Alternative Places of Service: An Era of Rapid Growth

Written by: Robin Gelburd

Where once consumers would have gone to a doctor's office or hospital, they are increasingly seeking healthcare from alternative places of service. They may visit a retail clinic, an urgent care center or an ambulatory surgery center (ASC), or they may receive care at home or via telehealth. Understanding the growth in consumer choices in settings for care and the trends in costs associated with them can inform nearly every aspect of the design of health coverage, including the structure of benefits plans, formation and selection of networks and the use of communications to drive member behavior. As organizations that carry the risks of their members' healthcare, self-insurers may want to explore how these alternative places of service can keep costs down while ensuring that members get the care they need.

Robust, reliable data from an independent source is key to understanding the significant changes in utilization of alternative care settings, and the implications of those changes. Data from our database of over 22 billion privately billed medical and dental claims reveal important information about trends in alternative places of service.

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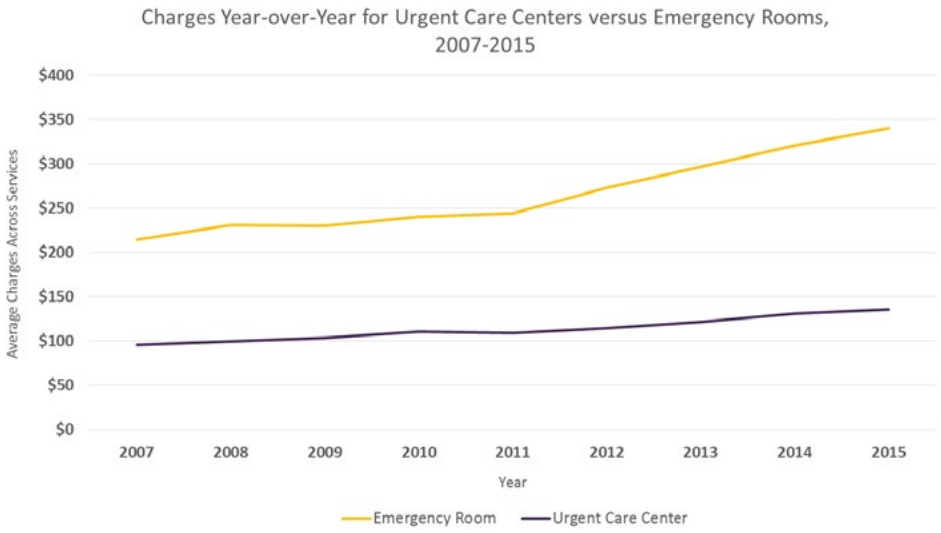
Urgent Care Centers

Urgent care centers have been growing nationally as a less costly alternative to hospital emergency rooms (ERs) and a more convenient alternative to doctor's offices. They typically offer care after regular business hours and on weekends, and do not require an appointment. Usually equipped with their own labs and X-ray machines, they can treat such acute conditions as infections, sprains, broken bones and cuts that require stitches. There are nearly 7,100 urgent care centers in the United States,[1] and the urgent care market is expected to grow six percent annually through 2018.[2]

According to our data, claim lines associated with urgent care centers increased 638 percent from 2007 to 2014, a much greater rise than claim lines for ERs, which increased 173 percent. As shown in the chart below, average charges are much lower for urgent care centers than for ERs. From 2007 to 2015, the average urgent care encounter was less than half the cost of an ER encounter. (Of course, ERs must treat some conditions that are costlier than those that an urgent care center would treat.)



While less expensive than ERs, urgent care centers are usually somewhat more costly than physicians' offices and retail clinics. The average charge nationally for a 15-minute office outpatient visit in the period 2007-2015, for example, was $122 for an urgent care center, compared to $108 for an office visit and $81 for a retail clinic, according to our data.

In both urban and rural settings, urgent care center usage increased every year from 2007 to 2014. Through 2012, however, urgent care center usage was more common in urban than rural areas. That shifted in 2013, when rural utilization of urgent care centers surpassed urban utilization, as it also did in 2014.

