Medical Bills – A Confusing Labyrinth

Medical bills represent one of the biggest expenses to seniors. What's worse is that the bureaucracy of the health care system is confusing and can lead to someone paying for "bills" that they shouldn't. We had a lot of experience this past year when my mother was in a nursing home, and both my wife and I required "cardiac procedures". Fighting through all the paperwork taught us some lessons we want to share with other seniors.

- How Priced. Health Care has a complicated pricing structure. All health care has been categorized into what are called "procedures". These are broken down in minute detail. A single well-patient visit to a doctor's office may be 4 or more procedures, and may be billed separately. My mother had a trip to an emergency room with no hospital stay that generated 10 separate bills plus the ambulance ride.

  For each procedure, the medical provider sets a price. The insurance companies, including Medicare, plus the State of Wisconsin in some cases, then negotiate an "allowed amount". This discounts the original charge, sometimes by as much as 90%. The medical provider will sometimes send a statement showing the original charged amount. **Do not pay this!** My wife's aunt paid a number of these statements, and it took a long time to get the refunds.

- Explanation of Benefits (EOB) The EOB is the key document from the insurance provider (including Medicare). For each procedure it shows the original charge, the allowed amount (or discounted charge), the amount the insurance company paid, and any remaining amount you may owe. If you have supplemental insurance, this provider will also send an EOB, showing what they have paid, and again any remaining amount you may owe.

  Keep these EOBs and match them up to the bill from the medical provider. **Do not pay anything until you have the EOB.** If the medical provider bills you for more than the EOBs say you owe, **do not pay the larger amount.** Contact the

medical provider and send them a copy of the EOB. In my experience, billing systems at medical providers are often in error.

- Time Limit Medical providers have a time limit (usually one year) to submit to the insurance company (including Medicare). If they do not submit in time, and the insurance company refuses to pay because of this (it will be stated on the EOB), you are not responsible for the costs. My mother was recently billed by Chicago EMS for an ambulance in November, 2006. Despite providing them with all the insurance information they did not file on time. This is their problem and we do not have to pay.

- Ambulances There is a charge for any ambulance – city, county, or private. The insurance usually covers this expense.

- Record Keeping The rule is **Keep Everything** – all paperwork from medical providers, insurance providers (especially EOBs), all correspondence, and notes from any phone calls. Match up the EOBs to the individual procedure bills from the medical providers. Check that the medical provider has credited the proper account with the correct payment, and that the "allowed amount" is correct. I have seen bills where the provider has not taken the full discount (or, in some cases, any discount), credited an insurance payment that was supposed to cover multiple procedures against the incorrect charge for one procedure and then billed the patient , incorrectly, for the remainder.

- When Do You Pay? Pay a bill only when you have the EOBs from the primary insurance carrier (and supplemental, if you have one). Since Medicare is now sending out EOBs quarterly, rather than monthly, the medical providers may have to wait. After a recent hospital stay, we received a letter stating that the hospital had "calculated" what they thought we would owe after insurance, and asking us to send money up front, assuring us that if it was more than we owed they would

refund the difference. We did not send any money. The EOB ultimately arrived showing that we owe $300 less than the hospital's estimate.

Your payment is the only leverage you have when dealing with the back office of a medical provider. Pay a bill only when everything is clear.

- Generic Drugs Your insurance company (Plan D, if Medicare) issues a formulary which shows the generic substitutes for brand name drugs. Take this with you and discuss it with your doctor. After reviewing this with my Mom's doctor, we cut her pharmacy bill by over 70%. Sometimes there are no generic substitutes, but, if there are, they are great cost savers.

Billing for medical treatment has become very complicated. Unfortunately, in many cases, technology in the medical providers "back room" who handle the billing has not kept up with the demands, and mistakes are made. Consequently, it pays to be careful, and check all bills against the EOBs from the insurance companies and Medicare before you pay anything. Remember, once you pay a bill your leverage to get a mistake corrected is seriously diminished.

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