

Freestanding Emergency Departments in Colorado

There were 40 freestanding emergency departments (FSEDs) – both hospital-owned and independent – in Colorado in August 2016;¹ about triple the number in 2014.²

Location

- ▶ In Colorado, FSEDs are concentrated in metropolitan areas;³ specifically, they are located in zip codes with:⁴
 - Higher median incomes
 - Higher rates of private health insurance coverage
 - Higher health care spending

Utilization

- ▶ In the second quarter of 2017, 20 FSEDs* accounted for nearly 8% of all ED visits in Colorado.⁵
- ▶ Between 2014 and 2017, FSED utilization per person for all services increased at an annual rate of 64%.⁶
 - By comparison, annual utilization declined 1.2% at hospital EDs and 2.6% at physician offices and increased 2.1% at urgent care centers during this period.⁷
- ▶ The ten most frequent diagnoses at Colorado FSEDs are common conditions, most instances of which are non-emergent and treatable in lower cost sites of care, including physician offices or urgent care centers.⁸

Top 10 Diagnoses in Colorado FSEDs, 2016 – 2017

1 Acute Upper Respiratory Infection	6 Other Chest Pain (Non-Cardiac)
2 Nausea With Vomiting	7 Acute Bronchitis
3 Epigastric Pain (Abdominal Pain)	8 Acute Pharyngitis (Sore Throat)
4 Viral Infection	9 Bronchitis Not Specified As Acute/Chronic
5 Non-Infective Gastroenteritis and Colitis (e.g. Stomach Flu)	10 Headache

Costs

- ▶ In Colorado, the average cost at an FSED (\$2,570) is almost 17 times more than at a physician office (\$154), almost 13 times more than at an urgent care center (\$205), and about equal to the cost at a hospital-based ED (\$2,582) for a set of 10 non-emergent conditions frequently treated at FSEDs.^{9,**}
- ▶ From 2014 to 2017, the average cost at an FSED increased 19.8% annually, faster than at hospital-based EDs (9.3%), physician offices (1.6%), and urgent care centers (-2.5%).¹⁰
- ▶ One factor that contributes to, but does not fully account for, the high cost of care at FSEDs is the facility fee, which is intended to cover the overhead of large, full-service hospitals. In Colorado, facility fees increase the average cost of treatment at FSEDs by over \$1,000 per visit.¹¹

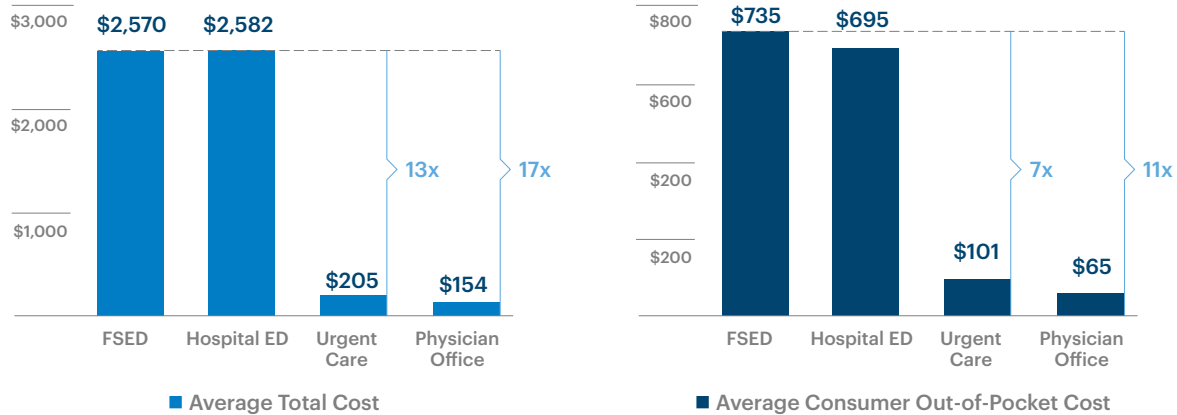
*Note: This analysis of FSED utilization and costs is based on commercial claims data for 20 FSEDs; many hospital-owned FSEDs are not included because the claims data often do not specify whether services were provided in an FSED or in a hospital-based ED.

**Note: The 10 non-emergent conditions frequently treated at FSEDs nationally are bronchitis, sore throat, upper respiratory infection, cough, dizziness, fever, flu, headache, nausea, and strep throat.

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- ▶ In Colorado, the average consumer out-of-pocket cost at an FSED (\$735) is approximately 11 times higher than at a physician office (\$65), approximately 7 times higher than at an urgent care center (\$101), and 6% higher than at a hospital-based ED (\$695).¹²

Average Total Cost and Average Consumer Out-of-Pocket Cost by Site of Care, 2016



¹ Colorado Department of Public Health and Environment, "Community Clinics and Emergency Centers (CCECs): General Information (as of 08/31/16)," August 31, 2016. https://www.colorado.gov/pacific/sites/default/files/CCECs_Final_091316.pdf

² Center for Improving Value in Health Care, "Utilization Spot Analysis: Free Standing Emergency Departments," July 2016. <http://www.civhc.org/wp-content/uploads/2017/07/Spot-Analysis-FSED-July-2016.pdf>

³ Colorado Department of Public Health and Environment, August 31, 2016.

⁴ Jeremiah Schuur, Olesya Baker, Jaclyn Freshman, Michael Wilson, and David Cutler, "Where Do Freestanding Emergency Departments Choose to Locate? A National Inventory and Geographic Analysis in Three States," *Annals of Emergency Medicine*, April 2016, 69(4):383-392. <https://www.ncbi.nlm.nih.gov/pubmed/27421814>

⁵ UnitedHealthcare analysis of commercial claims in Colorado, 2nd quarter 2017.

⁶ UnitedHealthcare analysis of commercial claims in Colorado, 2nd quarter 2014 to 2nd quarter 2017.

⁷ UnitedHealthcare analysis of commercial claims in Colorado, 2nd quarter 2014 to 2nd quarter 2017.

⁸ UnitedHealthcare analysis of commercial claims in Colorado, 2nd quarter 2016 to 2nd quarter 2017.

⁹ UnitedHealthcare analysis of commercial claims in Colorado, 2016.

¹⁰ UnitedHealthcare analysis of commercial claims in Colorado, 2nd quarter 2014 to 2nd quarter 2017.

¹¹ UnitedHealthcare analysis of commercial claims in Colorado, 2016.

¹² UnitedHealthcare analysis of commercial claims in Colorado, 2016.

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