ARTICLE

CLAIMS DATA ANALYTICS

Leveraging Outpatient Utilization Data to Develop Ambulatory Growth Strategies

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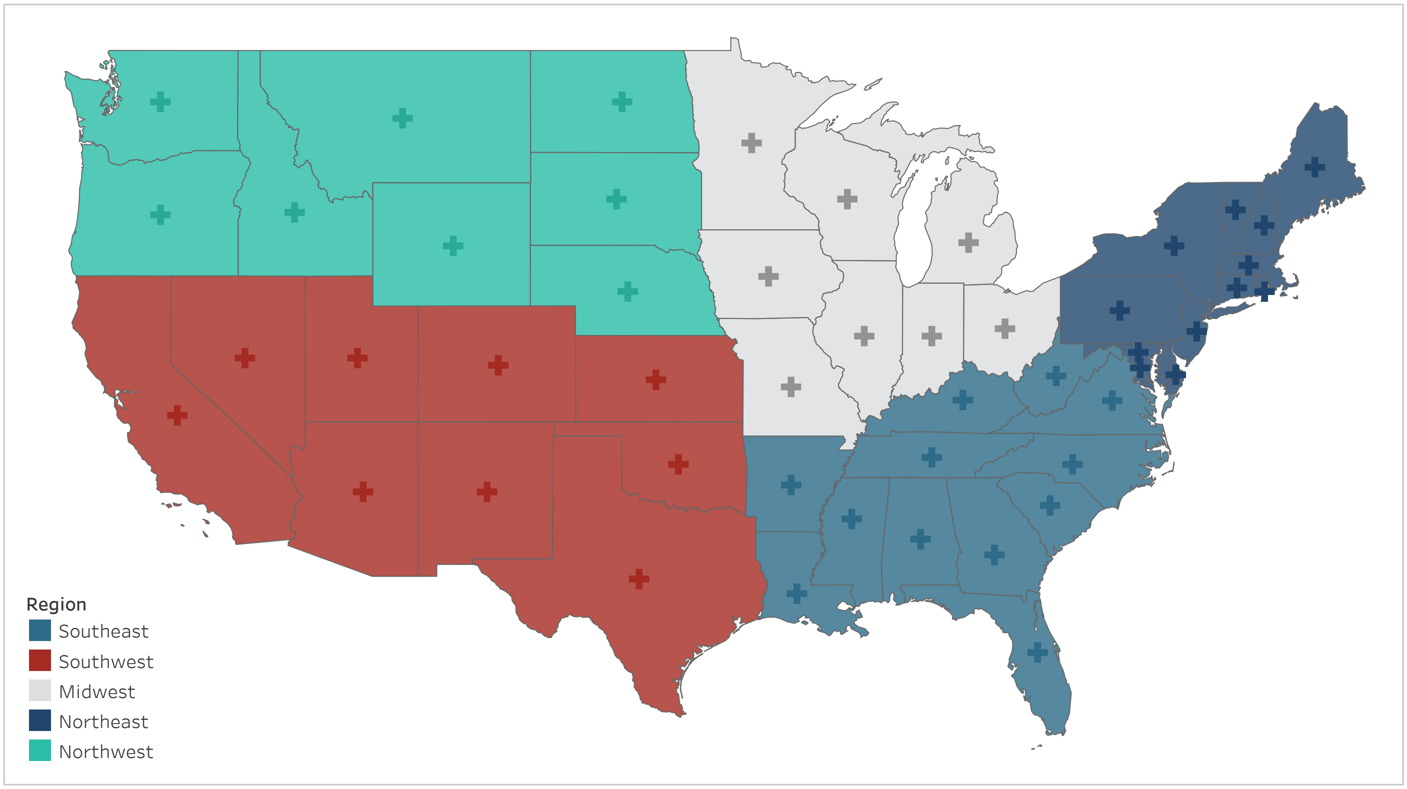
Healthcare leaders continue to manage service shifts to the outpatient and ambulatory environment, which makes understanding the story behind outpatient utilization data even more critical. Aggregate outpatient data is useful for recording macro trends but misleading as a tool for outlining market-driven strategic priorities. **Fully understanding market dynamics and developing relevant growth strategies requires a deeper look at market-specific data.**

Outpatient utilization is highly service-specific and varies greatly by geography. To review national trends in outpatient utilization more specifically, HSG Advisors grouped the United States into five regions: Southeast, Midwest, Northeast, Southwest, and Northwest (see Image 1 on page 2).

