



## Is your hospital bill accurate?

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In November, J.R. Duren's wife gave birth to their son. Concerned about a possible infection, doctors monitored the newborn in the neonatal intensive care unit. After four hours, he was declared well enough to return to a regular hospital room, where new baby and mother stayed two more nights.

Yet when Duren received the bill, he was shocked. Not only had the hospital charged \$55 for saline spray that his wife never received, but his son had been billed nearly \$3,500 for one night in NICU and an additional \$2,226 for another night's stay in a regular hospital room.

Duren pointed out the two errors to the hospital billing office. An employee promised to look into the mistake.

"What they ended up doing was auditing both my wife's and my son's accounts, and our charges actually *went up* around \$1,000," said Duren.

What should have been a happy time to celebrate the birth of their child turned into a back-and-forth battle that lasted months, even though, as Duren said, "the hospital was clearly in the wrong."

Duren's experience isn't unique. Whether intentional or due to careless mistakes, "surprise" hospital charges are common. Similar stories have also recently grabbed headlines, including a family who was charged \$18,000 for a nap and a bottle of baby formula after taking their 8-month-old son to the emergency room when he hit his head, and a woman who was charged nearly \$6,000 for an ice pack and bandage when she ended up in the ER after she fainted and cut her ear during the fall.

Nearly one-third of insured Americans learn after the fact that their health plan doesn't pay as much for a hospital visit as expected.

In fact, past-due medical bills are the reason 59 percent of Americans are contacted by a debt collector and 16 percent of Americans' credit reports include medical debt — about \$81 billion total.

"Hospitals and doctors keep sending patients surprise bills because they make money by doing so," said Charles Silver, endowed chair of civil procedure at University of Texas at Austin

School of Law and co-author of “Overcharged: Why Americans Pay Too Much for Health Care.” “They face little risk of losing customers.”

### **Hidden costs of care**

In July, a video of a woman whose leg became trapped between a Boston subway train and platform went viral — not just because of the high drama or how fellow passengers worked to pull her free.

What resonated on the internet was the woman’s panicked reaction when someone tried to call an ambulance.

“It’s \$3,000,” she reportedly pleaded. “I can’t afford it.”

Why is getting medical care from a hospital, even when you’re severely injured, and even when you’re privately insured, so prohibitively expensive?

There are several reasons.

### **A complicated system**

Hospitals contract with insurers, offering their members a discounted price for services. Different contracts result in different prices. And having no contract at all results in “out-of-network” prices that can be sky-high.

But even if the hospital you visit *is* “in network,” the doctor who sees you might not be.

When Yale researchers reviewed more than 8.9 million ER bills, they discovered that 22 percent of privately insured patients were treated by out-of-network doctors.

More than 60 percent of hospitals outsource their ER doctors, and the firms they hire have an incentive to keep physicians “out-of-network” so they can charge higher prices.

The Yale study noted that each time a physician staffing firm called EmCare was hired by a hospital, the patients were more likely to have imaging tests done, be admitted, and were billed under the highest (most expensive) procedure codes.

“People have gotten better at gaming the system and now, there are many more of them,” said Silver.

### **Opaque prices**

Let’s say an ER doctor wants you to have a comprehensive blood test called a full metabolic panel.

Your explanation of benefits might list the cost as \$1,000. But because your insurer has a contract with the hospital, it might deduct \$900 from that cost. And if you have a deductible, you may end up paying as little as \$5.

That may sound like a great deal, but list prices — what a hospital charges for a typical procedure — are “nonsense,” according to Akshay Gupta, co-founder of CoPatient, a medical bill advocacy service.

“The prices are completely egregious and have no connection to reality,” Gupta said.

A study compared 2012 data on the treatment for severe pneumonia at hospitals across the country. The lowest was \$59,134 at an Anaheim, California, medical center. The highest? Over \$99,000 at a Tampa, Florida hospital — a \$40,000 difference.

According to a study published last year in *Health Affairs*, these list prices (also called “chargemasters”) are typically three times higher than what a hospital is paid for providing care — and gives them leverage when negotiating with an insurer.

