Do Co-payment Increases Affect Emergency Department Use in the Children’s Health Insurance Program?

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“No,” say Lister Hill scholars David Becker, Justin Blackburn, and colleagues. “Although we observed a small decline in the probability of emergency department (ED) visits one year after the co-payment increase, low-severity visits showed no significant evidence of a decline. This study suggests that modest co-payment changes were not effective in improving the efficiency of ED utilization in ALL Kids, Alabama’s Children’s Health Insurance Program.”

The overuse of ED services has been identified as a leading cause of unnecessary health care spending in the United States. Research suggests that more than half of all ED visits are for nonurgent conditions, leading to $38 billion in potentially unnecessary spending annually. In October 2003, ALL Kids raised premiums and co-payments for most covered services, including ED visits. The standard co-payment for ED visits increased from $0 to $5 for children in the lower cost sharing group (families with incomes between 100% and 150% of the federal poverty level (FPL)) and from $10 to $15 for children in the higher cost sharing group (150% to 200% FPL).

Using ALL Kids claims and enrollment data from 1998 to 2009, the researchers analyzed the effect of the October 2003 co-payment changes on ED visits classified as high, medium, or low severity. Low severity visits accounted for 70 percent of the more than 120,000 ED visits that were examined indicating that current co-payment levels have been ineffective in deterring the use of the ED for nonurgent conditions. The unanswered question is whether increased cost sharing would be effective in reducing nonurgent ED visits without adverse consequences for patient outcomes.

“Although this study has focused solely on the role of cost sharing in promoting health system efficiency,” say the researchers, “other strategies may prove more effective in managing the health care needs of the publicly insured. Improving access to urgent care centers and retail clinics, which provide the convenience and ability to resolve medical uncertainty similar to EDs, but at lower per-unit cost, could potentially yield significant savings. Additional research is needed on the effects of expanded access to these providers on the cost and quality of care.”

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