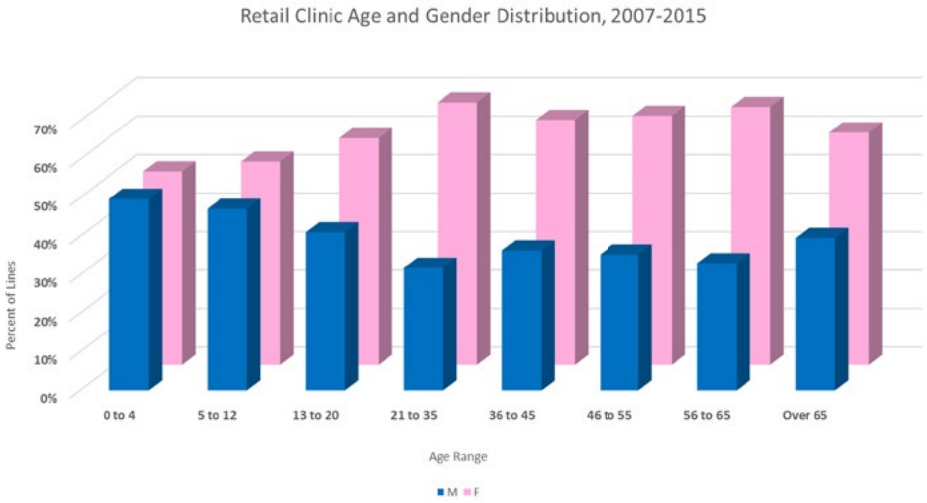
The top five diagnoses associated with urgent care centers in the period 2007-2015 were, in order from more to less common, acute respiratory infections, general symptoms, urinary tract infections, ear infections and sprains and strains.

Retail Clinics

Retail clinics can be found in pharmacies, supermarkets, malls and shopping centers. Like urgent care centers, they offer convenient hours and do not require an appointment. However, they treat a more limited range of conditions than urgent care centers: usually specific minor acute conditions with clear clinical guidelines, such as ear infections, allergies and sunburn, as well as preventive care, such as flu shots. Some retail clinics are expanding to provide management for chronic illness. They are more often staffed by nurse practitioners or physician's assistants than doctors, and their cost of care is about a third of traditional outpatient settings.[3]

With more than 1,800 locations nationally at present, retail clinics are projected to grow annually at 25 to 30 percent.[4]

According to our data, claim lines associated with retail clinics increased 438 percent from 2007 to 2014. As shown in the chart below, in the period 2007-2015 they were especially popular with female patients. Although boys and girls from age 0 to 4 received care at retail clinics at roughly equal rates—49.75 percent for boys, 50.25 percent for girls—thereafter the gender gap widened. In the age group 21 and older, women represented 60 percent or more of retail clinic patients.



Retail clinic utilization varies from state to state. Our data show that in the period 2007-2015, Minnesota was the state with the highest utilization overall, and Delaware the lowest. Minnesota's high utilization rate is not surprising. The first retail clinic opened there in 2001,[5] and, in 2008, Blue Cross and Blue Shield of Minnesota began offering a benefit option that eliminated copays for members who used retail clinics, as an incentive for members to save on healthcare costs.[6]

The top five diagnoses associated with retail clinics in the period 2007-2015 were, in order from more to less common, persons with potential health hazards related to communicable diseases (a category that includes standard childhood shots and other vaccines), acute respiratory infections, arthropathies (such as arthritis), spine and back pain and ear infections.

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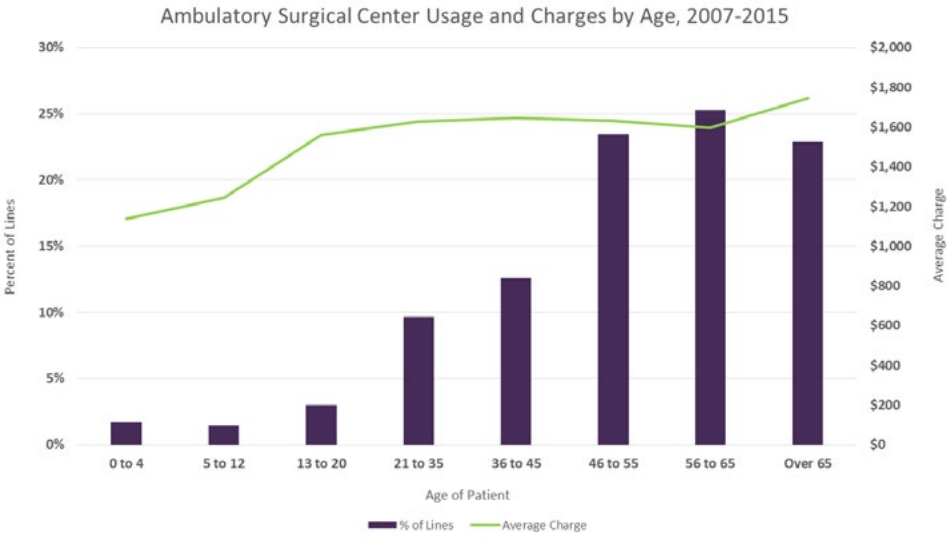
ASCs

