

Overview of Existing Freestanding Emergency Departments (FEDs)

Topics

- Definition
- **Types**
- Background
- **Basic Medicare Reimbursement**
- State Licensing and Regulation

Definition

- Freestanding Emergency Department
 - A facility that receives individuals for **emergency** care and is **structurally separate** and **distinct** from a hospital.
 - Varying forms of ownership:
 - Individual
 - Corporate
 - Governmental Unit
 - Partnership, etc.
 - Not all states **allow** a FED

Types

- Hospital-based FED
 - Also referred to as a **hospital outpatient department**
 - Also referred to as **provider-based**
 - **Owned** or **operated** by a hospital
 - **Separate** from hospital's main campus
 - Subject to **same** CMS rules and regulations as related hospital
 - EMTALA – Emergency Medical and Active Labor Act

CMS – Centers for Medicare and Medicaid Services

Types

- Hospital-based FED
 - **Facility fee** charge
 - For cost of facility resources and overhead incurred (to include recognition of affiliated hospital component) to provide patient care
 - **Recognized and paid by insurers**
 - **Professional fee** charge
 - For physician services
 - **Recognized and paid by insurers**

Types

- Independent FED
 - May choose not to serve Medicare or other governmental program patients
 - If so, not subject to CMS rules and regulations
 - Not recognized by Medicare as emergency departments

Types

- Independent FED
 - **Facility fee** charge
 - For cost of facility resources and overhead incurred to provide care
 - **Not paid by Medicare**
 - **Might be recognized and paid by insurers**
 - Has received pushback from insurers
 - Has received pushback from patients
 - **Professional fee** charge
 - For physician services
 - **Recognized and paid by insurers**

Background

- Freestanding emergency departments (FEDs) were established in the 1970s to fulfill the **need for emergency care in rural or other underserved areas.**
- Initial circumstances appear to align with Georgia's circumstances and impetus for establishing FED program.
- But is this the main reason for the proliferation nationally?

Background

- Recent national trend appears to be an effort to establish presence in **suburban areas** to target **high-income** patients with **private insurance** (addressing convenience instead of need).
 - Impetus on increasing market share in relatively affluent service areas
 - Significantly contributes to economic viability for those that are successful
 - Typically located within 15-20 miles of a hospital

Background

- Statistics:
 - Recent estimate of 400+ in 45 states
 - Rapid acceleration in last 5 years
 - 2008 Survey of 222 FEDs across the nation:
 - 86% hospital affiliated
 - 14% independent
 - 89% Joint Commission accredited
 - 91% operate 24/7

Per New York State Department of Health report on FEDs

Medicare Reimbursement - HB

- Hospital-based (HB) FEDs are treated as any other hospital-based outpatient department.
- The HB FEDs (**outside of GA that were reviewed**) fall under the same rules and regulations as the hospital, including EMTALA.
- These HB FEDs that are established as hospital-based outpatient departments are paid a **facility fee**.

Medicare Reimbursement - I

- Medicare **does not recognize independent FEDs** as emergency departments.
- Paid as outpatient clinics.
- The facility itself **does not receive a separate payment** for the use of the facility(**no facility fee**).
- Physician and ancillary services are reimbursed under the Medicare Part B **fee schedules**.

States With FEDs

(Not All-Inclusive)



- Alabama



- Arizona



- Colorado



- Connecticut



- Delaware



- Florida



- Indiana



- Iowa



- Maryland



- Michigan



- Mississippi



- Nevada



- North Carolina



- **Ohio**



- South Carolina



- **Texas**



- **Virginia**



- **Washington**

State Licensing & Regulations

- Varies among states.
- Texas, Delaware, Illinois, and Alabama have specific license requirements and regulations.
- Florida, South Carolina, North Carolina, and Tennessee do not have specific regulations but do require Certificate of Need approval.
- Mississippi established a pilot FED program in 2014.

State Licensing & Regulations

- Alabama, Florida, Mississippi, Idaho, and Illinois require FEDs to be hospital-owned.
- Delaware, Rhode Island, and Texas do not require hospital ownership.
- Delaware and Texas require patients with emergency care needs to be treated regardless of their ability to pay.

State Licensing & Regulations

- Rhode Island does not require 24-hour operation.
- Alabama, Mississippi, South Carolina, Washington, Delaware, Idaho, Illinois, and Texas require 24-hour operation.

State Licensing & Regulations

Hybrid -----Specific-----

Requirement	GA	TX	DE	IL	AL	MS
Operate 24 hours a day, 7 days a week	X	X	X	X	X	X
At least one physician on-site at all times		X	X	X	X	X
Pharmaceuticals		X	X		X	X
Laboratory		X	X		X	X
Respiratory		X			X	
Radiology		X	X		X	X
Ambulance on-site				X		
Written transfer agreement	X	X	X		X	
Medical screening regardless of ability to pay	X	X	X			
Provider-based				X	X	X
Licensed as a hospital within previous 12 months	X					
Within 35 miles of a hospital	X				X	X
EMTALA compliance				X	X	X
Population requirement < 35,000	X					
Population requirement < 50,000				X		

Hybrid – Specific licensure related to FEDs pursuant to rules governing hospitals

Thank You!

- For the opportunity to be involved in and contribute to such a meaningful endeavor.

Follow Up

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