Image 1: Outpatient Utilization Regional Comparison



At the highest level, in the height of the global COVID-19 pandemic, HSG Advisors measured outpatient utilization dropping by 14.6% across the U.S. in 2020 (see table below). Total aggregate utilization began to rebound in 2021 and 2022, but overall numbers through 2022 still registered ~10% below 2019 volumes. These two data points, taken alone, do not reflect the complete picture of outpatient utilization during and after the pandemic.

Overall Outpatient Utilization by Geographic Region

Percentage Change from Prior Reporting Period

Region	2020	2021	2022 Q1	2022 Q2
Southeast	-14.1%	2.7%	-2.3%	-1.1%
Midwest	-14.4%	3.2%	-3.1%	-1.9%
Northeast	-17.3%	6.3%	-1.9%	0.2%
Southwest	-13.3%	3.1%	-1.3%	-1.0%
Northwest	-11.0%	2.6%	-1.8%	-0.8%
Grand Total	**-14.6%**	**3.7%**	**-2.2%**	**-0.9%**

Regions orderd based on total outpatient service volumes

In this depiction, the largest volume of outpatient services is being provided to patients in the Southeast Region. The Northeast Region saw the most significant drop in outpatient utilization from 2019 to 2020 (-17.3%) but also bounced back the fastest from 2020 to 2021 with a 6.3% increase that remained relatively stable throughout 2022. Outpatient utilization in the Northwest Region has been the most stable and least variable throughout the past three years. The 11.0% drop from 2019 to 2020 was the least significant.

Emergency and Office-Based Visit Utilization by Geographic Region

The Northeast Region emergency and office-based visit services had the greatest decrease regionally. Site of service entrance into the health system most likely played a critical role in this shift, as inpatient utilization obviously increased dramatically during the worldwide pandemic.

Percentage Change from 2019 to 2020

Region	Emergency Visits	Office Visits
Southeast	-26.5%	-23.9%
Midwest	-22.7%	-23.9%
Northeast	-30.1%	-27.6%
Southwest	-24.9%	-26.5%
Northwest	-19.2%	-20.8%
Overall	-25.50%	-25.00%

From an outpatient services perspective, emergency and office-based visits had the largest drops from 2019 to 2020, both decreasing by over 25% across the country. Service volumes jumped back up rather strongly in 2021 with a 5.6% increase for emergency visits and 8.6% increase for office-based visits. The 2022 figures for each have remained relatively flat, representing a 15%$^{+}$ reduction from pre-pandemic volumes.

Service Lines with >10% Increase In Outpatient Utilization

Percentage Change from 2020 to 2021

Main Service Line	2021
Cardiovascular	11.2%
Orthopedics	15.7%
Neurosciences (Including Spine)	13.9%
Gastroenterology	17.0%
Ophthalmology	20.1%
Pain Management	12.6%
Dermatology	10.4%
Gynecology	11.4%
Podiatry	14.8%
Endocrinology	11.0%

