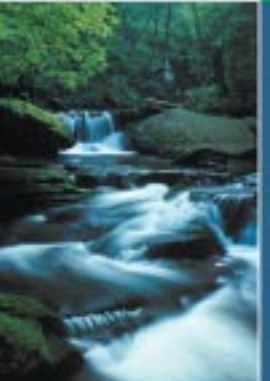


Coping With Medical Bills



With medical bills skyrocketing, many people feel they simply can't afford to be sick. But illness and accidents happen anyway, leaving many families financially unhealthy or even bankrupt.

While there is no single, simple solution to the high cost of medical care, this brochure is designed to offer suggestions on coping with large medical bills.



► Myvesta is a nonprofit consumer education organization. We provide a wide range of educational materials to assist those in financial need. Visit us on the Web at Myvesta.org.

Hospital Bills

“ Want to know one reason why medical care costs so much today? Doctors and hospitals have become the gang that can’t bill straight.

More than 90 percent of the roughly 31 million hospital bills processed each year are wrong, with overcharges making up an estimated two-thirds of the errors.

The cost of overcharges to consumers, insurers and government — the biggest medical payer of them all — is an estimated \$10 billion a year.”

Money Magazine, October, 1995

Unfortunately, in the years since that article appeared, things have not improved. Hospital overcharges occur with alarming frequency and many consumers, already trying to cope with their illnesses, don’t realize there is a problem. Nor do insurance companies catch mistakes that cost them millions of dollars a year and make health insurance more expensive.

If you are hospitalized

Being in the hospital, whether for planned surgery or for an emergency, can be stressful enough without worrying about being overcharged. Still, it makes sense to carefully monitor your stay so you aren’t billed more than you should be. Share this publication with your spouse or loved ones now, so they’ll know what to do if you are admitted.

Carefully monitor your stay so you aren’t billed more than you should be.

Avoid unnecessary tests

If you are not going in for an emergency, ask your doctor what preadmission tests are absolutely necessary and refuse any others the hospital insists on giving you unless your doctor okays them.

Keep track of medicine

While you are in the hospital, keep track of what medication you are given if you can, or ask your friend or relative to do so.

One problem occurs when authorization to give you certain medication is noted in your chart, but you are actually never given the medication. That may create a bill for medicine you never received.

Don’t be surprised, however, at the high cost of medication — \$2 for an aspirin, for example. Before you are given medication you may want to ask about the cost and whether there are any less expensive alternatives. Bring your own over-the-counter and prescription medications and ask the doctor if you can use those.

Monitor your services

Keep a notebook by your bed to note what services are provided, the doctors who attend to you and the dates of service. Doctors’ services should be billed separately from the hospital bill.

It is not unusual, however, for patients to find they are billed for doctors they never saw or services they never received! In some cases hospitals have billed for simply wheeling equipment into a patient’s room, even though it was never used.

Watch billing errors

Check carefully for duplicate billing for the same item or procedure, as well as for services that were never received.

If you refuse a service or medication, make sure you aren’t billed for it. Also watch for reimbursement errors by your insurance company. Sometimes a procedure can be properly billed for but missed by the insurance company.

Check carefully for duplicate billing for the same item.

Avoid room overcharges

You generally should not pay for a room on the day you check out.

If you asked for a semi-private room but none was available, you shouldn't be billed for a private room, which is more expensive.

Also, you generally should not pay for a room on the day you check out. If you are discharged on Friday the 12th, for example, you should not be charged for a room on the 12th.

However, if you are given a checkout time, make sure you leave by then and don't stick around longer than you have to. If you are late checking out because the doctor wants to see you first and she is late, insist that you not be charged.

Don't pay for mistakes

Another hospital overcharge is when you are billed a second time for tests or X-rays because the results from the first ones were lost or botched. Don't agree to pay for extra tests that were the result of the hospital's error.

Get an itemized bill

Always, always ask for an itemized copy of your hospital bill when you check out, so that you can look it over and compare it to the notes you've taken. If you have any questions about the bill, raise them immediately with the billing office.

If you are unable to cope with the bills and your illness at the same time, there are private companies that will audit hospital and doctor bills on a contingency basis, meaning you only pay based on the money they save you. If you have large medical bills, it may make sense to see if one of those companies can help you.

Ask about help

Hospitals are often required under state law to participate in

Low-cost immunizations are generally available through your local health department and are cheaper than private physicians.

a medical charity fund that serves uninsured, low-income patients. If you have had hospital care and can't pay the bills, talk with the financial administrator of the hospital to see if you are eligible for assistance.

