There's Something Rotten in Urgent Care Reimbursements

■ ERIC ELLIS, MD

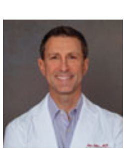
Something is amiss in how smaller urgent care operators are reimbursed these days. This, likely, is not news to you and I'm sure my situation is not unique, but in the process of having opened a group of urgent care centers around Sacramento, CA over the past few years, I've been shocked about just how bad things are.

When we opened our first center, I used a management company to help with the setup; I just figured they had done a bad job negotiating contracts. But as the terms of agreements have ended and I've looked to renegotiate our deals, I have just been floored by the lack of good-faith negotiations on the part of payers. We are paid well below current Medicare rates by most of the private insurers and, to make matters worse, they have no plans to offer any cost-of-living or Consumer Price Index (CPI) increases.

Just as you might, I run my two clinics almost like mini emergency departments. We are capable of seeing higher-acuity patients than virtually any primary care office, and certainly than any retail clinic. We reduce displaced fractures and dislocated joints, evaluate abdominal pain and chest pain, give intravenous medications, drain peritonsillar abscesses, treat rapid atrial fibrillation, fix complex lacerations, and so much more.

All of this amounts to keeping a lot of patients out of the ED—not only saving the patients hours and hours of wait time, but also saving the party responsible for the bill thousands and thousands of dollars. Based on our data, a visit to our urgent care centers is usually 5 to 10 times less expensive than a trip to the ED for similar treatment.

And yet, we have basically been told by multiple major insurers that we would receive no increase whatsoever in our new contracts—and that our patients (who are quite loyal and satisfied, as evidenced by the Google reviews



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we've received) would just have to drive 20 to 30 minutes to another clinic if we chose to not remain in-network.

This is highly frustrating in and of itself. However, the most appalling facet isn't the frozen rates, but the fact that at least one large California health system is simultaneously being reimbursed by these *same* insurance companies at 300% to 650% over what we are paid for the *same* billing codes. That's right. They provide the same services, the same level of care, and use the same exact codes and receive over 3 times the compensation.

Unfortunately, this problem extends well beyond just my business. It's even greater than individual urgent care operators and even the entire UC industry. This issue is an existential threat to the medical ecosystem itself.

In effect, insurance companies are incentivizing low-value care. And in doing so, remarkably, the payers who are orchestrating these changes are acting directly against their own economic interests.

If common sense cannot prevail we will continue to have fewer and fewer primary care physicians pursuing urgent care businesses, and existing urgent cares will close or scale back on the clinical services provided out of necessity. This will leave patients no choice but to go to the ED where the payers will be met with much larger bills for the same care. So, by declining to reimburse urgent care providers fairly due to cost concerns the insurers will ultimately pay even higher costs in the end.

"We have to do something.... We've come too far in urgent care to allow this injustice we face together with our patients to proceed quietly unchecked."

I sought answers from the California Medical Association (CMA) and learned that at least one insurer is known to have a "zero sum total policy." Under this policy, they have established a ceiling for reimbursements under which if someone is paid more, then someone else must be paid less.

The unifying complaint we hear from our patients is that they cannot find a primary care doctor, or, if they're fortunate enough have one, get an appointment to actually see them. A number have also complained that their doctor has switched to a concierge practice.

Mostly, they ask us if we can be their primary care doctor.

The bottom line is that if reimbursements cannot even come near matching CPI for independent physicians, our fate is sealed and our centers are doomed to fail.

In addition to seeking insights from the CMA, I've expressed these concerns to two members of the California State Legislature in the hope of raising awareness of just how difficult things are these days when trying to operate urgent care centers—businesses that have potential to save millions of dollars in healthcare spending.

I don't know yet if these efforts will bear fruit, but we have to do something. I urge you to reach out to your representatives and state medical associations and ask your patients to do the same. We've come too far in urgent care to allow this injustice we face together with our patients to proceed quietly unchecked. ■

Let Us Hear from You

Do you have a perspective to share that could be of interest (or value) to your urgent care colleagues? Please send it, or describe it, via email to editor@jucm.com.