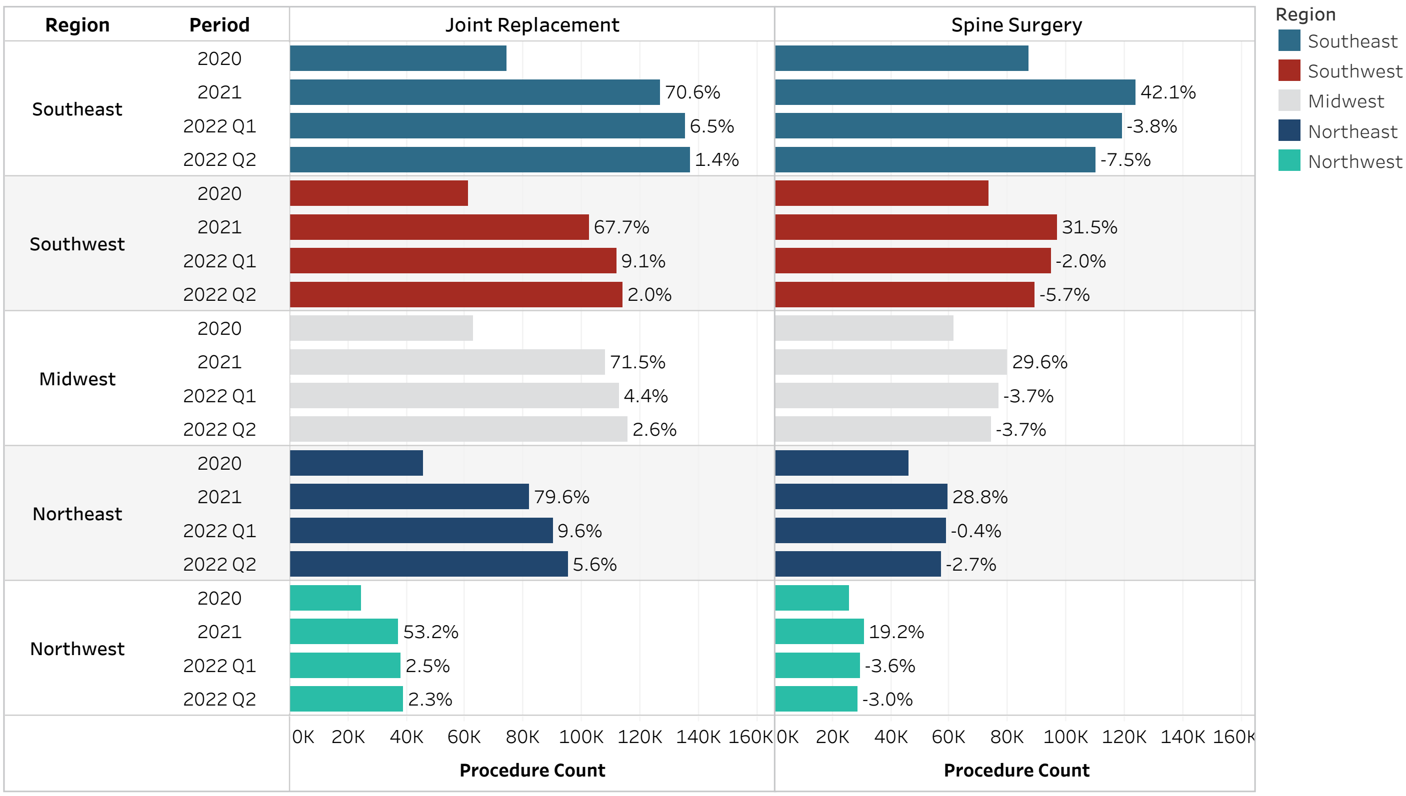
Service Lines orderd based on total outpatient service volumes

As shown in the table to the left, the identified outpatient service lines showed a greater than 10% increase in outpatient utilization from 2020 to 2021 across all regions. Conversely to the Northeast Region's drop in emergency and office-based visits, the service volumes for Orthopedics and Neurosciences for Northeast Region patients specifically were the highest in the country at 19.8% and 18.2% growth, respectively.

Orthopedic Joint Replacement and Spine Surgery Percentage Change Over Time

More specifically, outpatient orthopedic joint replacements increased by over 70% across the nation from 2020 and 2021, and outpatient spine surgical procedures by over 30% for the same time period. The largest volume of outpatient orthopedic joint replacements and spinal procedures occurred in the Southeast Region, with the Southwest Region not far behind. The Northwest Region is seeing the slowest adoption of the procedure types into the outpatient environment.

