

WHEN FLEECING PATIENTS IS LEGAL*

This is the story of Y.L., a patient stuck with an outrageous liability, all legal, yet unconscionable and unjustifiable. This is due to the contract rates between the facility in Walnut Creek, CA where Y.L. received services and Anthem Blue Cross CA, her insurance company. These contracted rates were set by the patient's employer, a national bank (known by its old-time carriage logo). Apparently, money is no object there.

While the patient is eager to pay her share, the excessive allowances she has been made responsible for, prompted her to seek a patient advocate to negotiate them down.

Her story is the story of so many others in this country. A spotlight should be placed on these practices, as they add to the burden of patients, as well as that of companies and the healthcare system in general.

Consider the simple lab called the Comprehensive Metabolic Panel. Usually reimbursed at around \$ 15.00 to \$ 20.00 by Medicare and commercial carriers, it is as commonplace and basic as they come, and is widely and easily performed.

Why then would Anthem issue an allowance of \$ \$808.99 in this case? Why would this hospital even charge \$ 1,244.60 for this test? Why would this patient be required to pay over \$ 800.00 for something the corner lab or doctor's office could have run **for 40 times less?**

Next is the shocking \$ 42.02 allowance by Anthem for 1 dose of Zofran, a common (generic) drug. Billed \$ 64.65 for one dose/unit, the Medicare reimbursement is \$ 0.16, that of commercial carriers a few pennies more. Again, a shocking discrepancy.

Whether such excessive rates may be in violation of Consumer laws has been asked. I am definitely not an expert on the subject, but settling the patient with \$800.00 for a service that only costs \$ 15.00 might seem a bit suspect to some.

This bill has more similar charges. Yet this hospital is inflexible, categorically refusing to even consider adjusting balances down or extend commonplace discount (such as "prompt pay") that other facilities (legally) routinely offer to their customers. It is not the only one in this area, and is not a specialized care center.

Billing representatives and supervisors brandished "the policy" as a shield, while higher executives never responded to messages. The media department proved unable to accept phone messages, not responding to online inquiries. Even Anthem's representative phone request for a review and a possible discount, was rejected.

The sad truth reflected by this case, is that self-funded employers, the ones with final decision about the benefits and reimbursements to be included in their insurance contracts, may not have much experience in setting those prices. Maybe they don't have or understand the financial limitations their employees face, or care because the company can afford such rates. Do all employees enjoy the size of salary allowing them to pay such bills without a second thought?

After all, if this bank can easily afford to get fleeced for \$ 42.02 on a \$ 0.16 pill, should its voiceless and powerless employees?

Management should scrutinize such financial matters as long as employees have deductibles and out-of-pockets, Linking contract rates for a self-funded group to those of the average contract in a specific state is often done. Calculating reimbursements based on existing data, such as Medicare rates, ASP rates for drugs, Usual and Customary used by commercial carriers is not an insurmountable task. As a long time billing manager, I know that unions and smaller self-funded groups are well aware of all allowances on their plan. When money counts, one pays better attention.

In the end, I had to give up. The Explanation of Benefit is a legal form, used to bill the patient according to the terms of the policy. There is no arguing that the facility acted within its rights.

The patient will now make small payments over 60 months. What is the cost to send so many statements? What about burdening the books for 5 years? Would a prompt pay settlement not have saved operating costs? Would this not be a smart business move, embraced by many others?

I wish someone at J.M. Hospital had answered my multiple requests for a talk. I hope the patient will follow through with openly and visibly exposing these practices, letting public opinion make its own mind. Good luck to her.

* As seen on NerdWallet

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