



Financial Information

What You Need to Know to Save Money on Healthcare



Negotiate A Large Medical Bill

Let's face it, no one likes going to the mailbox and pulling out a stack of bills, especially ones full of confusing service codes, tricky terminology, and lots of dollar signs. However, ignoring your medical bills is not a good tactic for saving money. While you may feel alone, know that **22% of people have been contacted by a collection service in relation to a medical bill**. Mounting medical debt drives many people to the brink of bankruptcy. During the first half of 2009, 60% of the US bankruptcy cases were as a result of medical bills. However, billing mistakes are common and it is likely that you can negotiate the amount you owe. Negotiating a large medical bill may be the single best way to reduce your medical expenses and debt.

That's right, you can negotiate your medical debt and according to MONEY Magazine (January 2008), **60% of the consumers who asked their doctor or hospital for a discount on the account balances they owed did receive one in exchange for faster payment**.

So, have no fear. There is light at the end of the medical expenses tunnel. With a little communication, some inquiry and negotiation, that large medical bill can be on its way to settlement.

Steps For Managing Large Medical Debt

Step One: Check Your Bill!

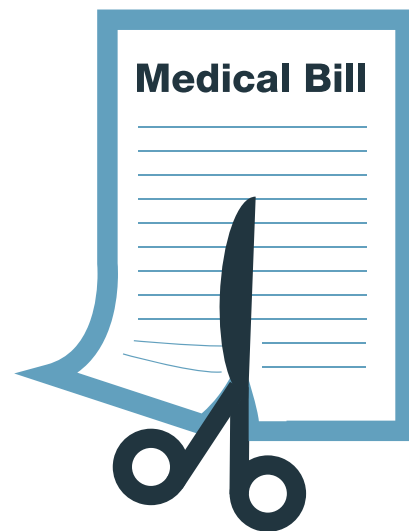
As previously mentioned, medical bills are full of errors. In order to find out what errors your bill may contain, looking at the billing summary or statement won't help. You will need to call the provider billing office and ask for an itemized bill, a copy of your medical chart and pharmacy ledger (shows medications you were given while in the facility) to compare the charges. While this may sound like a bit of work on your part, it could save you a lot of money if your bill does in fact contain errors.

You've got the information you need, now what do you look for?

- Look for repeated charges. Double check to make sure there are no charges resulting from hospital/facility error (i.e. a repeated x-ray).
- Look for services and supplies charged to you that you did not receive. Many treatments have "usual and customary" standard operating practices, or SOPs. These define what services and products are provided given a patient's condition. Sometimes, this means you are billed for services you may not have received because those who did the billing assumed you received them based on the doctor's notes.
- Be aware that amounts like \$20 for an aspirin may not be errors, rather just the inflated price of healthcare. Still, it never hurts to ask.

If this is a project you find overwhelming and not prepared to tackle alone, there are professionals available (for a fee) that can be hired to review your

bill. This assistance (referred to as a patient advocate, billing advocate, medical billing advocate, etc.) offers the expertise to assist in the review of detailed bills.



Step Two: Negotiate. Especially If You Are Uninsured.

Hospitals and healthcare providers want your medical payments sooner rather than later. This provides you with some leverage and the chance to negotiate. Your first step could include asking the hospital billing office to reduce your bill (to the Medicare rate or their lowest negotiated rate), or simply make them an offer you can afford. If you can't afford to pay the full amount, you could request paying in monthly installments. There are usually assistance programs at hospitals, even if they are unwilling to negotiate. Seek the help of a hospital social worker (could also be referred to as a case worker or patient advocate), whose help can often lead to charitable or discounted care, even government assistance, for those who qualify.

Step Three: Consider Your Options.

