



## Quote of the Quarter

## Why Healthcare Cost So Much?

A recent, lengthy article, by Steven Brill in Time Magazine tries to answer a question—Why does it cost so much? He is following the money based on several hospital bills.

It is not the answer hospital administrators were hoping to see. The answer is rather simple; it is the chargemaster. In simple terms a chargemaster is a pricing file every hospital use for every service item charged to patients while providing care. As per Mr. Brill's explanation "hospital officials treat it as if it were an eccentric uncle living in the attic." All hospitals have it, but none of them can tell you where the pricing files originated from. It seems these numbers were assigned when the hospital first opened its doors, and since then, the only adjustments made are increases. These assigned numbers have nothing to with cost and it is different from one hospital to the next. Healthcare is unlike any other product or service; there is no clarity or transparency in defining cost. Trying to find out how much a four day

hospitalization will cost is impossible. Ironically, in the other side, the insurance companies figured out in advance how much they are willing to pay. They already negotiated with the hospital the details of a hospital bed (room & board), drugs, tests, and any other added services. Medicare does it by paying based on a DRG (Diagnosis Related Group), which is a dollar amount assigned by a collection of medical conditions listed on the bill.

So, in returning to the eccentric uncle, the chargemaster, the only person who actually should be really interested on inflated chargemaster prices are those who could not afford insurance, or underinsured in the first place. If you are interested reading the article please be sure to make a pot of tea or coffee and bring along a biscotti. Here is the link <http://www.time.com/time/magazine/article/0,9171,2136864,00.html> Footnote: my name has been mentioned a few times in this "astonishing in scope and infuriating in its message" article, as one of my former client put it.

Quote from Steven Brill :

*"It would seem to be an important document. However, I quickly found that although every hospital has a chargemaster, officials treat it as if it were an eccentric uncle living in the attic. Whenever I asked, they deflected all conversation away from it..."*

## How to Find a Reasonable Price

It seems a reasonable thing to do to help you with some tools to assist in a quest to figure out reasonable prices for medical services.

As a result of a lawsuit, and out of court settlement ten years ago the State of New York tasked Syracuse University to come up with a medical fee database. This [Fair Health website](#) is free for anyone to use. Another independent website available for the general public for pricing medial care cost is [Healthcare Blue Book](#).

Ironically, the two sources trying to convey the same information are significantly different in their way of delivery. The Blue Book explains a procedure in plain terms, while Fair

Health works with relevant codes. If you are insured/underinsured specific codes does help, simply because the insurance industry works by those codes. Your phone inquiry to the insurance will end in frustration without a proper CPT code. This is how it works: Call physician and find out the exact CPT code, such as 72149 (MRI, lumbar spine with contrast), then call the insurance company and give them a CPT code and the zip code where the services will be provided. Once you are speaking with the insurance person you should also ask if there is an authorization on file for you. MRI's almost always need authorizations. If you don't have it, the MRI may be denied, or paid only half of the allowed amount.

# Medicare Initial Enrollment

Turning 65 years old and enrolling in Medicare seem to be a pleasant change. Getting rid of the expensive health insurance is a welcome transformation, until one is faced with all the choices they have to make. Medicare has parts which are A, B, C, and D. Part A covers hospitalization. Part B covers outpatient services, including doctor visits. Part D is a drug plan for pharmacy based prescriptions.

Medicare part C is an exchange of all of the above to convert Medicare into a "private insurance".

Medicare does not pay for medical care in full, therefore there is a need for a supplemental plan. So, to further confuse matters those supplemental plans comes lettered as well. Presently

those letters run from A to N. Some counties are skipping some letters in between.

Moreover, through the Medicare program there are about 40 prescription plans available in each state. Prices, coverage, administrative rules, deductibles, co-pays, and cost shares vary between these plans.

Medicare made every effort to streamline and explain all these details, but unfortunately there are so many rules and details, that most people get lost in the information overload.

If you feel adventures visit [www.mymedicare.gov](http://www.mymedicare.gov) to sort it out yourself. If you are still confused give me a call or send me an email.

## Definitions:

**CPT:** Current Procedural Terminology

**Medicare part C:** a Medicare private insurance plan replacing traditional Medicare.

**DRG:** Diagnosis Related Group

**PDP:** Medicare Prescription Drug Plan.

# Universal Health Care in New York?

Proposal for comprehensive health coverage under bill A 5389/S.2078 was introduced by Assembly Health Committee Chair Richard N. Gottfried and Senator Bill Perkins.

Called New York Health, it plans to replace insurance coverage with a publicly sponsored universal healthcare for all New York State residents. It plans to cover primary, preventive, specialist, hospital, mental health, reproductive health, dental, vision, prescription drugs and medical supply cost.

Funding would come from a graduated tax on payroll and non-payroll income based on ability to pay. Small and large business, along with individuals would no longer need to purchase insurance; they will simply pay a graduated tax instead.

Under this plan patients could chose their own healthcare providers without insurance networks and limitations. For the full text of this bill go to <http://public.leginfo.state.ny.us> and type in A5389.

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# Legal Issues or Who is in Trouble this Time? new

Alan Emmett Bradley a certified alcohol and drug abuse counselor, of Norwalk, CT and Ocoee, FL pleaded guilty in charges of defrauding the Connecticut Medicaid program.

He was billing the Connecticut Medicaid program for individual psychotherapy sessions in his Norwalk, CT office, which did not occur. Many of these falsified services were billed for days when he was living and attending school in

Florida. The CT Medicaid program paid \$151,898 for these fake services.

Mr. Bradley was arrested in Florida and facing a maximum of 10 years in jail with a \$250,000 fine.

His case is also being investigated by the U.S. Department of Health and Human Services, the Office of Inspector General and the FBI.