

# Right-Sizing Emergency Care Amid Healthcare Reform

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Learn how your hospital can leverage the Emergency Department's unique position to produce strategic value, practical solutions, improved quality, and better financial performance.



The emergency department (ED) is often considered to be the hospital's "front door." For this reason, healthcare strategists have historically focused their attention—and marketing dollars—on driving ED volume, which subsequently drives inpatient admissions, surgical procedures, diagnostic testing, contribution margin, and net revenue. Rapid changes in the healthcare environment, however, are forcing many hospitals to re-evaluate the practical and strategic value of the ED. The new realities include:

- **Transitioning from volume-driven to value-based payment models.**
- **Optimizing assets across the care continuum.**
- **Balancing quality, satisfaction, and cost of care.**

As a result, the ED has become the center of some of the most controversial issues in healthcare reform. The cost of care, avoidable hospitalizations, misuse of the ED, coordination of care, and other issues have challenged hospitals to find ways to keep costs under control while delivering timely access, efficiency, and quality.

## 8 Reasons Your ED Should Be a Strategic Asset

Cost estimates of preventable ED visits reach as high as \$38 billion annually. Notwithstanding that, the rate of ED visits continues to increase out of proportion to population growth. Although many in the healthcare industry today may perceive the ED as a problem—often citing significant overall expense, selected outcomes being the same or no better than other care settings, and costs that must be absorbed—we prefer to view it as an opportunity. In fact, here are eight reasons your ED should be a strategic asset for your health system:

- 1 Fifty to 70 percent of all hospital admissions come through the ED, with significant downstream implications.
- 2 Although emergency physicians typically account for just 4 percent of the physician work force, ED visits account for 28 percent of first-contact care.
- 3 A large proportion of quality measures, documentation (ICD-10, HACs, CM implications), and patient experiences (HCAHPS implications) begin in the ED. These metrics have a steadily growing impact on hospital revenues and public reporting of performance.
- 4 Important diagnostic and treatment decisions are made in the ED, as well as the decision to admit a patient or send him/her home. These decisions drive material costs in the system and set the direction for ultimate outcomes.
- 5 Payor mix is usually one-quarter each: Medicare, Medicaid, commercial, and self-pay.

## Practical strategies for right-sizing the ED also include focusing on patients after they leave your hospital.



- 6 The ED serves as a rapid diagnostic center for unscheduled, undifferentiated conditions. It also increases primary care availability and capacity.
- 7 Although it has a high fixed cost, it's almost never an option to close the ED.
- 8 It's a main point of entry for the largest number of patients entering your hospital. In addition to driving admissions, the ED also accounts for a significant majority of radiology and laboratory charges for your hospital.

## Develop New Strategies and Solutions...Start from the Inside.

Amid healthcare reform, many hospitals are focused on "right-sizing" the ED itself. This includes addressing the fundamentals of space, equipment, and provider staffing. It also means introducing strategies for ensuring higher levels of patient engagement, better outcomes, and lower costs.

Frequently, there are opportunities for hospitals to realize significant cost savings with certain patient groups using alternative approaches to treatment in conjunction with the patient's ED visit. For example, moderately ill patients with diabetes, asthma, congestive heart failure, and other conditions may respond to stabilizing treatment within several hours using well-managed clinical approaches, rendering hospitalization unnecessary in some cases.

In most hospitals, however, there are no viable options that bridge the gap between an ED visit and a hospitalization. Using the ED as a foundation, hospitals are developing additional capabilities that maintain quality of care, decrease overall cost, and reduce length of stay. Some include:

- **ED observation, short-stay units, or rapid treatment units.** Essentially, these "bridge the gap" between an ED visit and a hospitalization, and extend the care delivered in the ED alone.
- **Rapid diagnostic units.** Designed to optimize diagnostic specificity and improve risk stratification, a rapid diagnostic unit more closely matches a patient's needs with the resources required to treat his/her condition. In many cases, this may avoid hospitalization by taking necessary time to clarify a patient's condition before a final disposition is determined.

These solutions require time, adequate resources, and space. Organizational commitment is also critical. And it often entails a substantial mind shift in terms of throughput metrics and paying for value versus paying for volume.

## Look Outside the Four Walls.

Practical strategies for right-sizing the ED also include focusing on patients after they leave your hospital. For example, case management and patient navigator programs can help patients discharged from the hospital or ED to obtain a primary care physician, schedule follow-up clinic visits, and arrange for home monitoring or medication checks. The ultimate goal is to reduce admissions, readmissions, and ED "super-user" visits.

Finally, optimizing the ED should also start before the need for emergency care with community-based services, such as 24/7 nonclinical call centers that will assist patients with navigating health insurance benefits and locating covered services. Many healthcare systems today also offer a provider referral line that helps community members locate a primary care doctor or specialists for non-urgent care. Employer health programs, community health fairs, and educational seminars are other opportunities to encourage wellness, provide health screenings, and promote the best site for care.

In summary, encouraging people to simply avoid the ED is typically ineffective as a single strategy. However, cost-efficient alternatives that leverage emergency care in new ways have merit, and show considerable promise. These alternatives require appropriate effort and resources as well as a shift in mindset, but capitalize on unique aspects of a necessary, centrally placed, and universally available service.

**To learn more about converting the emergency department into a strategic asset for your hospital, contact:**

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