Negotiate a settlement

If you've already incurred medical bills that you are having difficulty paying, try to negotiate a settlement.

If possible, offer a lump sum to pay the bill off for less than is due. Some people have settled hospital bills this way for as little as 50 percent of the billed amount.

For older bills in particular, settling the account can be a good way to go. As long as the bill has not been turned over to a collection agency, a settlement with the provider will rarely be reported to the credit bureaus.

Ask to make payments

Most doctors and hospitals are willing to make payment arrangements — and the best part is they generally don't charge interest. Sometimes the monthly payment amount can be very low, if that's all you can afford.

Although it's never too late to try and work out payments, it's best to negotiate payment arrangements as soon as you get the bill, not after you've ignored it for six months! Otherwise, the bill may be sent to a collection agency that's not so willing to negotiate. You could also be sued.

Children

Regular immunizations are one of the most important things you can do to protect your child's health. Low-cost immunizations are generally available through your local health department and are cheaper than private physicians.

Uninsured Children

A recent law called the State Children's Health Insurance Program (CHIP), has been called by the Children's Defense Fund, "... the most significant funding increase for children's health coverage since the original enactment of Medicaid in 1965."

The goal of that law is to ensure health care coverage for more children by providing grants to cover uninsured children whose family incomes are too high to qualify for Medicaid, but too low to afford private coverage.

Over the next 10 years, it provides a significant amount of money to states to cover uninsured children, either through Medicaid or a separate state program.

Many children who are eligible for coverage under those programs are not receiving benefits because their parents don't know they are eligible.

If you, or someone you know, have children who are uninsured because they can't afford health insurance, contact the state program administrator for information on qualifications and enrollment procedures. For more information on CHIP programs, visit www.cms.hhs.gov/schip.

If you have children with special health needs and bills are mounting, find out if there is help available through local community agencies or associations dedicated to that particular condition. Many parents, for example, have received financial assistance for children with birth defects through their local March of Dimes.

Talk with your local community organizations or religious organizations and find out if they are able to help, can refer you to someone else who can help, or will hold a fund-raiser for your child.

Health Insurance

Health insurance can be very expensive and many people go uninsured because they feel they can't afford it. If you have a job — or can find a job — that provides health insurance, it may be well worth it, especially if one of your family members has health problems. If you do not have that luxury, however, here are some tips for reducing health insurance costs:

- ▶ Choose a higher deductible if you have enough money saved to pay the increased deductible. Remember that you are paying for insurance to protect you against bills you cannot afford. If a higher deductible means you can get insurance, then get it. Also, don't be afraid of higher co-payments if they make the policy affordable.
- ▶ Look for discounts if you don't smoke, wear your seatbelt, are in good health or can pass a health exam.
- ▶ If you can't get anything else, consider a basic hospital/surgical policy that will cover you only if you are hospitalized, where bills can quickly mount up into the thousands of dollars.
- ▶ It is beneficial to find coverage that includes prescription drug reimbursement, provides prescription drugs at a reduced rate or requires a small co-pay. The cost of drugs has gone through the roof and can drain your money very fast.
- ▶ Try a Health Maintenance Organization (HMO). These organizations are usually less expensive than other insurance plans. After you enroll make sure you know how to properly utilize your coverage. Attend the new member class and ask questions. HMO's can save you a lot of money, but you've got to follow the

rules, like pre-approval before surgery or referrals to outside experts. Most HMO plans provide for some form of prescription drug coverage.

- ▶ If you don't have a group plan at work, or don't work for a company, look for other group plans you might be eligible to join, such as professional associations or union plans.
- ▶ If you leave a job, find out if you are eligible for COBRA coverage. This means you continue paying for the cost of your monthly premium to maintain your group policy for a period of time. This can be much cheaper than trying to find your own health coverage.
- ▶ Choose a policy that is guaranteed renewable. Otherwise, the insurer may single you out for cancellation or higher premiums if you have health problems. The premiums on these policies can still be raised, but only in line with all others in your group. And you can only be cancelled if the insurer cancels all policies like yours.
- ▶ Consider a short-term health policy if you can't get COBRA and expect to be covered in a new job within the next six months. Though limited, these policies can be quite affordable.
- ▶ Don't waste money on insurance for specific illnesses, like cancer. Also forget accident insurance policies. While you do need health insurance, it is much more likely to be as the result of an illness than an accident.

Always read your health insurance policy carefully and ask about any areas you don't understand. You need to know what the rules are as far as getting necessary authorizations, which doctors you can see and submitting claims.

