

Spending Differences for Physician-Administered Outpatient Drugs by Site of Treatment Across Metropolitan Statistical Areas and States

As reported in *EBRI Issue Brief* no. 536, "[Location, Location, Location: Spending Differences for Physician-Administered Outpatient Medications by Site of Treatment](#)," we examined differences in allowed charges for 72 physician-administered outpatient drugs in hospital outpatient departments relative to physician offices. Using 2019 IBM MarketScan® claims data, we found that 58 percent of patients were treated in hospital outpatient departments, and annual per-patient spending was higher in hospital outpatient departments than in physician offices for all but two of the 72 physician-administered outpatient drugs. On a utilization-weighted average, the spending in hospital outpatient departments was 83 percent higher than in physician offices.

Physician-Administered Outpatient Drugs

An increasing number of medications are being developed as either injectables or intravenous drugs. Physicians often administer these medications; thus, they are largely paid for via the medical benefit. A subset of these physician-administered outpatient drugs is known as specialty medications, which provide a highly sophisticated treatment, generally when there are few or no other treatment options available. Some of the benefits of specialty medications include the reduction of the number relapses; prevention of disability progression; symptom management; maintenance and/or improvement of quality of life; and, sometimes, disease remission or cures. These specialty medications have piqued the attention of employers, more so than physician-administered outpatient drugs overall, because of their relatively high costs.

We find that while the share of patients treated in hospital outpatient departments was on average 58 percent, it ranged from 27 percent to 81 percent across metropolitan statistical areas and from 29 percent to 78 percent across states. The percentage difference in average spending between hospital outpatient departments and physician offices ranged from -33 percent to 82 percent across metropolitan statistical areas and from -64 percent to 71 percent by state. Average spending was lower for hospital outpatient departments in only seven metropolitan statistical areas and one state.

Ultimately, employers and workers bear the brunt of cost differences when hospital outpatient departments perform services that can be provided in less costly physician offices or in stand-alone lab or imaging facilities.

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