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Healthcare Business News

Launching satellites With rise in free-standing emergency facilities, states debate tighter regulations

By Jean DerGurahian Posted: March 23, 2009 - 12:01 am ET Tags: Access, Accreditation, Ambulatory Care, Construction, Health Management Associates, Maine, Regular Feature, Tennessee, Texas Health Resources, Texas

Covenant Health System is building a free-standing emergency department near one of its hospitals in Lubbock, Texas, as that state continues to debate legislation that would require more regulation of such facilities.

The \$5.8 million facility under construction by project developer Hammes Co., Dallas, is expected to have 16 beds for emergency treatment. No opening date has been set.

Covenant sees a large flow of patients from that area, which is about eight miles away from the hospital, and a satellite ED there would ease the bottleneck in the main facility, says Juan Fitz, a physician who is assistant director of the emergency department at 696-bed Covenant Medical Center. The health system estimates it could see about 20,000 patients at the new site in the first year of operation.

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While the concept of free-standing EDs has been around for decades, only in the past few years have hospitals and private companies started to eye those facilities as a way to alleviate congested patient flow or make money on profitable emergency services. Still, defining what exactly constitutes a stand-alone emergency department remains a key goal. The Emergency Medicine Network, which coordinates the National Emergency Department Inventory and conducts studies of public-health objectives through emergency medicine, expects to release a report in October on the quality of free-standing EDs.

According to results from the American Hospital Association's 2009 annual hospital trends survey, there are 191 free-standing EDs owned by hospitals across the country, not including independently owned and operated facilities. Providers in Texas—where the concept seems most prevalent, although some 15 other states have similar services—consider regulation of free-standing EDs long overdue.

Many would like to see a clearer definition of what they are so facilities that are little more than urgent-care centers can't advertise themselves otherwise. It comes down to quality, says Fitz, who also serves as spokesman for the American College of Emergency Physicians. "We don't want people to get misguided or misdirected."

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The Joint Commission has its own methods for determining what's a free-standing ED. Companies seeking the voluntary accreditation go through its ambulatory-care program and must comply with performance elements within 13 standards for areas such as infection control, human resources, leadership and environment of care, says Michael Kulczycki, executive director of the accrediting agency's ambulatory-care program. About 10 organizations operating free-standing EDs are accredited through the Joint Commission, he says. Satellite sites opened by hospitals are accredited through that hospital's typical accreditation program, not the separate ambulatory program.

Efficient and effective

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The commission has found those independent facilities to operate efficiently and provide effective care, says Beverly Robins, a Joint Commission field director in the survey management group. "Quality has not been compromised. The free-standing ED does the same type of care as the hospitals do."

The push for improved access to emergency medicine comes as patient visits are increasing while the number of emergency departments falls, according to the federal National Center for Health Statistics. In its 2008 National Hospital Ambulatory Medical Care Survey, the center reported that the overall ED utilization rate increased by 18.4%, from 34.2 to 40.5 visits per 100 persons from 1996 to 2006, the latest year for which data are available.

Patients with private insurance accounted for some 47,000 of the total 119,200 visits to EDs in 2006, or nearly 40%, with Medicaid and Medicare patients following at nearly 30,400 and 20,700, or 25.5% and 17.4%, respectively. Self-paying patients accounted for about 19,000 visits, or 1.6%, according to the survey.

Although some see free-standing sites as a way to alleviate the growing patient load, stand-alone sites are not without controversy. Last year, the Tennessee Health Services Development Agency board denied Wellmont Health System a certificate of need to build a \$40.9 million facility halfway between its Kingsport, Tenn., hospital and its rival, Mountain States Health Alliance in Johnson City, Tenn. Mountain States contended the free-standing site would increase healthcare costs and place patients at risk.

It's not just hospitals fighting other hospitals: Providers also worry that private companies can operate facilities more freely because they're not required to accept Medicare and Medicaid patients and can focus on people who can afford to pay out-of-pocket, Fitz says. "Not only do you make money from the physician charges, you make money from the facility charge, the lab charge. There's a whole big bag," he says.

A full-service facility?

The biggest issues for the regulation of free-standing EDs appear to be which services are provided and at what time of day those services are offered. Fitz, the ACEP spokesman, says a facility calling itself an emergency department should be available 24/7. Currently, free-standing facilities are not required under state or national regulations to stay open around the clock. In addition, the facility should be staffed with board-certified emergency medicine professionals with a

complete array of diagnostic services, including CT scans, ultrasound and laboratory testing.

"If they're going to advertise as a free-standing ED they have to provide all the services," Fitz says.

The Texas Medical Association supports the state defining a minimum set of standards for free-standing EDs, including the 24/7 provision and full ED services. In 2007, a bill establishing those standards failed in the state because stakeholders could not agree on the hours of operation for free-standing sites, according to the association. The legislation has been reintroduced this year.

At least one company that operates a chain of free-standing EDs welcomes the need for more regulation.

Having something that defines in writing what a free-standing ED is and what services it is required to provide would show customers that such facilities are operated with the same high quality expected at hospital EDs, according to Flower Mound, Texas-based First Choice Emergency Room, which owns several such facilities throughout Texas. Right now there's nothing in the state that defines the stand-alone ED, says Greg Blomquist, a physician who is an area medical director for the company. "We do have protocols. We're not just a fly-by-night, doc-in-the-box" operation, he says.

The facilities in the chain have different hours of operation, but all are equipped with board-certified emergency medicine physicians and nurses, and the sites have standing agreements to transfer patients that require hospital admission to area hospitals, Blomquist says. In addition, the sites offer laboratory services and other diagnostic tools. "We have to live up to the same standards as a hospital would have to," he says.

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