Health insurance can make the difference between surviving financially and going bankrupt.

Submit claims for all your bills, even if you know they won't be covered because of your deductible. If they are submitted, they will count toward your deductible.

Health insurance can make the difference between surviving financially and going bankrupt. Try to do whatever you can to maintain your health coverage at some level, even if it means cutting back on cable TV, long-distance phone calls and other "necessities." It can

be well worth the sacrifice in the long run.

Uninsured and Underinsured Adults

Care From Students

Check with a dental school or medical school to see if a procedure can be performed at a reduced cost, or for free, by students under the guidance of a doctor.

Care For Students

If you have a child enrolled in a college or university, check with the school to see what medical care is provided for free to students. This care is not a substitute for health insurance, but it can save you money, if provided.

Free or Low Cost Prescriptions

When your doctor writes a prescription, ask for free samples of the medication and ask if there is a lower-cost generic substitute available. If your doctor is aware that you might not fill your prescriptions because you can't afford them, he will most likely try to work with you.

Doctors may also be able to arrange to get your prescription drugs at low cost, or for free, from the manufacturers. Requirements for these prescription assistance programs vary, but you will have to apply through your doctor. Although they are generally aimed at

consumers with lower incomes, some people have qualified with incomes as high as \$50,000 a year.

A complete listing of prescription assistance programs is available at www.phrma.org.

For a fee of \$5 (which is refundable if you're not approved), *The Medicine Program*, themedicineprogram.com, will help you with the paperwork.

Just Ask In Advance

Negotiate your medical bill *before* you incur it.

If you need upcoming surgery, talk to your doctor, hospital or the billing department about reducing the cost of the medical procedure to be completed.

If you have a lower income, call around to find a doctor, clinic and/or hospital that offers a sliding fee schedule based on income.

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Share the Bills

Consider joining a medical sharing program if you have a religious affiliation. One example is the Christian Brotherhood Newsletter (CBN), christianbrotherhood.org.

The newsletter collects all its subscribers' medical bills each month and shares them out among all the members.

Each month, you receive a newsletter with the name and address of a fellow subscriber who has bills that need to be paid. You, and perhaps several other members, send your monthly newsletter subscription directly to that member (subscriptions are from \$33.75 to \$135 per person per month)

When you incur medical bills of your own, you

send them to the newsletter and receive the cost from fellow subscribers (minus a pre-selected amount, similar to a deductible, depending on your level of service).

Established in 1982, CBN now enables its subscribers to share over \$5 million of medical bills every month.

Avoid the ER

If you have a non-threatening emergency, or fall ill on the weekend when your doctor is not available, consider going to a 24-hour "walk-in" clinic, if there is one in your area. Always go directly to the ER for life-threatening emergencies, such as a suspected heart attack, however.

State Health Insurance Pools

Check with your state insurance department (in the government pages of your phone book) to see if your state offers a health insurance pool for residents who can't get insurance elsewhere. A number of states offer these programs.

Medicare

Medicare is the nation's largest health insurance program and is designed for people 65 years of age and older, some disabled people under 65 years of age, and people with end-stage renal disease (permanent kidney failure treated with dialysis or a transplant).

If you think you might be eligible, you can get information at medicare.gov or by calling 1-800-Medicare.

If you can't afford Medicare premiums, your state may be able to help out. Again, you can get information at the Medicare Web site or toll-free number.

Medicaid

Medicaid is a jointly-funded, federal-state health insurance program for certain low-

income and needy people. It covers approximately 36 million individuals including children, the aged, blind, disabled and people who are eligible to receive welfare.

Each state sets its own guidelines for eligibility, so you must check with your state office to find out if you can participate.

Information about Medicaid, including a listing of state toll-free numbers, can be found at cms.hhs.gov.

When Medical Bills Go to Collections

It is always best to negotiate directly with the provider if you are having trouble paying your bills. If at all possible, do not let a bill go to collections. At that point, it can create serious, long-term damage to your credit report.

Suppose, however, despite your best efforts, your bill is sent to a collection agency. Then what?

Outside collection agencies are covered by a law called the *Fair Debt Collection Practices Act*. This law prohibits harassment and unfair practices. If you tell a collection company you don't want to be contacted at work, for example, it must stop calling you there.

For more information on dealing with debt collectors in general, see the self-help publication *How to Get the Debt Collector to Do What You Want* at Myvesta.org.

