

# Health Care Growth Strategies

A Publication of Health Strategies & Solutions, Inc.

February 2003

Volume Five, Number One

## Rising ED Volumes Make Emergency Services a Key Strategic Issue

As emergency department volumes continue to rise nationally, health care organizations are increasingly considering emergency services to be a cornerstone of their strategic development. The ED can be an effective tool for increasing patient draw from key market areas, boosting volume in selected clinical areas (especially pediatrics, cardiology, and neurosciences), and strengthening financial performance. Benchmarking ED activity measures can provide important insight into opportunities to maximize the ED's operational performance and contribution to an organization's overall success.

## Growth and Revenue Opportunities: Benchmarking Emergency Department Activity for Organizational Success

On average, 20 to 25 percent of ED visits result in an admission to a hospital. Admission rates that fall below this average, or that decline relative to historical performance, could indicate operational or clinical issues in the ED.

In a highly competitive urban market in the Midwest, poor service levels at an area teaching hospital's ED dissuaded private primary care physicians from referring their more acute patients to that organization's ED, and ultimately, to that hospital. While total ED visits increased by four percent from 2000 to 2002, the number of ED visits admitted declined almost 40 percent over that same period and total inpatient admissions fell 11 percent. During that same time, acute care admissions to all hospitals in the region increased slightly. With many options for care in its marketplace, the organization faced an uphill battle to regain lost physician referrals to the hospital even after ED service level improvements were made.

Although too few ED admissions may indicate opportunities for improvement, a relatively high percent of total admissions originating from the ED may also be cause for concern. While 50 percent or more of community hospital admissions nationally originate from the ED, a higher than

expected percentage (generally speaking, 70 percent or more) can indicate that the hospital is too dependent on the ED and is lacking elective cases that are typically surgical in nature and more lucrative to the organization. Identifying and addressing the root cause of a shortage of elective surgical cases (e.g., deficits in surgical specialists on staff, inefficient surgical suite operations, etc.) can have a significant impact on an organization's financial performance.

The relationship between source of admissions and financial performance is evident in southeastern Pennsylvania. Of

40 community acute care hospitals examined, nine had 70 percent or more of their admissions generated from the ED in FY01. All nine had operating margins less than the regional average of 2.7 percent, and more than half experienced negative operating margins during that period.

The mix of patients seeking care in the ED is another important benchmark, especially given the demands that rising ED volumes place on staff, facilities, and capital. According to national data, at least 10 to 15 percent of ED visits are for nonurgent complaints, with another 10 to 15 percent for semi-urgent

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## Indicators of Opportunities to Enhance Performance

- **Less than 20 percent of ED visits result in admission**
- **Greater than 70 percent of admissions originate from the ED**
- **Nonurgent visits account for more than 10 to 15 percent of total ED visits**



complaints. A higher than average share of these nonurgent, nonemergent visits, often found in EDs in urban neighborhoods with high uninsured populations, can indicate a particular lack of available, accessible primary care in the community.

Examining opportunities to manage these visits in a more appropriate setting can enable the ED to respond to more acute cases and potentially avoid the need to divert patients to other hospitals when capacity is reached. Increasing primary care recruitment, using existing on-site clinic space that is underutilized during off-peak hours (e.g., evenings) and exploring off-site urgent care centers are several examples of potential solutions for managing these patients.

Emergency department volumes continue to rise across the country; the most recent national figures indicate that visits grew three percent in 2001. More is not necessarily better, however, and organizations should proactively examine how their ED can best support strategic goals and enhanced financial performance.



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