MERCER GOVERNMENT
HUMAN SERVICES
CONSULTING

Addressing the Problem of Low Acuity Non-Emergent ED Visits

A Clinical Efficiency Analysis Approach To Influencing Quality Of Care Strategies and Reducing Avoidable Health Care Costs

For over 34 years, we have worked with 45 US states and territories. We bring the right mix of battle-tested experts and multi-disciplinary practitioners to the table to shape real-world solutions and face the toughest issues.

Emergency departments (EDs) have become the front door to health care for many Americans — often for non-urgent and even routine health care problems. The costs of these low-acuity ED visits can be more than triple the cost of treatment in a primary or urgent care setting. In fact, according to medical- expenditure survey data from the Agency for Healthcare Research and Quality, the mean cost for ED visits in 2011 of $1,354 was more than six times higher than the 2009 mean cost of a physician office visit (primary and specialty care average) of $218. Overall, estimates of waste in the health care system related to unnecessary ED visits totaled approximately $14 billion in 2010, not including replacement costs had services been delivered in a more appropriate setting.

As rising health care expenditures continue to contribute to both federal and state budget costs, many Medicaid directors, state policymakers, and stakeholders are interested in understanding and curtailing inappropriate and avoidable use of the ED. A January 2014 CMCS Informational Bulletin documented that Medicaid beneficiaries used the ED at almost a twofold higher rate than privately insured counterparts.[1]

From the perspective of achieving the triple aim (better health quality, better experience of care, and sustainable cost), consider that EDs were designed to treat the most critically ill and injured patients as well as to act as a safety net during public health emergencies such as catastrophic events, epidemic outbreaks, and even terrorist attacks. Inappropriate ED utilization can negatively impact hospital resources (resulting in overcrowding and long wait times), contribute to fragmented care, and cost health programs significantly more than alternative settings. A 2010 RAND Corporation study indicated that between 14% and 27% of all ED visits for non-urgent reasons could take place in an alternate location, resulting in potential cost savings of $4.4 billion annually.[2] Additionally, fragmented care increases inefficiency, ineffectiveness, and inequality within the health system.[3]

A STANDARDIZED APPROACH

There is no lack of research on the topic of ED usage. However, nationally, there is a shortage of consistent terminology and methodology for studying inappropriate and/or avoidable/preventable ED usage. This makes it difficult for researchers, Medicaid program directors, hospital administrators, and even managed care organizations (MCOs) to analyze, compare, and study interventions to address aberrant ED utilization patterns.

Mercer's Low-Acuity, Non-Emergent (LANE) analysis was built specifically to identify and quantify the impact of LANE ED usage. Our analysis is underpinned by extensive health-services research, with additional input from an expert panel that includes ED physicians, state Medicaid chief medical officers, and other clinical providers with Medicaid and MCO experience.

Mercer's LANE ED analysis provides a systematic and evidence-based approach for evaluating trends and patterns of ED utilization. Mercer's approach is differentiated in the marketplace, as we analyze a number of data points — such as diagnosis, physician evaluation and management coding, and treatment rendered during the ED event — to quantify the preventable LANE utilization in a given state or population. Mercer's analysis includes methodology to identify potentially unavoidable costs (that is, treatment cost for services such as laboratory and radiology testing that would have occurred regardless of treatment setting), considers the cost of providing the care in an alternate setting, and adjusts the results to account for these costs. Thus, our analysis identifies both the avoidable costs and the "replacement" costs for services provided at an alternate setting.

IMPACT AND INFLUENCE

Mercer's approach to management of LANE ED utilization is based on robust clinical and actuarial analysis. This approach can be used to assist states as they focus their attention on value-based purchasing strategies and eliminating inefficiency and waste. The LANE analysis provides objective data in a useful dashboard format for state Medicaid agencies to leverage in improving collaboration with their health care delivery partners — such as MCOs, accountable care organizations, medical homes, and fee-for-service providers.

Through our extensive and ongoing research, we have identified consistent themes of actionable barriers that vested stakeholders, such as Medicaid MCOs and state Medicaid agencies, can focus on to make an impact. The most common include:

- Access to providers (primary and specialty care)
- Availability:
  - Lack of timely available appointments for providers
  - Lack of after-hours and weekend care with primary providers
- Inadequate or lack of chronic condition care coordination
- Lack of integrated electronic health information systems available for use by ED staff and physicians
- Payment strategies that do not promote use of alternative ED settings
- Travel/transportation to services
- Lack of enrollee education on signs and symptoms appropriate for an ED visit

Each of these causes can be addressed and appropriately managed to mitigate the inclination to seek care in an ED setting. Despite the complexities involved, LANE analysis can provide a standardized and consistent approach for measuring and quantifying the impact of LANE ED utilization on the health care system. This standardized approach facilitates meaningful discussion with multiple stakeholders to drive sustained improvement.

APPLICATION OF THE LANE ANALYSIS

The LANE analysis can be applied in many ways. Some states choose to use LANE as part of the actuarial rate-setting process for managed care contractors, while others may use LANE as a measure within a pay-for-performance program or as a quantifiable measure within a performance-improvement project.

As states continue to implement innovative health care reform initiatives, Mercer's LANE analysis can play a critical role in informing health system performance, as uncontrolled ED utilization is often a signal for inefficiencies in other areas of the health care service delivery continuum.

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[1] Center for Medicaid and CHIP Services. "Reducing Nonurgent Use of Emergency Departments and Improving Appropriate Care in Appropriate Settings," *CMCS Informational Bulletin* (2014).

[2] Rand Health Corporation. *The Evolving Role of Emergency Departments in the United States* (2013).

[3] Stange KC. "The Problem of Fragmentation and the Need for Integrative Solutions," *Annals of Family Medicine*, Volume 7, Number 2 (2009).

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