Disputes with insurance companies

Consumers often angrily refuse to pay medical bills they thought were, or should have been, covered by their insurance. But that can be a big mistake.

The fact that you think the insurance company

should cover your bill does not leave you off the hook to the provider, whose contract with you no doubt holds you responsible if the insurance company doesn't pay.

Don't expect the collection agency, which gets paid only for collecting bills, to be sympathetic to the argument that the insurance company should be paying.

If you have a dispute over whether insurance should pay the bill, you generally have two options.

1. You can pay the bill yourself, or work out a payment arrangement to avoid being turned over to collections (or to close out a collection account if it's already there), then try to collect from the insurance company yourself. If the bill has already been sent to collections, try negotiating with the collection agency to stop reporting any negative information to the credit bureaus if you pay them. Don't be surprised if they don't agree.

If you tell a collection company you don't want to be contacted at work, for example, it must stop calling you there.

2. You can refuse to pay the collection company until the insurer pays. In that case, you should write to the collection agency within 60 days of being contacted, tell it you do not believe you owe the bill and ask not to be contacted again.

You do risk a negative remark to your credit report, however, and the collection agency may still sue you to collect (though that usually doesn't happen right away or in legitimate disputes.)

Either way, you're going to have to duke it out with the insurer.

First, ask for a written explanation of denial and appeal it as soon as possible. If you bought your policy through an insurance agent, get him or her involved.

If you work for a company that provides insurance benefits, ask your benefits administrator for help. If all else fails, contact your State Insurance Commissioner and file a complaint.

Always keep copies of all correspondence and keep notes of telephone calls. You will need them!

You can also get a copy of *Everybody's Guide to Small Claims Court* by Nolo.com for details on how to take your case to small claims court.

Things To Watch Out For

Don't Let Insurance Coverage Lapse

Health insurance is one of the most important expenses you have every month. Not having coverage can lead to bills bigger than you have ever imagined, if you are sick or injured.

If you have a medical condition which is ongoing, like high blood pressure, diabetes, cancer, AIDS/HIV, etc., you should attempt to hold onto your current coverage. If you let your policy lapse, you may not be able to get coverage again.

If you have a medical condition which is ongoing, you should attempt to hold onto your current coverage. If you let your policy lapse, you may not be able to get coverage again.

Many people say they don't need insurance coverage because they are feeling fine. The problem is you never know when you will suddenly become sick or injured.

If you've got kids, you are almost guaranteed to make trips to the doctor on a regular basis. Don't let your policy lapse.

Don't Ignore Explanation of Benefits

When your insurance company pays an outside health care provider, an explanation of benefits (often called EOB) is sent with the check. This very confusing document explains what was billed, paid and remains your responsibility. If you do not understand

this explanation, contact your doctor's office or insurance company. They can help you figure out what it all means. If you have any questions, ask. Sticking your head in the sand will lead to misunderstandings, confusion and unresolved billing errors.

Don't Ignore The Rules

While you might not agree with the way your insurance company or HMO delivers care, it is very important to follow the policies. If you go for care outside your network or do not get pre-approval before surgery, you could be stuck with the entire bill.

Don't Skip Paying Your Doctor

Many people think doctors make tons of money. However, doctors in private practice also have loads of expenses that reduce their income. Doctors have to pay all the same things any business does plus they also have to pay for very expensive insurance coverage and specialized medical equipment.

Don't Skip Tests

Nobody wants to pay for expensive tests if they are not necessary. If they are necessary, you'd be foolish not to have them. If you trust your doctor, trust that she knows what she is doing. If she has ordered a test, it's because she needs the information it will give her to provide you with the best treatment possible.

Don't Assume Your Doctor Won't Sue You

While the medical profession in general is very understanding about working out arrangements for payment, you can still get sued if you don't pay.

Don't Be Belligerent

Medical bills and billing can be complicated.

Don't assume that your doctor, insurance company or hospital was trying to take advantage of you if an error does occur. Bring it to their attention and allow them an opportunity to correct the error within a reasonable period of time.

Don't go in with guns blazing. The last people you want to alienate are the people who can fix the billing problem.

Don't Throw Away Paperwork

Keep all the receipts, insurance forms, explanation of benefits and any other piece of paper that relates to your care. You'll need this documentation if a problem occurs. If you are not a very organized person, just throw it all into a box and deal with it later.

About Myvesta...

Myvestasm is dedicated to helping people create healthy financial lives. The organization provides a wide range of materials to inspire and inform people so they can break down their barriers to financial and personal success. For more information visit Myvesta.org online.

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