including provider reimbursement and patient cost sharing — that can be utilized to drive health care to the most cost effective site of service. States, including Louisiana, and commercial payers have begun experimenting with emergency department diversion programs to facilitate site-appropriate care. We believe opportunity exists, including through Centers for Medicare and Medicaid Services' Innovation Center, to test payment and delivery models that encourage site appropriate care and how they can reduce costs without compromising patient outcomes.

It is important that policymakers view urgent care centers not only as a tool to reduce health care costs, but also as an important entry point for consumers into the health care system and as a source for primary and preventive care services. Despite policy efforts aimed at strengthening access to primary care, many consumers are “medically homeless.” In addition to filling gaps in access to primary care, the majority of urgent care centers, based on UCA's member survey, have a mechanism in place to connect patients to a medical home. Urgent care centers also have an important role to play in preventive care, ranging from influenza vaccines to diabetes and hepatitis screenings. It is important that irrational barriers — found mostly among commercial payers — do not exist in the health care system that restrict urgent care centers from playing a role in improving population health.

Initiatives to encourage use of urgent care centers must be met with a discussion of urgent care center payment adequacy. An overburdened primary care workforce, compounded by historically low Medicaid reimbursement rates, are contributors to the use of hospital emergency departments by Medicaid patients. Even in states where Medicaid and Medicare payment parity exists, it is largely limited to primary care providers. Consequently, because many urgent care centers employ physicians trained in emergency medicine, they do not qualify for enhanced Medicaid payments in states where it exists. To reduce demand for nonemergency care in costly emergency departments, services provided to Medicaid patients in urgent care centers should be paid at least Medicare rates.

The UCA looks forward to continuing to engage in a dialogue with this Committee on reducing health care costs and how urgent care centers can be part of the solution. Should you require additional information, please contact Camille Bonta, UCA policy consultant, at cbonta@summithealthconsulting.com or (202) 320-3658.

³2015 Cost Trends Report; Massachusetts Health Policy Commission. Residents shown all live within 5 miles of an emergency department. Residents who do not live within 5 miles of an emergency department are excluded from 30 percent reduction figure.

⁴ Ho V, Metcalfe L, Dark C, et al. Comparing Utilization and Costs of Care in Freestanding Emergency Departments, Hospital Emergency Departments, and Urgent Care Centers. *Ann Emerg Med*. 2017.