

Cost Differences for Physician-Administered Outpatient Drugs by Site of Treatment: State and Metropolitan Statistical Areas Variation

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 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. This research builds on prior work focusing on [oncology medications](#) and [lab, imaging, and selected specialty medications](#), where we also found significant differences in costs by site of treatment.

In this *Fast Fact*, we have updated our prior analysis on physician-administered outpatient drugs to include 2020 and 2021 data. In 2021, spending in hospital outpatient departments averaged 76 percent higher than in physician offices (on a utilization-weighted basis). The share of patients treated in hospital outpatient departments increased from 58 percent to 63 percent.

+76%

The average markup in hospital outpatient departments compared with 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. One subset of these physician-administered outpatient drugs is 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 in 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 a large range in the share of hospital outpatient department use by state and metropolitan statistical area (MSA). The share of hospital outpatient department use ranged from 32 percent to 84 percent across states and 30 percent to 85 percent across MSAs. The percentage difference in average spending between hospital outpatient departments and physician offices ranged from -2 percent to +181 percent across states and -38 percent to +250 percent across MSAs. Average costs were lower for hospital outpatient departments in only one state and eight MSAs. More detailed data by state and MSA can be found in this [data interactive tool](#).

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.

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A Thank You To Members: This study was conducted through the EBRI Center for Research on Health Benefits Innovation (EBRI CRHBI), with the funding support of the following organizations: Aon, Blue Cross Blue Shield Association, ICUBA, JP Morgan Chase, Pfizer, and PhRMA.

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