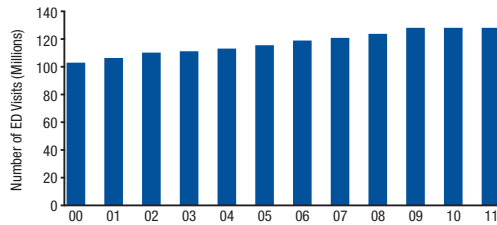


# Hospital Outpatient Department (HOPD) Costs Higher than Physician Offices Due to Additional Capabilities, Regulations

## Hospital emergency departments (EDs) provide essential, 24/7 care to the community.

- 91% of all community hospitals have EDs providing around the clock care.
- In 2011, hospitals cared for 130 million ED patients.
- Since 2000, ED visit volume has increased by nearly 26%.

Emergency Department Visits, 2000 – 2011



Source: AHA Annual Survey, 2000 – 2011 data for community hospitals.

## Hospitals must be prepared to respond to a range of natural and man-made disasters.

- **2012:**
  - Aurora, CO: Shooting at local theater kills 12 and injures 58.
  - Doswell, VA: Motor coach rolls over on highway kills four and injures 49.
  - Indianapolis, IN: Chemical spill prompts aquatic center evacuation. 79 people, mostly children, injured and taken to local hospitals.
- **2011:**
  - Joplin, MO: Tornado hits Joplin, Missouri, kills 158 and injures 990.
  - Reno, NV: Plane collides with grandstand at air race, kills 11 and injures 65.
- Six hurricanes/tropical storms have made landfall in the last two years, in addition to ongoing tornado and seismic activity.

Americans rely heavily on hospitals to provide 24/7 access to care for all types of patients, to serve as a safety net provider for vulnerable populations and to have the resources and skills needed to respond to disasters.

These roles are not explicitly funded; instead they are built into a hospital's overall cost structure and supported by revenues received from providing direct patient care.

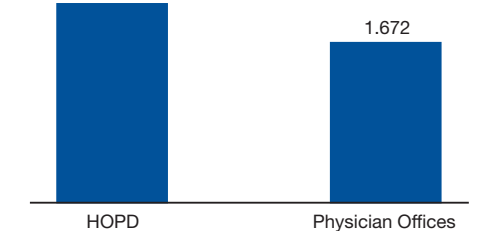
Other care sites don't share these roles or bear these costs, yet some policymakers want to make total payment for a service provided in a hospital the same as when a service is provided in a physician office.

### Hospital Outpatient Department

Hospital Outpatient Department	Physician Office
✓ 24/7 Capacity to Care for ED Patients	
✓ Back up for Complications Occurring in Other Settings	
✓ Disaster Preparedness and Response	
✓ EMTALA Requirements	
✓ Uncompensated Care/Safety Net	
✓ Teaching/Graduate Medical Education	
✓ Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	
✓ Infection Control Program	
✓ Quality Improvement Program	
✓ Joint Commission Accreditation	
✓ Medicare Conditions of Participation	
✓ Required Government Cost Reports	
✓ Equipment Redundancy Requirements	
✓ Stringent Building Codes (ventilation systems, hallway widths, ceiling heights, etc.)	
✓ Basic Life and Fire Safety Codes	✓
✓ Malpractice Insurance	✓
✓ Admin Staff/Billing	✓
✓ Medical Supplies	✓
✓ Nurses	✓
✓ Space and Utilities	✓

## Greater capabilities allow hospitals to serve sicker patients.

Weighted Risk Scores (Measure of Patient Acuity) for Medicare Visits, HOPD vs Physician Offices, 2009

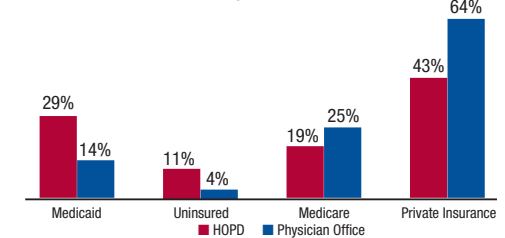


Source: Moran Company analysis of 5% Carrier and Denominator Claim Record, 2009 data.

## Hospitals provided \$39.4 billion in uncompensated care in 2010.

- EMTALA requires hospitals to care for all individuals who present at the ED, regardless of ability to pay.
- With no such requirement, physicians serve proportionately fewer Medicaid and uninsured patients.

Percent of Total Visits by Expected Source of Payment, HOPDs and Physician Offices, 2009



Source: Centers for Disease Control and Prevention, National Ambulatory Medical Care Survey 2009; National Hospital Ambulatory Medical Care Survey 2009.

## Hospitals provide training for tomorrow's health care professionals.

- In 2011, hospitals provided a training site for more than 107,000 residents.