

Emergency Room Visits Likely to Increase Under ObamaCare

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by John C. Goodman

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More people are likely to turn to the emergency room for their health care and they are likely to do so more frequently under the new health reform legislation. This finding is surprising because an oft repeated argument for insuring the uninsured is that it will allow people to seek less costly and more accessible care elsewhere.



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We find that emergency room costs will increase for two reasons: 1) about half the newly insured will enroll in Medicaid and Medicaid patients seek emergency room care more often than the uninsured, and 2) while the newly insured will try to increase their consumption of care, the absence of any program to create more providers will force patients to turn to emergency rooms as the outlet for increased demand.

Health Insurance Status. According to the Congressional Budget Office, recently enacted health reform will eventually cause 32 million uninsured people to obtain health insurance they otherwise would not have had. The Chief Actuary of Medicare puts the figure at 34 million. Under both estimates, about half of the newly insured will enroll in Medicaid and the State Children's Health Insurance Program. Roughly an equal number will obtain insurance in the to-be-created health insurance exchanges.

Interestingly, health reform in Massachusetts cut the number of uninsured in half by enrolling people in Medicaid and private insurance plans offered in a health insurance

exchange. However, as in the case of the new federal law, no measures were taken to expand the supply of doctors. That is one reason why the wait to see a new doctor in Boston is twice as long as in any other U.S. city. Also, the use of emergency rooms for nonemergency care in Massachusetts today is as great as or greater than it was before the state health reform was adopted.

We do not know yet what insurance in the exchanges created under the new federal law will look like. However, in Massachusetts people who have acquired subsidized insurance through an exchange are in plans that pay doctors fees about equal to Medicaid rates plus 10 percent. Were this to happen nationally, the predictions of this analysis would be much worse.

Emergency Room Use. A common myth is the belief that the uninsured use the emergency room a lot more than people with private health insurance. Yet as the figure shows, the percent of uninsured going to hospital emergency rooms every year is not much higher than for those with private insurance. (And after adjusting for health status, there is no difference in the average number of visits.) Medicaid enrollees, on the other hand, visit emergency rooms significantly more often than either the insured or the uninsured.

Why is that? The main reason appears to be that Medicaid fees are so low that patients have difficulty find-

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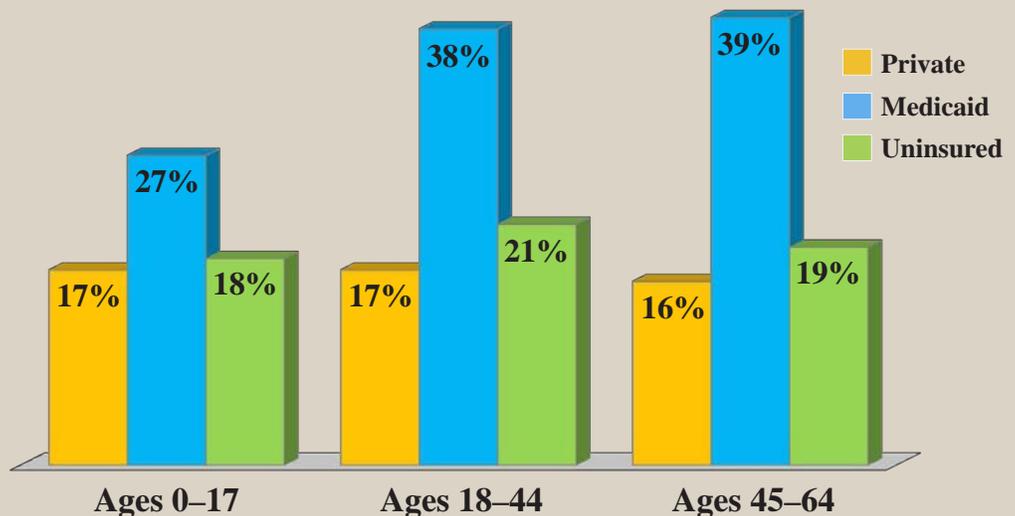
ing private practitioners who will see them. Often, the emergency room turns out to be the only place they can access care. Studies show that even the uninsured have an easier time making doctors' appointments than Medicaid enrollees.

Predicting Emergency Room Use Based on Change in Health Insurance Status. Assuming that 1) half the uninsured obtain insurance; 2) the newly insured enroll 50/50 in Medicaid and private plans; 3) the newly insured are reflective of the current uninsured population; and 4) the newly insured behave in a way similar to other enrollees in the plans they join:

- Among the newly insured under age 18, the number going to the emergency room each year will climb from 18 percent to 22 percent.
- Among those ages 18 to 44, annual emergency room traffic by the newly insured will increase from 21 percent to 28 percent.
- Among those ages 45 to 64, the increase will be from 19 percent to 28 percent.

In terms of the actual number of visits, emergency room use by the uninsured and the privately insured are about the same. Medicaid enrollees, on the other hand, have more than twice as many visits. Consequently, we project that insuring between 32 million and 34 million additional people will generate *between 848,000 and 901,000 additional emergency room visits every year.*

Percentage of Individuals with Emergency Room Visits (by age and insurance status)



Source: Centers for Disease Control and Prevention and the National Center for Health Statistics, "Emergency Department Visitors and Visits: Who Used the Emergency Room in 2007?" National Health Interview Survey, May 2010.

Predicting Emergency Room Use Based on Health Care Rationing. In general, people with insurance consume twice as much health care as the uninsured, all other things equal. The trouble is that the new health insurance law has no provision for increasing the number of health care providers. As a result, when people try to increase their use of physician services, many will be disappointed and a large number are likely to turn to the emergency room when they cannot get their needs met at doctors' offices:

- Whereas the uninsured make almost two physician visits per year, the number is more than 3.5 for the privately insured and almost 7.5 for Medicaid patients.
- On the average, we estimate the typical newly insured patient will attempt 3.6 additional physician visits.

- If, say, only one-third of these turn to the emergency room because of inadequate primary care supply, that would equal *between 39 million and 41 million additional emergency room visits every year.*

Qualifications. There are a number of reasons why these estimates may err on the high side: 1) the people we call "newly insured" may be people who would have had insurance for part of the year anyway, 2) they may be sicker than the pool of uninsured that they leave or 3) they may be healthier than the pool they join. Nonetheless, it seems highly likely that emergency room visits will be substantially higher under the newly enacted health reform law than they are today.

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