

Urgency or emergency?

How using an urgent care center can save on health care costs **Interviewed by Dale W. Hlaves**

When putting together a comprehensive and affordable health care plan for your employees, it is important to consider a number of variables, including when employees should use an urgent care facility and when they should go to the emergency room (ER).

Employers and employees alike can save money as a result of employers educating their employees on how to make the right decision.

“Often, people substitute the primary care office with the ER,” says Jim Repp, vice president of sales for AvMed Health Plans. “This is a much less cost-effective way to engage the health care delivery system.”

Smart Business spoke to Repp about how to design your health care plan so employees know where to go to get the proper care.

Why would people use the ER instead of going to a primary care center?

One of the reasons is convenience. If people can't get in to their primary care office for a visit, then the tendency is to go directly to the ER. And because of the way benefit packages were designed in the past, there was no mechanism to drive them to go to a lower-cost venue.

Urgent care centers have become more prolific in the last few years and are a lot more convenient and accessible than ever before. They also offer lower cost co-pays, which should encourage employees to go to them instead of an ER.

It's important to look at your employees' claim experiences in a consultative manner. Look at their utilization to identify areas such as higher-than-normal ER costs, and craft a benefit design that incentivizes employees to access the lower-cost venue. The employees will get a better level of service because the urgent care center is structured to be more responsive to their conditions, as opposed to an ER, which can involve sitting in a waiting room for several hours.

There is a general lack of awareness about when to go to an urgent care center and when to visit the ER. To encourage your employees to visit urgent care centers rather than ERs, you have to educate them through the open-enrollment period and throughout the year. That information can also be provided via Web



Jim Repp
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sites, hard copy mailings or customer service lines available 24 hours a day, seven days a week. You can even have a nurse on call — employees can call a number, explain their conditions and then your plan carrier will consult with them and help direct them to the proper place for care.

This is important, since health care costs are constantly on the rise, which greatly impacts how much you and your employees pay for health benefits.

Why are ER visits so much more expensive than urgent care visits?

ERs were designed to treat emerging conditions. They weren't designed to handle the flu. When you have people engaging the system for routine procedures and they are doing it at high-level facilities where the cost structure and overhead is substantially more, it's always going to be at a higher cost.

Urgent care centers are designed to treat patients who have an injury or illness that requires immediate care but is not serious enough to warrant a visit to an ER. But, at the same time, the urgent care centers have the equipment to handle EKGs and things like that. They have much of the same technology as an ER, but they do not have the overhead.

How would correct usage of the system lower overall health care costs?

No. 1, the difference in the cost of the co-pay is a quantifiable savings for the patient. With the high-deductible health plans, the urgent care center and the ER are subject to deductibles, so the member has to pay out-of-pocket. This is where you'll really see a sizeable cost differential — for instance, an ER bill could cost the member \$500 to \$1,000, while an urgent care center bill might be \$250.

The dollar differential becomes greater as member responsibility — based upon the benefit design — becomes greater. From the employer or the national perspective, shifting care to a lower-cost setting ultimately reduces the trend rate on medical care, and this directly impacts premium rates. So plan design can drive down overall claim costs, which correlates visibly in a large group segment to employer premiums. The most transparent group would be a large, self-funded employer where any savings in claim dollars goes directly to the bottom line. For the larger insured groups, 80 to 85 percent of their premium costs are from claim costs. When claim costs can be reduced, it reduces the rate of increase in the cost of the premium.

When you get into the smaller groups, it becomes less transparent because of the pooling effect where groups aren't directly rated on their own actual claim experiences. Instead, they're pooled together with other groups of the same size, and the experience of that entire group impacts the premium rate. However, if you can get the overall pool to shift toward lower-cost alternatives, then it does have a positive impact on the premium levels.

The key is to support more effective communication to your employees and their dependents, making them more aware of the alternatives, and then tying it back to what's in it for them, as well as what's in it for the company. <<

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