Overview of Existing Freestanding Emergency Departments (FEDs)
Topics

• Definition
• Types
• Background
• Basic Medicare Reimbursement
• State Licensing and Regulation
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 FERs
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 licensure related to FEDs pursuant to rules governing hospitals

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<th>Requirement</th>
<th>GA</th>
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<th>DE</th>
<th>IL</th>
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*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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