A Hospital Finance Basics Series



Understanding EMTALA *and its impact on hospital finances*

A patient is typically required to provide insurance or payment information before seeing a health care provider. However, emergency departments are unique – anyone who has an emergency must be treated or stabilized, regardless of their insurance status or ability to pay.

Emergency departments across the country are essential to providing continuous 24/7 access for patients. Emergency departments provide physician services, specialty hospital services, advanced diagnostic technology, and when necessary, transfers of patients to appropriate center of care for any problem with which a patient may present.

Enacted by Congress in 1986, the Emergency Medical Treatment and Labor Act was designed to provide emergency care to all patients, regardless of insurance status or ability to pay. But some of the unintended consequences of EMTALA have not been as positive. While requirements to guarantee access to emergency medical care has been prioritized by federal officials, the reality and economic evaluation of the costs of providing EMTALA-mandated emergency care comes at a cost.

Uncompensated Care

A large portion of the care provided in the emergency room goes uncompensated and under-compensated, frequently leaving hospitals with un-recouped losses that add layers of complexity and resource constraints to an already difficult job.

KHA Kansas Hospital Association

EMTALA TERMINOLOGY

EMTALA – The Emergency Medical Treatment and Labor Act requires hospitals with emergency departments to provide three responsibilities regardless of a patient's ability to pay:

- Medical screening examination
- Stabilization of patient
- Transfer or acceptance of patients

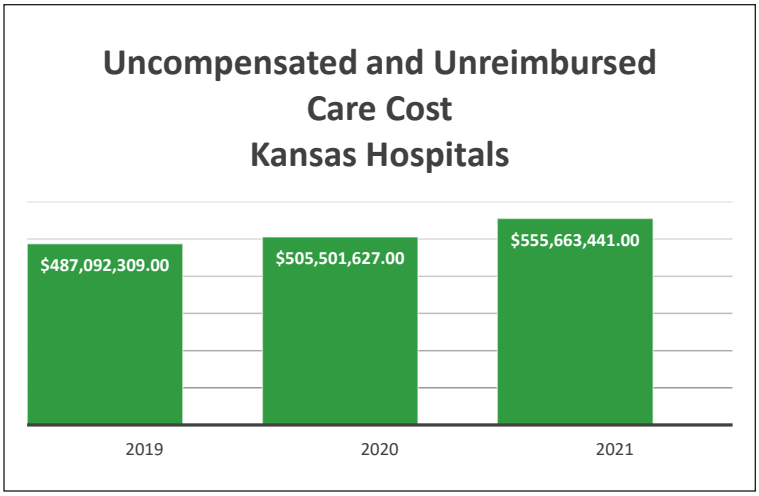
Uncompensated Care – Health care or services provided by hospitals that are unreimbursed

Emergent Medical Condition – An illness, injury, symptom or condition of sufficient severity that the absence of immediate medical care places a patient's health in jeopardy, impairs bodily function, or results in serious dysfunction of bodily organs.

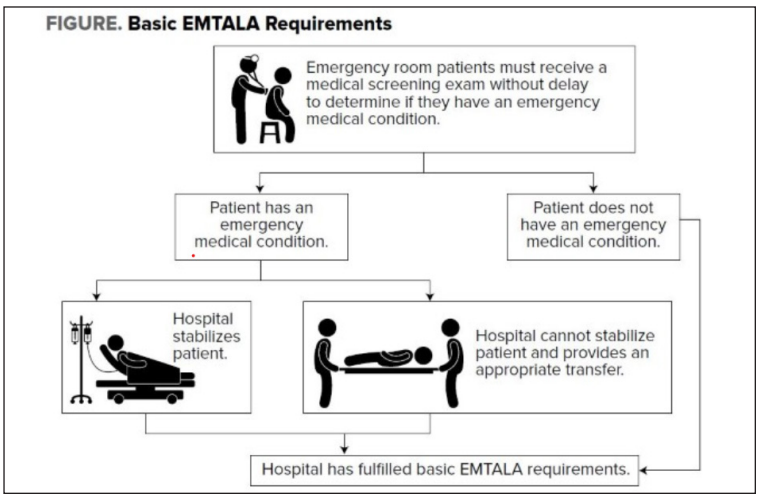
Medical Screening Examination – an examination that is reasonably calculated to identify a critical medical condition.

Uncompensated care should be recognized as a legitimate practice expense for hospitals:

- Approximately, 95 percent of emergency rooms provide some EMTALA-mandated care in a typical week and more than one-third of emergency rooms provide more than 30 hours of EMTALA-related care each week.
- According to the Centers for Medicare & Medicaid Services, 55 percent of an emergency physician's time is spent providing uncompensated care.
- Medicaid is significantly underfunded and reimbursement rates often do not cover overhead costs of providing care, much less the physician's time.
- Medicare coverage also falls short. Adjusted to inflation in practice costs, physician and hospital reimbursement has actually declined 19 percent from 2001 to 2018.



Source: 2019, 2020, 2021 CMS Cost Report Data



Source: EMTALA, HHS Office of Inspector General 2001

Unintended Consequences

The EMTALA law has ensured all patients can receive the emergency care they need, which has transformed the emergency department into society's de facto safety net. Unfortunately, these benefits have not come without cost.

U.S. hospitals provided $38.4 billion in uncompensated care in 2018 and that continues to rise. Similarly, Kansas hospitals provided $441.2 million in uncompensated care in 2018. Many insurers are now implementing policies to reduce reimbursement for emergency room visits retroactively deemed to be non-emergent. In an era where 55 percent of health insurance plans are considered high deductible and have grown for the eighth straight year, this policy threatens to increase the amount of care hospitals with emergency departments provide without reimbursement.

Conclusion

Emergency departments treat any patient with any emergent condition regardless of other factors, as EMTALA mandates. Stabilizing and transferring patients appropriately are aspects of the law, and are aspects of good patient care. While EMTALA has helped our patients and society, it is an unfunded mandate on hospitals, and complying with the act has placed a severe financial burden on hospitals.

Resources

Emergency College of Emergency Physicians, Understanding EMTALA
American Hospital Association, Fact Sheet: Uncompensated Hospital Care Costs
2018 Medicare Cost Reports
ValuePenguin, Rate of Workers Enrolled in High-Deductible Health Plans, January 30, 2023

This Hospital Finance Basics Series is available to download. Understanding EMTALA and It's Impact on Hospital Finances *is the third in a series about hospital finance. Please reach out to Shannan Flach, Vice President Finance for additional information: sflach@kha-net.org or call (785) 233-7436.*