Something important anyone facing debt should know is that not all debt is created equal. Medical debt is “unsecured” or forgivable and can be negotiated down. Credit cards, however, are “secured” and associated debt cannot be negotiated. Once you borrow money to cover medical expenses, the debt is no longer forgivable. Secured debt can have a more profound impact on your credit rating than medical debt. So, be cautious when you reach for the credit card to cover medical expenses. To avoid resorting to this measure, prioritize your bills and make sure you fully understand your options for making payments.

Step Four: Get Your Settlement in Writing.

Before making any payments, get the agreement in writing. Have their business office fax, email or mail a signed statement of the settlement upon which you agreed. A verbal commitment won't cut it. If that is all you have, it will be difficult to prove the agreement if the hospital or facility asks you for more money. So, have a copy of all documentation on hand. After that, you are ready to pay.

Understanding The Math

A hospital may bill \$10,000 for a surgery and offer a network discount of \$2,000 bringing the total bill to \$8,000. Your insurance may pay only a portion of that bill and leave you to pay the remainder. This remainder could be significant. By simply picking up the phone and calling, many hospitals and physicians are very agreeable to negotiating down a large bill in return for assuring that they will receive payment. You can negotiate for a lower bill before or after incurring services.

Negotiated

Bill	\$10,000
Discount	- \$2,000
<hr/>	
Allowed	= \$8,000
Insurance Paid	- \$6,000
<hr/>	
Patient Responsibility	= \$2,000
Write-off	- \$1,000
<hr/>	
You Pay	- \$1,000

Bill	\$10,000
Discount	- \$2,000
<hr/>	
Allowed	= \$8,000
Insurance Paid	- \$6,000
<hr/>	
Patient Responsibility	= \$2,000
Write-off	- \$0
<hr/>	
You Pay	- \$2,000

FAQ

Can I negotiate small medical bills?

You can try, but generally, the larger the bill, the more room there is to negotiate.

Is there a threshold where bills get considered for bigger discounts?

There is no set amount; however, many hospitals will consider some bills for charitable write-offs. Typically, charitable assistance is reserved for instances where the patient responsibility is in excess of \$10,000.

How much should I offer?

Offer what you can legitimately pay. If it's not enough, the provider may offer to set up terms, often times interest free. Just be sure that whatever payment(s) you commit to, you are able to keep that commitment.

What if my provider won't negotiate?

Some providers may not. They may already price their services in such a way that they are unable to discount further, but it never hurts to ask.

I don't even have insurance.

Can I still negotiate?

Absolutely! In fact, if you are uninsured, you should negotiate more than anyone else. Providers routinely discount their bills and there is no reason you should have to pay the equivalent of the sticker price when other people are not.

Additional Resources

Medical Billing Advocates of America

A Helping Hand in Healthcare
<http://www.billadvocates.com>

Medical Cost Advocate

Medical Cost Reduction Partner
<http://www.medicalcostadvocate.com>

TERMS TO KNOW

Billed or Charged Amount: is the amount initially billed by a provider for a service, treatment or products.

Charitable care: refers to medical care that is administered free-of-charge to qualified individuals.

Deductible: represents the amount that you have to pay out of your own pocket toward healthcare services before your insurer starts to pay for covered services.

Discounted Care: is medical care provided at a reduced rate to qualified individuals who would otherwise be unable to afford necessary medical services.

Itemized bill: lists all of the individual charges for each service performed or treatments received by a patient during his/her visit to a medical facility or hospital stay.

Lowest negotiated price: is the lowest amount of payment a provider has agreed to accept for a service, treatment or product under the terms of a negotiated contract with an insurer.

Medical chart: is a documentation of a patient's medical history and the care they have received.

Medicare rate: usually represents a lower negotiated reimbursement rate for medical services than commercial insurance and is a good baseline to start negotiating your large medical bills.

Patient advocate: is a person who speaks for the patient in instances where the patient lacks the subject matter knowledge or is otherwise unable to communicate effectively without assistance.

Patient responsibility: is the amount that you owe the provider based on information sent from your provider to your insurance company; including any deductibles, co-payments, co-insurance and/or excluded charges.

Know More. Pay Less.