ASCs specialize in same-day surgical care, including diagnostic and preventive procedures. They offer a less costly and more convenient alternative to hospital-based outpatient facilities. As of 2015, there were 5,400 ASCs in the United States.[7] Annual growth has slowed from a brisk pace early in the century to an average of 2.6 percent from 2006 to 2013.[8] According to our data, claim lines associated with ASCs increased 50 percent from 2007 to 2014. In that same period, ASCs had very similar utilization in rural and urban settings.

As the chart below indicates, most patients using ASCs are 46 years and older: 72 percent of claim lines associated with ASCs in the period 2007-2015 were for patients in that age group. The average charge, however, did not vary greatly by age, increasing from a low of $1,138.96 for patients aged 0 to 4 to a high of $1,745.07 for patients over 65. That suggests that similar procedures are being offered across most age groups, with the major difference being that older people are more likely to require them.

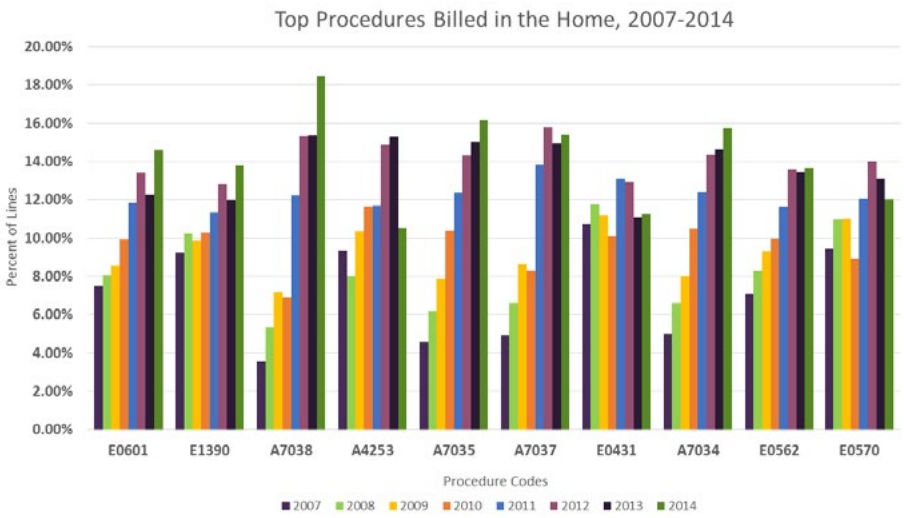


Home

Increasingly, equipment, devices, diagnostics, therapy and other services are being provided in patients' homes. As of 2014, there were 12,400 home health agencies[9] nationally, with employment in home healthcare services expected to grow at a compound annual rate of 4.8 percent from 2014 to 2024.[10] The home healthcare category can include both services provided in the home by outside care agencies and patient self-administered services using medical devices and equipment covered by health insurance.

As a percent of total data volume in our repository from 2007 to 2015, claim lines associated with home healthcare increased 63 percent.

The chart below shows the top procedures billed in the home from 2007 to 2014, indicated by their HCPCS codes, according to our data. They are associated with devices and supplies for continuous positive airway pressure (CPAP)—a common obstructive sleep apnea treatment—as well as for diabetes, asthma and chronic obstructive pulmonary disease (COPD). Utilization of each procedure increased sharply during this period.



