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The Rise of Standalone ERs Irks Doctors and Insurers

By [Stephanie Armour](#) April 11, 2013

After developing a chest cold and breathing problems last year, Susan Alexander went to First Choice ER in League City, Tex., drawn by its motto, “Real ER. Real fast.” The 56-year-old nurse says her visit was speedy—about 20 minutes for a chest X-ray, steroids, and a breathing treatment. It was also expensive: about \$2,000. After her insurance picked up its portion of the tab, Alexander had to pay \$700. “I was astonished,” she says.

Once confined to rural areas without hospitals, free-standing ERs have been multiplying in suburbs for the last decade. Unlike urgent care centers, which are equipped to treat only non-critical ailments, these standalone ERs offer the same access to board-certified emergency-medicine specialists and complex technology found in a traditional ER. Some are owned by entrepreneurs, others by hospitals. Many have gourmet coffee, plush leather seating, free Wi-Fi, high-definition TVs, and something else that’s uncommon in a standard ER: little or no wait.

ER INSIDE A HOSPITAL	FREE-STANDING ER
Availability	
24/7	24/7
Number of patients seen per day	
100-150	35-40
Length of visit	
3+ hours	60-90 mins.

DATA: URGENT CARE ASSOCIATION OF AMERICA

Among the fastest-growing areas of medical care, standalone ERs exist in at least 45 states and have begun drawing attention for whom they do and don’t treat. Many of the entrepreneur-owned ERs don’t take Medicare or Medicaid patients or people without insurance. Delaware and Texas now

compel the facilities to provide critical care to everyone in a health emergency, regardless of their ability to pay. In Illinois and Idaho, entrepreneurs aren't allowed to open free-standing ERs; only hospitals, bound by federal law to treat anyone with a critical emergency, can build the detached ER centers.

The ERs are also drawing the ire of others in the health-care business. "Physician- and investor-owned ERs are skimming off the cream-of-the-crop patients," says John Milne, chairman of emergency medicine at the nonprofit Swedish Medical Center's Issaquah (Wash.) campus. "Many are glorified urgent care centers, but they still bill ER charges."

The federal government allows hospital ERs to assess facility fees to cover overhead. Standalone ERs have adopted the same billing practice. They generally collect up to \$500 per patient, compared with \$135 at urgent care clinics, according to a 2011 Urgent Care Association of America report. Yet the type of patients who walk into standalone ERs are less likely than those who go to ERs in hospitals to need acute emergency care, the report found. The \$2,000 bill for Alexander's brief visit to First Choice in Texas included a \$1,518 facility fee. "We're an ER," says First Choice spokeswoman Heather Weimer. "That means it will cost more. We don't try to hide it."

James Unland, president of the Health Capital Group, a consulting firm, calls the fees "astronomical. ... It's one of the biggest controversies in the business." Consumers "often don't know what they're walking into," he says. That ignorance might also be costing insurers more than they'd pay for similar care. Aetna ([AET](#)) is suing three free-standing ERs in Texas, arguing in part that they don't have the overhead of hospitals and shouldn't bill facility fees.

Tim Seay, president of Greater Houston Emergency Physicians, a staffing company with doctors who work at four free-standing ERs in Texas, says the expenses are justified because a standalone emergency center costs more than 10 times what's required to operate an urgent care clinic. He says his company pushed for the Texas law and supports government oversight. "You need regulation," he says, "so that every Tom, Dick, and Harry with an M.D. degree doesn't slap 'ER' on his sign."

The bottom line: ERs detached from hospitals charge fees similar to hospitals but don't always have to treat everyone who walks in the door.

[Armour](#) is a reporter for Bloomberg News in Washington.

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