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Frequent Users of Emergency Departments: Addressing the Needs of a Vulnerable Population in a Medicaid Waiver

Opportunities to Control Costs, Provide Greater Access to Care, and Improve Health Outcomes

People who frequently use emergency departments (EDs) for avoidable reasons have complex co-occurring chronic medical and behavioral health conditions. Concurrently, they experience negative social determinants of health: poverty, homelessness or unstable housing, unemployment, and social isolation.

In reforming California's Medicaid program, Medi-Cal, any waiver designed to improve outcomes and control costs will need to address the needs of frequent users. Evidence-based strategies applied to Medi-Cal beneficiaries who are frequent users could avoid significant hospital costs. Based on conservative estimates, frequent users avoid hospital costs of \$3,841 per beneficiary after one year and \$7,519 per beneficiary per year after two years of receiving intensive interventions.¹ Taking into consideration the costs of programs designed to address the needs of frequent users, enrolling even 10,000 beneficiaries into these programs statewide could save the Medi-Cal program over \$13.5 million a year within two years.

Frequent Users Need Community-Based Health Care Homes

Other states' experiences prove that telephone and mail interactions, disease management or vendor-based approaches, and traditional medical home models, while sometimes successful for relatively compliant patients, do not work well in enrolling or reducing acute care use among frequent users. Frequent users require more intensive interventions. Effective models of care for frequent user patients, models that produce significant reductions in the use of costly hospital emergency and inpatient care, demonstrate frequent users require the following:

- Identification of frequent users through appropriate data systems,
- Community-based programs that,
 - Are client-centered, integrated and flexible,
 - Conduct outreach and offer services in a range of settings, and
 - Coordinate care for people with difficulties accessing treatment, along with
- Linkage to community services, like permanent housing for homeless or unstably housed frequent users.

How a Waiver Can Address the Needs of Frequent Users

In crafting a waiver, whether moving beneficiaries into managed care or into medical homes, the state should mandate stratified interventions for different levels of need. Providing intensive services to frequent

users for a specified period would allow the state to cushion baseline costs of a waiver, while also offering a mechanism for the state to achieve milestones in reducing avoidable acute or crisis care. To pay for these intensive services, a number of options exist:

- Directing a portion of up-front federal investment, as well as cost savings realized in the out years, to match existing and future state, local, and philanthropic investment in frequent user programs;
- Carving out a portion of an expanded Health Care Coverage Initiative to provide incentives to fund frequent user programs in counties willing to pay for the non-federal match to treat uninsured frequent users in programs that also address the needs of frequent users who are Medi-Cal beneficiaries; and
- Recognizing county-funded frequent user programs as sources of non-federal match, while asking the federal government to contribute to the costs of these programs.

Other states, as well as existing frequent user programs, act as models for California. Existing models suggest providing payment incentives based on health outcomes and eliminating barriers to integrated care can promote appropriate incentives. California can include elements in the waiver that promote integrated care and improve efficiency, such as funding for improvements in identifying frequent users, reimbursement for same day, same facility medical/mental health encounters, and increased flexibility in providing outreach and engagement services. These tools would allow the state to remove barriers to identifying and treating frequent users more effectively.

Why Now?

Though frequent users represent a small segment of the current Medi-Cal and uninsured populations, they drive a large share of public costs. A new Medicaid waiver offers California the opportunity to move beyond current disincentives to providing better health care to these individuals and controlling overall spending for this population. Moreover, frequent user programs are among the few models of care that have demonstrated an ability to improve health outcomes while controlling costs. As such, the waiver offers an opportunity to improve health outcomes for our most vulnerable residents. Whether current efforts to transform the Medi-Cal financing system are successful, transforming the way care is delivered to this group of individuals is a critical first step to fulfilling the goals of any reform effort.

For More Information

For further information on the Frequent Users of Health Services Initiative, go to www.csh.org/fuhsi. The website offers an evaluation of the outcomes of the Initiative, as well as the CSH white paper on how a Medicaid waiver could address the needs of frequent users. Contact Sharon Rapport, Associate Director for California Policy, at sharon.rapport@csch.org, or (213) 623-4342, ext. 110, for additional information.

¹ Calculation based on average reductions in ED visits and inpatient days for Medi-Cal patients at rates the Office of Statewide Health Planning and Development (OSHPD) reported as average costs for hospitals connected to frequent user programs. Rates averaged \$305 per ED visit and \$2,161 per inpatient day. OSHPD 2006 data. www.OSHPD.gov.