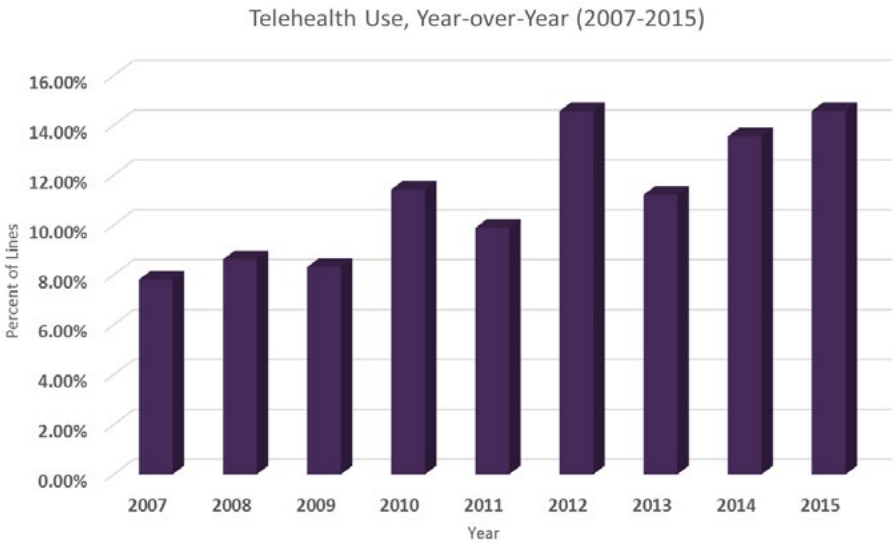
The procedures billed in the home that increased at the fastest rate year over year during the period 2008-2014 included mental health services and services to young children with cognitive delays. Some advanced technologies, such as pneumatic appliances, also increased rapidly as they became adapted to home use. The increase in services that can be provided in the home potentially decreases the length of patients' stays in medical facilities, saving money for payors, freeing facility space for other patients and allowing patients to recuperate at home.

HCPCS CODES			
E0601	Continuous Positive Airway Device	A7037	CPAP Tubing
E1390	Oxygen Concentrator	E0431	Portable Gaseous Oxygen
A7038	CPAP Disposable Filter	A7034	CPAP Nasal Application Device
A4253	Blood Glucose Test/Reagent Strips per 50 Strips	E0562	CPAP Heated Humidifier
A7035	CPAP Headgear	E0570	Nebulizer with Compressor

Telehealth

Telehealth or telemedicine, the exchange of medical information between patient and medical practitioner electronically from one site to another to improve a patient's clinical condition, is growing dramatically as a convenient option for many consumers and a means of containing costs for employers and insurers. More than half of US hospitals today use some form of telehealth, and there are presently about 200 telehealth networks nationally.[11] Nearly 70 percent of employers are expected to offer telehealth services as a covered benefit by 2017.[12]

According to our data, as shown in the chart below, telehealth use in the United States increased 88 percent from 2007 to 2015, rising from 8 percent of telehealth claim lines in that period to 15 percent.



Telehealth has been playing a key role in rural areas, where a consumer might otherwise have to travel 30 minutes or longer to reach a medical facility. But, telehealth's presence is growing in urban areas, as well. From 2007 to 2014, urban use of telehealth grew faster than rural use. While rural use remained greater than urban use, the gap between the two was smaller in 2014 (1 percentage point) than it was seven years earlier (3 percentage points).

In the period 2007 to 2014, the two most common telehealth diagnoses were general symptoms followed by acute respiratory infections. The latter has been the fastest growing telehealth diagnosis, increasing 800 percent from 2007 (4 percent of claim lines) to 2015 (36 percent). But, many other diagnoses are frequently cited when telehealth services are billed, including sprains, fractures and mental disorders.

Conclusion

Urgent care centers, retail clinics, ASCs, home healthcare and telehealth all exhibit a common pattern: increasing convenience for consumers while cutting costs compared to more traditional venues of care. All have been rising in utilization, and all are of increasing interest to payors, including self-insurers. Understanding the claims data regarding alternative places of service, particularly in an organization's own geographic area and with demographic relevance to its own employees, can help an organization make appropriate choices about plan design, network composition and member communications. Self-insurers also can make strategic use of alternative places of service to reduce costs while ensuring quality of care. ■

Robin Gelburd, JD, is the president of FAIR Health, a national, independent, nonprofit organization with the mission of bringing transparency to healthcare costs and health insurance information. Prior to being recruited as president of FAIR Health, Robin served for eight years as general counsel of a medical research foundation comprising approximately 30 premier academic medical centers, hospitals and research institutions in New York.

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