



Insight

# Obamacare Failed to Address ER Overcrowding

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One primary goal of the Affordable Care Act (ACA) was to expand access to affordable health care. However, in the [five years since the ACA's passage](#), we have found that while more people have health insurance, they do not necessarily have access to affordable health care.

In order to pay for the subsidies that have facilitated the expansion of health insurance coverage, many recipients of federal funds were forced to accept payment reductions. Hospitals were faced with cuts of \$260 billion over ten years.<sup>[1]</sup> These reductions came in the form of delayed payment updates for Medicare hospital services and reduced [Disproportionate Share Hospital \(DSH\)](#) payments meant to compensate hospitals for treating a high percentage of patients for whom the hospital is often inadequately reimbursed. The justification for the cuts to hospital payments was based on assumptions that, by increasing insurance coverage to millions of people, fewer individuals would go to the emergency room (ER) to receive care—where they would potentially be treated for free subject to the [Emergency Medical Treatment and Labor Act \(EMTALA\)](#)<sup>[2]</sup>—and instead could seek care in non-hospital settings such as physician offices, outpatient clinics, urgent care centers, etc.

Given that a large portion of the newly insured would gain coverage through Medicaid expansion and past reports have shown that [Medicaid enrollees utilize the ER at higher rates](#) than both the uninsured and the commercially insured, this assumption was not made on the most solid of grounds.<sup>[3]</sup> Nonetheless, since many of the ACA's coverage provisions have gone into effect—including the opening of the health insurance exchanges and the expansion of Medicaid—several studies have since been conducted to see if reality has met expectations. Largely, the data suggests that it has not. In Altarum's March 2015 Health Sector Trend Report, growth in spending on physician and clinical services declined by roughly 1 percentage point from 2013 to 2014, despite growth in physician prices increasing during this period, suggesting a decrease in utilization of physician services.<sup>[4]</sup> Conversely, spending on hospital services increased by about 0.5 percentage points from 2013 to 2014 even though growth in hospital prices actually decreased by nearly 1 percentage point.<sup>[5]</sup> Granted, this combination simply shows an increase in the quantity of *total* hospital services, not emergency room visits specifically. However, new research regarding Medicaid expansion in California shows a direct correlation in increased visits to the ER from 2013 to 2014.<sup>[6]</sup> Further, research done by athenahealth and the Robert Wood Johnson Foundation shows that new-patient visits to primary care providers accounted for 22.9 percent of all visits to primary care physician offices in 2014, an increase of only 0.3 percentage points from 2013.<sup>[7]</sup> The payer mix for primary care visits remained largely unchanged from 2013 to 2014 and actually decreased slightly for both Medicaid and commercially insured patients in expansion states.<sup>[8]</sup> Thus, these newly insured individuals do not seem to be going to primary care providers to seek treatment.

Several surveys have found that as many as 33 to 43 percent of individuals, despite having health insurance, are not seeking care because that care is still not affordable.<sup>[9]</sup> While premiums on the exchanges are relatively low or similar to premiums paid by individuals with employer-sponsored insurance (ESI), deductibles for these plans are much higher and inhibit people from actually being able to use their insurance.<sup>[10]</sup>

Some have argued that emergency room use may not have declined because increased insurance coverage reduces the cost of both primary care and emergency care.<sup>[11]</sup> This theory also does not coincide with the

evidence. To counter the overutilization of the ER by Medicaid enrollees, nearly half of the states have imposed copayments for non-emergent use of the ER by Medicaid patients,[12] but, despite increasing the cost of emergency care, these policies have failed to reduce inappropriate ER use.[13] Another argument given for why expectations are not being met is that emergency room use had been increasing for years before the ACA [14], and thus we should expect that trend to continue regardless of whether or not health reform legislation was passed. However, this is a perfect example of the problems health care reform was supposed to address. Allowing the prior trend to serve as an excuse for the ACA's failure in this regard is irresponsible and unacceptable.

Five years after passage, the ACA has failed to reduce the cost of care and provide individuals with access to affordable care. Consequently, individuals continue to delay treatment or to seek care in the ER, both of which ultimately increase the cost of caring for such individuals.

[1] <http://kaiserhealthnews.org/news/faq-716-billion-medicare-reductions/>