Rodney's Take

January 4, 2021

It's Time to Get Serious About Understanding Healthcare Costs

December was crazy, and I'm not talking about the markets. I started the month in the hospital for emergency surgery, which arose from a problem with an earlier minor surgery. On November 30, I had to go to the emergency room twice before being admitted to the hospital.

But that's not the craziness. I'm sort of self-insured, and that's where the fight started.

I'm not exactly self-pay. I belong to a medical expense sharing program, Christian Healthcare Ministries (CHM). It can't be called insurance; it works more like a mutual benefit society. I pay about $185 per month apiece for my wife and myself, at a savings of at least $10,000 per year, and I can see any doctor I want. The only downside is that I'm considered self-insured when I go to a care provider, which is where things get weird.

On my first trip to the ER, the doctor misdiagnosed my condition, which necessitated a second visit five hours later. When they found my problem, my original surgeon from September wanted to perform the second operation, but he did not have privileges at the hospital where I sat in the ER. I was transferred to a different hospital and, 15 hours later, had a

successful 16-minute surgery. I was discharged a day later feeling much better. Then, the avalanche of bills began, from two visits to one hospital ER, an ambulance ride and visit to an ER in a second hospital, three ER doctors, and…well, you get the idea.

CHM asks that members request the self-pay discount when they get care. Years ago, this was a bit of a dance with providers, but today most will offer up a self-pay discount automatically. The size of the reduction varies dramatically, depending on whom you speak with and what they think of you.

Most of the time, they think I'm broke.

Because of COVID-19 restrictions, I had to navigate the ERs and hospital procedures alone, with no one to help with the decisions. On my first ER visit, while I was writhing in pain and as medical personnel worked to send me home, the business manager came to my bedside and offered me an 80% discount if I paid for my visit before I left. My $3,275 bill became $655. I'm pretty good with numbers, so I jumped on it.

My condition had deteriorated by the time of the second ER visit. I didn't speak to a business manager before they sent me via ambulance to the next hospital. Weeks later, I received the bill for the second ER visit, which included the standard $3,275 charge again, plus various testing charges. The total bill for the second visit was $21,400, automatically reduced to $10,700 because I am "self-pay." I called to object to the standard visit charge, given that I had to return less than five hours after my first visit. They called back and offered to write off the entire bill if I'd pay just $655. I told them I wasn't objecting to the tests, which found my issue, or the IVs and other things, but the clerk stayed on point. If I gave her a credit card for $655, she'd wipe out the other $10,045, effectively reducing my original $21,400 bill by 97%.

I agreed, of course, but this is silly.

I still have several fights, er, conversations, ahead of me on billing, including with the emergency room physicians and the labs, which are separate. If I had traditional insurance, chances are I would be staring at several in-network bills covered under a copay and several others considered out-of-network, with sizable price tags.

Why do we let this system continue, with different patients charged wildly different prices based on where they work and the affiliations of the doctors and labs, even though they provide services under one roof?

Because of President Trump, as of last Friday hospitals must post the costs they negotiate with insurance companies for 300 common procedures in easy-to-understand language. This is a fabulous first step toward ripping the shroud of secrecy off of healthcare costs, but it didn't come easily. The American Hospital Association fought this initiative tooth and nail, which means its constituents hate it. They, like the rest of the people with vested interests in the healthcare system, don't want consumers to know the true cost of anything or the special deals they've cut with some clients at the expense of others.

If we don't know the costs, then we can't compare providers, which is both what any reasonable consumer would do and exactly what the providers want to discourage.

Hospital costs make up 20% of healthcare spending, which itself has grown from 13.3% of GDP in 2000 to 17.7% of GDP as of last year. We're spending almost one in every five dollars on a system for which we aren't told what things cost before we "buy" them and often are presented with additional bills we never expected long after services were rendered.

We can do better. This is one of several areas where President Trump made great progress for everyday Americans and an area where Joe Biden has a chance to make further improvements. We don't need a government-paid option to make things better. We should demand a level playing field across all consumers for costs, and then make insurance portable so that workers don't become hostages to benefits. The best approach would be to combine these changes with eliminating health insurance as a deductible business expense, pushing both the cost and deductibility down to the consumer.

If individuals controlled their health spending and were given enough information to choose providers, we'd likely see overall health spending decline. Nothing sharpens the mind like cash leaving your wallet.

Rodney

Got a question or comment? You can contact us at info@hsdent.com.