Yet paying more for a hospital procedure doesn’t mean you’re paying for higher quality of care, or that doctors are aware the procedures they’re ordering may push patients into crippling debt.

Silver once asked a liver transplant surgeon what her procedure cost. She had no idea.

“Most doctors don’t think about cost and are just doing their job,” said Silver. “And the people who do know — like administrators — are just doing what comes naturally, maximizing profit.”

### **Billing mistakes**

As many as 80 percent of hospital bills contain errors. And no wonder, since there are nearly 70,000 diagnosis codes and over 71,000 procedure codes to sift through.

“To make sense of [a bill] and figure out what’s right and what’s wrong — it’s not easy,” said Gupta.

Yet the wrong code can lead to an overcharge of hundreds — or thousands — of dollars. A National Academy of Medicine report estimates about \$210 billion is spent on unneeded or overpriced treatments.

### **A bumpy ride ahead**

Simon Haeder’s wife barely made it to the hospital before she delivered their son. “At least they can’t charge us for delivery,” Haeder joked at the time.

Yet the hospital did — and other charges piled up, too. \$7,000 for a delivery room. Over \$4,000 for the doctor who hadn’t even been at the birth. \$25 for two Tylenol, and more.

“We had a bill for our baby before he even got a Social Security number,” Haeder said.

Frustrated, Haeder wrote about the experience for *The Conversation*, detailing the extravagant charges as well as the stress of dealing with new bills arriving each day.

“I was tired of not saying anything because [similar experiences] are happening to a lot of people,” said Haeder. His friend, for instance, was charged twice for an imaging test because the technician scanned the incorrect body part the first time.

Haeder, who is a professor of political science specializing in healthcare policy at West Virginia University, thinks a tipping point is near.

“People are paying larger premiums, but wages aren’t getting larger,” Haeder pointed out. “People on Medicaid are insulated from the costs, but more and more of the cost goes to the middle class.”

Between 2010 and 2013, Americans households lost \$2,300 in median income, yet healthcare prices rose over \$1,800.

Only 23 percent of Americans are able to afford an unexpected medical bill that's more than \$2,000, yet out-of-pocket medical costs keep rising.

### **What you can do**

After three months of battling with his hospital and insurer (and calling them both out on Twitter), Duren received a surprise call from the CEO of the hospital billing company. Not only was the extra NICU charge removed, but the hospital forgave Duren the \$2,800 still owed for his son's account.

"It was an incredible moment," said Duren. "I got goosebumps."

To fight — or prevent — your own surprise charges:

- **Speak up.** In the ER, you may feel you're at the mercy of the procedures the attending physician orders. However, if your condition isn't life-threatening, "it's okay to ask, 'Why am I getting this?' or 'Can I get this scan next week with my regular doctor?'" said Dr. Elizabeth Rosenthal, author of "An American Sickness: How Healthcare Became Big Business and How You Can Take It Back" and editor-in-chief of Kaiser Health News. "Everything in an ER costs 3 or 4 times more than anywhere else. [The doctors there] are trying to tick all the boxes while you're in their domain, and that's an expensive domain."
- **Price shop.** If you know you need to go into the hospital for a procedure, call around first and compare costs. "Most have the ability to give you a price," said Gupta. "Be proactive. Treat healthcare like anything else you pay for."
- **Request an itemized bill.** "You can't find errors if your bill just says 'miscellaneous charges,'" Rosenthal said. Ask your hospital billing office for an itemized bill that breaks it down with as much detail as a restaurant receipt.
- **Push back when you find a problem.** If the charges don't fit the narrative you remember, let the hospital billing office know. (For instance, "I only needed a second imaging test because the technician scanned my leg instead of my arm.") Make sure to act quickly. "Once your bill gets outsourced to an out-of-state billing office, they won't have the authority to reduce [the charges]," said Rosenthal.
- **Negotiate.** 57 percent of people surveyed by Consumer Reports said they'd successfully negotiated down a hospital bill. Don't feel you can haggle? Hire a medical billing advocate to do so on your behalf.
- **Take heart.** "Your doctors do care and so do plenty of people in the system," Rosenthal said. "Healthcare is a big machine that functions as a business. We're at the point where we have no option but to push back and make the system behave."