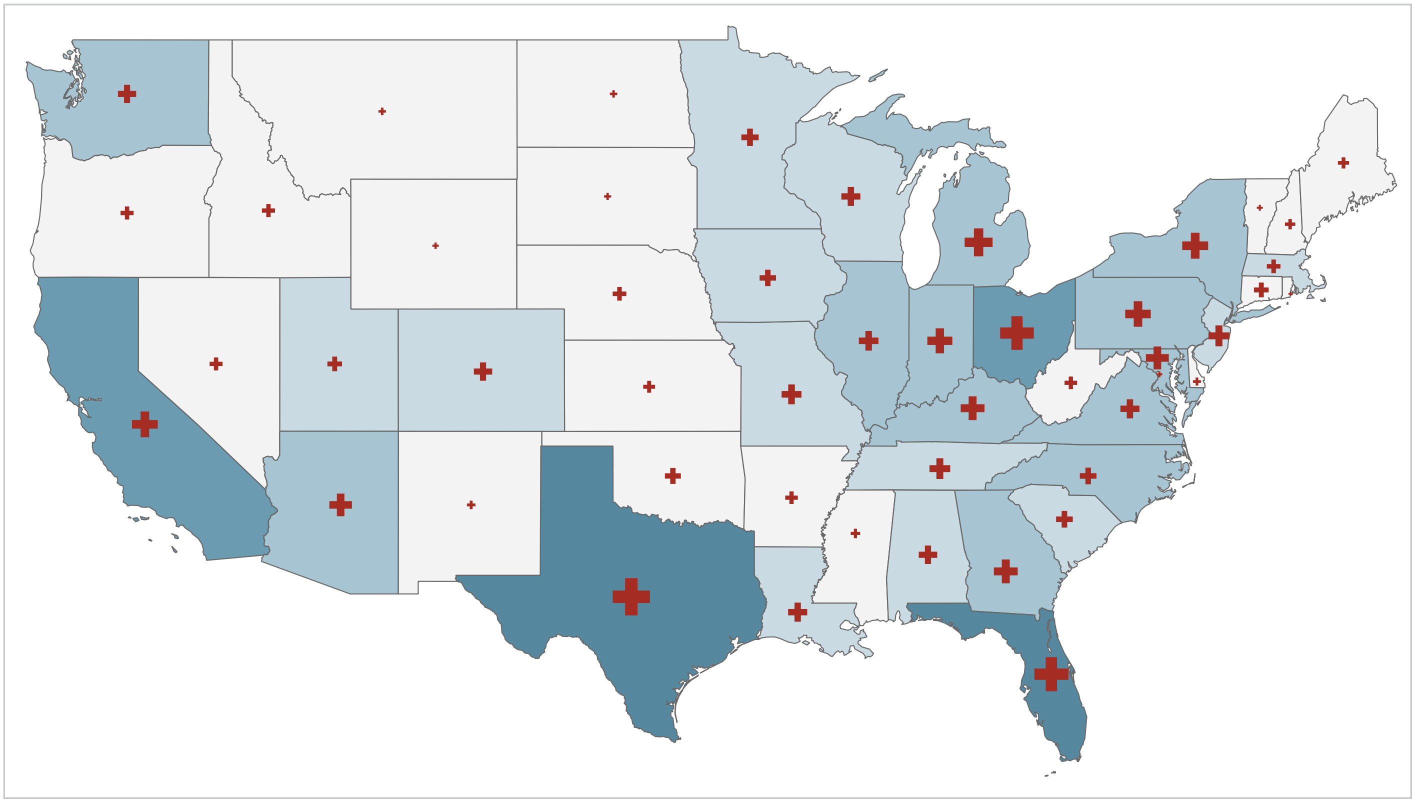
Length of Bar = Total Service Volume by Region
Percent = Percentage Change from Prior Reporting Period



Orthopedic Joint Replacement Volumes by State

To get even more granular, HSG Advisors reviewed total volume of outpatient orthopedic joint replacements per outpatient orthopedic service. The largest volume of patients receiving outpatient orthopedic services is shaded darker blue in Image 6 below. The size of the red healthcare cross is related to the outpatient orthopedic joint replacement volume as a percentage of total outpatient orthopedic volumes. For example, Ohio has one of the largest volumes of outpatient orthopedic services (darker shade of blue) and one of the highest percentage of patients receiving outpatient orthopedic joint replacements (near-largest red healthcare cross).

Shade of Blue = Total Outpatient Orthopedic Volume
Size of Red Healthcare Cross = Percentage of Patients with Outpatient Joint Replacements



With the continued shift of services to the outpatient and ambulatory environment, understanding how quickly your market is shifting is critical. Developing strategies for organizational growth require clear insights into market dynamics and patient utilization. Timing and prioritization of strategic goals are also often dictated by market-specific shifts.

The more granular, service-line specific, and market-specific the data, the better prepared healthcare leaders will be to develop effective strategic plans and lead their organizations to growth in 2023 and beyond.

If you're interested in obtaining a market-specific report for patients in your service area and understanding how outpatient utilization has shifted in the market(s) you serve, please contact DJ Sullivan, Chief Strategy Officer and Managing Director of Claims Data Analytics, directly at DJSullivan@hsgadvisors.com or (502) 814-1198.

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HSG Advisors partners with health systems to transform their approach to markets, services, and providers for improved growth and operational and financial sustainability.

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Data analysis leveraging all-payer healthcare claims data with HSG's insights and expertise to evaluate competitive dynamics related to markets, service lines, providers, and patients.

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