

# Researchers find that private insurance pays more for emergency department visits

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Researchers at the University of North Carolina found that, over the past 20 years, private insurers have paid more for a visit to the emergency

department than Medicare or Medicaid. For this work, titled "Per-visit Emergency Department Expenditures by Insurance 1996-2015" and published in the July edition of *Health Affairs*, UNC Family Medicine fellow Jonathan Yun, MD, MPH, and two other researchers, used data from the 1996 through 2015 Medical Expenditure Panel Survey to study charge and payment trends for ED visits paid by Medicare, Medicaid, and private insurance.

In 2016, the average annual costs per person for [health care](#) in the United States was \$10,345, more than twice per capita than other developed countries. These costs are expected to continue to steadily increase.

"Health care spending now makes up at least 17 percent of our total Gross Domestic Product," says Yun. "Looking at spending trends for ED visits is important because emergency department spending has made up an increasing percent of total [health](#) costs over the last 20 years."

Yun is a National Research Service Award Primary Care Research Fellow at the Cecil G. Sheps Center for Health Services Research and a clinical instructor at UNC Family Medicine, both at the University of North Carolina at Chapel Hill.

The researchers looked at charges and expenditures. Charges are straightforward—the total amount that the hospital charged patients and their insurers. Expenditures are the sum of payments made to ED facilities and providers by insurers and individuals for their care.

Yun found that: Between 1996 and 2015, annual increases in per visit emergency department expenditures were significantly greater for private insurance than Medicare, Medicaid, and the uninsured.

During the same period, there was no similar corresponding difference

in ED charges among different insurance types.

Although the percent of charges actually paid as expenditures decreased for all insurers over time, private insurance had the highest expenditure-to-charge ratio each year.

Consequently, private insurance had the highest expenditure-to-charge ratio in each year.

"This means that private insurance paid the greatest percent of their quoted charges for each ED visit every year," says Dr. Yun.

"We also found that, compared to Medicaid and Medicare, private insurance had the greatest average annual increase in spending for each ED visit between 1996 through 2015."

These results suggest that private insurance may have a weaker bargaining position with hospitals compared to Medicare and Medicaid when negotiating the prices it pays for ED visits. On the other hand, Medicare's large patient pools and regulatory power may give it more power than [private insurance](#) to determine the prices it pays. Medicaid's regulatory power may also allow it to underpay for ED services which may hurt the financial viability of many emergency departments

Yun mentioned that the study had a few limitations.

"Our analysis was limited by the possibility that we may have underestimated the total number of ED visits for each insurance type or used variables that did not fully capture ED visit intensity," said Yun said. "We also excluded ED visits that led to hospitalizations so our results may only apply to ED visits that didn't result in hospitalizations."

He also contextualized the study in the broader health policy landscape.

"Understanding how much different insurance types pay for health care services like ED visits through studies like this one may provide guidance for policy solutions to rising health care costs."

**More information:** Jonathan Yun et al. Per Visit Emergency Department Expenditures By Insurance Type, 1996–2015, *Health Affairs* (2018). [DOI: 10.1377/hlthaff.2018.0083](https://doi.org/10.1377/hlthaff.2018.0083)

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