

## Featured Story

### How Much Will This Operation Cost?



It's not that Matt and Melissa Thompson weren't expecting a baby. They were. In fact, they had known they were having twins for nearly 8 months and had planned a natural childbirth.

So, it wasn't the babies that came as a surprise, though their early arrival was the first shocker. Five weeks before the babies were due, Melissa went into labor. She needed an emergency caesarean. The real shock was the \$35,000 bill the Thompsons took home with their new twins. Especially since the couple had reviewed their health insurance before getting pregnant and declined the "maternity deductible" -- with its \$300 a month premium and 12-month waiting period -- since a surgical birth seemed covered in their plan.

Dealing with a medical procedure is stressful enough. It's compounded when that procedure is an emergency. Sadly, these days it's often made worse by all the medical bills that follow.

The truth is, most of us are under the impression that when we go to the hospital -- either for emergency or planned surgery -- the doctor will bill the hospital, and the hospital will bill us. It should be one nice, neat, tidy package. We expect to be charged for an overnight stay, the lab work, and perhaps even the set of crutches we hobble home on. Most of us assume that because we're in one facility -- for example, the hospital -- we'll get one bill.

Instead, what we usually end up with is a mountain of paperwork from several sources, and a ream of explanation-of-benefit (EOB) forms from our insurance company, detailing everything from what services are covered to the amount that is covered to how much of our deductible (if any) has been met to what our "total patient responsibility" payment will be. And these forms may or may not arrive before the bills from the providers. You might end up with 15 bills from 10 different sources, most of which seem to be written in medical and insurance code. Give up the idea that all your medical procedures might be billed on one, maybe two, statements. Just ask anyone who has gone through a major procedure.

Take, for example, the Thompsons, who live in the Indianapolis area. After both Melissa and the boys were home from the hospital, the wave of bills started rolling in. The couple received bills from her OBGYN, the OBGYN who was on duty while her OBGYN was on vacation, and the hospital's OBGYN, who did a consult when the couple arrived. They got bills from the hospital, for Melissa's 5-day stay, the hospital's surgical staff -- those people who worked in the operating room during Melissa's caesarean -- and the anesthesiologist. There were bills from three or four serology companies -- and from radiology. Finally, there were the bills from the neonatal intensive care unit (NICU) for the cost of the boys' 12-day stay, from three NICU doctors and finally, a bill from the doctor who performed the circumcisions.

"All in all we received bills from about 13 or 14 different 'groups,'" says Matt Thompson. "I'm still waiting on the bills from the janitorial and kitchen staff. Those probably just got lost in the mail."

Knowing which bills to pay and when to pay them can seem nearly impossible. In addition to complex facility and provider bills, you have to wade through the EOB forms from the insurance company. It's not uncommon to receive a bill from the hospital, and then get a letter from your insurance company telling you that you have to pay less than what the hospital says you owe.

That's because much of what hospitals bill for doesn't get paid in full: It gets bartered down. Every hospital has a different relationship with their insurance carriers, and a procedure -- say anesthesia for example -- that might cost \$1,326 quickly gets reduced to, say, \$1,060, though neither the patient nor the insurance company has made a payment.

Which is to say, insurance companies don't pay retail. Why? Because medical centers negotiate contractual agreements with insurance companies that establish how much the insurer will pay for given services. This doesn't mean that patients cover the difference between the retail cost of a procedure and what the insurance pays; rather it's a discount negotiated by the insurance company.

If you're lucky, your insurance won't argue any charges or find a lot of "non-allowable" fees.

Still, any time you go to the hospital, you're going to get a bill. If you're having a scheduled surgery or procedure, you have options that can make the process more palatable.

First, you may be able to get a rough estimate of the cost of your surgery and hospitalization before the procedure. Your surgeon should be able to give an estimated bill ahead of time, and some even ask patients to pay a portion of the fee up front. (Some practices offer a substantial discount for people who pay before they have surgery.)

Terri Powell, a surgery scheduling coordinator in Seattle, says patients should also ask the hospital and various other health care providers for an estimate in advance.

For her part, Powell gives patients the "CPT" (billing) codes for their procedure, and then suggests they call the hospital before surgery. Give those codes to the hospital billing office. In return, you should get a ballpark figure on how long you'll be in surgery, or in the hospital, and about how much your hospital bill will run.

"Like with anesthesiologists: they need the code, and they need a rough estimate on how long the surgeon thinks the operation will take," Powell says. Once they know how long the surgery will take, the billing office can typically give you an estimate for what the anesthesiologist's bill will be, and you can call your insurance company to determine what percent of the fee they typically cover.

While this is no guarantee -- complications happen that can extend or shorten surgery -- it does allow you to prepare for the bills that might come while you're recovering. It also allows you a chance to sock a little extra away in advance if you can.

And when those bills DO come in, experts recommend you not pay any medical bill until after your insurance company has provided an explanation-of-benefits for that bill.

"Keep an eye on your explanation-of-benefits," Powell says. Your EOB should clarify what you are actually responsible for after the insurance has paid their share.

"Never pay a bill until you at least match it to your insurance explanation-of-benefits," says Carol Coots, a medical consultant with 20 years of medical billing and coding experience. "This will make sure you are billed only for the amount your insurance says you should pay."

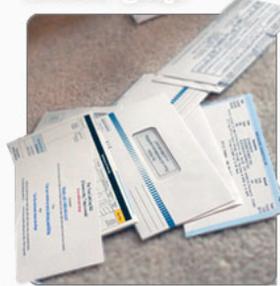
You don't want to pay an expensive hospital bill before knowing for certain what portion your insurance has covered. In theory, the EOB should come first at about the same time the insurance company is sending their payment to the hospital. The hospital should then compare the insurance payment to the agreed upon final cost, take off any other deductions, and send you a bill for the rest.

Coots also recommends asking for an itemized bill from your doctor, hospital, and any other service provider before paying any bill. An itemized bill will show the type of procedure or tests you had,

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diagnostic codes, and the dates of the procedure or tests. Check all of this information for accuracy.

"I have seen articles that state 8 out of every 10 hospital bills has errors," says Coots.

Fundamentally, the best advice for anyone trying to wade through medical bills is know as much about your insurance, and what you might owe, in advance. Call your surgeon and your hospital before surgery to get an estimate of the costs, and then call your insurance company for an estimate of what they will cover, and for what you'll be responsible.

For those who don't have the luxury of pre-planning a surgery, such as the Thompsons' emergency caesarean, it's best to scrutinize your bills carefully, and pay close attention to the EOB your insurance provides. And never pay a bill until you've confirmed it with your insurance company.

Provided, of course, you haven't suffocated under a collapsed mountain of paperwork.



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