

HealthAffairs Blog

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What Will Happen To Emergency Room Traffic?

Written by John Goodman

One of the most oft-repeated arguments for health reform is that uninsured patients make costly and delayed trips to the ER when they do not have a health plan that pays for care at physicians' offices. Insure the uninsured, it is said, and they will decrease their reliance on the ER and get prompter, less costly care elsewhere.

Yet this has not been the experience in Massachusetts and it is unlikely to be the experience nationwide under the new health reform legislation. In fact, far from seeing a decline in ER visits, the number of such visits is more likely to soar.

Why is that? As we pointed out in a recent National Center for Policy Analysis (NCPA) Brief Analysis, the use of the emergency room by uninsured patients is not that much different than usage by the insured. The heaviest users of the ER (in proportion to their numbers) are Medicaid patients, probably because Medicaid rates are so low that physicians are not anxious to see them. And the reason why that is important is that more than half of the people who gain insurance under the new health reform bill will enroll in Medicaid.

At this point, any attempt to predict what will happen is very speculative. Yet a few back-of-the-envelope calculations convince us that there is reason for concern.

Predicting Emergency Room Use Based on Change in Health Insurance Status. For ease

of calculation, here are some simplifying assumptions. Suppose that 1) half the uninsured obtain insurance; 2) the newly insured enroll 50/50 in Medicaid and private plans; 3) the newly insured are representative of the uninsured population in terms of emergency room use while they were uninsured; and 4) the newly insured behave in a way similar to other enrollees in the plans they join. Under these assumptions:

- Among the newly insured under age 18, the number going to the emergency room each year will climb from 18 percent to 22 percent.
- Among those ages 18 to 44, annual emergency room traffic by the newly insured will increase from 21 percent to 28 percent.
- Among those ages 45 to 64, the increase will be from 19 percent to 28 percent.

In terms of the actual number of visits, insuring between 32 million and 34 million additional people will generate between 848,000 and 901,000 additional emergency room visits every year.

Predicting Emergency Room Use Based on Health Care Rationing. In general, people with insurance consume twice as much health care as the uninsured, all other things equal. The trouble is that the new health insurance law has no provision for increasing the number of health care providers. As a result, when people try to

increase their use of physician services, many will be disappointed and a large number are likely to turn to the emergency room when they cannot get their needs met at doctors' offices:

- Whereas the uninsured make almost two physician visits per year, the number is more than 3.5 for the privately insured and almost 7.5 for Medicaid patients.
- On the average, we estimate the typical newly insured patient will attempt 3.6 additional physician visits.
- If, say, only one-third of these turn to the emergency room because of inadequate primary care supply, that would equal between 39 million and 41 million additional emergency room visits every year.

Qualifications. There are a number of reasons why these estimates may err on the high side: 1) the people we call “newly insured” may be people who would have had insurance for part of the year anyway, 2) they may be sicker than the pool of uninsured that they leave or 3) they may be healthier than the pool they join.

Nonetheless, it seems highly likely that emergency room visits will be substantially higher under the newly enacted health reform law than they are today.

Another possibility is that the administration will somehow be able to increase supply, even though funding for such efforts was zeroed out of the health reform bill. Apparently, HHS Secretary Kathleen Sebelius plans to use \$250 million targeted for “prevention and public health” in the Patient Protection and Affordable Care Act for physician training instead. The funds would train 500 physicians, 600 physician assistants and 600 nurse practitioners. Also, she plans to raid pots of “stimulus” money created under the American Recovery and Investment Act. All told, the Administration now claims it will train 16,000 primary care providers by 2015. Meanwhile, the Association of American Medical Colleges predicts a 21,000 primary care physician shortfall by 2015, while the Health Resources and Services Administration at HHS estimates a shortage of between 55,000 and 150,000 physicians by 2020 — and that was before health care reform passed.