# Steps in the Right Direction

## How to decipher hospital billing to better control health care costs

As the health care system becomes more transparent, it's important for consumers to take more ownership of their health care costs. One way to start that shift is to closely scrutinize hospital bills.

The way the system is structured, it's too confusing and unclear, so patients don't even take the time to try to figure out health care billing, says Mark Haegele, regional vice president of sales at HealthLink.

But with more consumerism and transparency, patients making sense of health care billing is slowly starting to become a legitimate goal — unlike five or 10 years ago.

"I even tried, and I'm in the business. I had surgery, so I tried to be a good consumer. In advance, I called and asked, 'What's the cost of this? Not your charge, but what's the post-discount after my company takes their discount? What's the cost?'" Haegele says. "People couldn't tell me. Nobody could tell me. No surgery center had any idea, and I knew to ask."

### What can employers share with their health plan members regarding hospital billing?

Hospital billing can be confusing and costly. As many as eight out of 10 bills for health care services contain errors, according to Medical Billing Advocates of America.

Encourage your health plan members to take ownership and be proactive for lowering their hospital bills, which in turn lowers your costs and their deductibles. They should routinely ask for and review the list bill — what the insurance company was billed for, not the explanation of benefits (EOB) form.

Some things to consider are:
- If someone goes to the hospital at night and isn't admitted until after midnight, check that the room charges start on the correct day.
- Routine items, such as warm blankets and gloves, should be included as part of the facility fee.
- Check for double billing errors. Patients should be charged once for one doctor's reading of a scan. And if the hospital uses a certified registered nurse anesthetist and an anesthesiologist supervisor, the bill may mistakenly contain charges from both.

## Why would employees take the extra time to scrutinize hospital bills?

Even though cost savings eventually trickle down to members, you can structure plan language in self-insured summary plan documents to incentivize them. If members find things on their list bill that didn't pertain to them or were put on there in error, which often happens, and they get those removed, you share the savings.

For example, Member A could be charged for anesthesia but wasn't even put under — at the last minute the doctor decided to do a local surgery. So, if the hospital charges $10,000, and Member A gets that removed from the bill, your company would give him or her a check for 30 percent of that — $3,000.

## What's important to understand about bill coding?

Hospitals and emergency rooms are like primary care in the sense that there are coding levels for the severity of the type of case. There's a corresponding code for a low-level ER visit. However, with ER visits, sometimes hospitals won't bill for low-level codes, which are less expensive, no matter what the member comes in with. If someone went in with a low-level need like the flu, the billing should reflect that.

In addition, if a patient comes to the ER and is admitted to the hospital, the plan typically pays 100 percent of that admission.

As an employer, see if you can look for this in the data, or have your health plan members ask for a written explanation of the level on a bill. It can open up a discussion between the plan, the broker and the hospital. In some cases, using this information, employers have been able to force hospitals to set up a triage to an adjacent urgent care or look into coding.

It's only as transparency improves and more responsibility is linked to the member that we'll start to see improvement in our ability to control these costs.

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