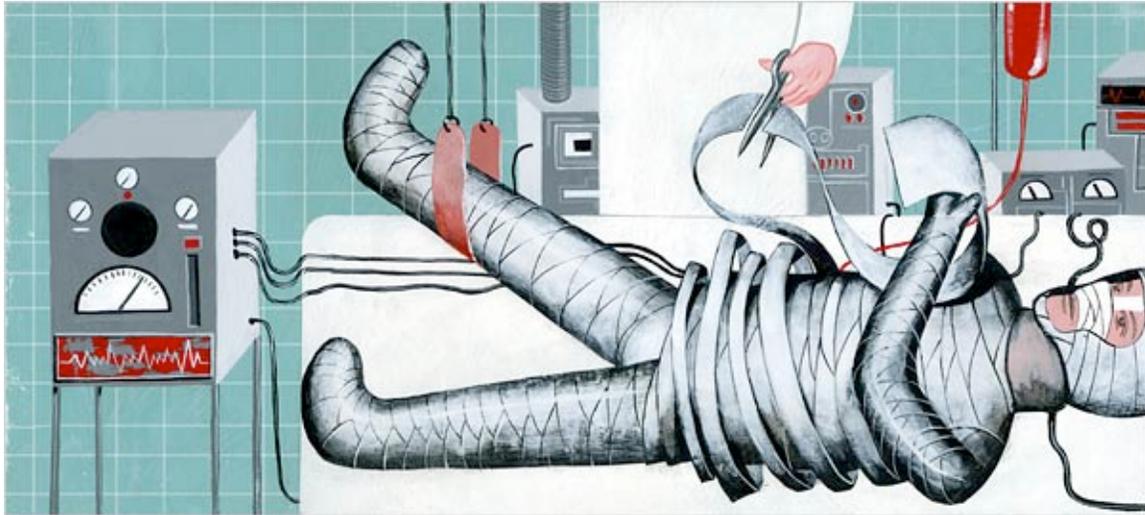


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The Consumer

## Bargaining Down That CT Scan Is Suddenly Possible

By MICHAEL MASON



Patrick Fontana twisted his left knee last spring while hitting a drive down the fairway on a golf course in Columbus, Ohio. But what really pained him was the \$900 bill for diagnostic imaging ordered by his doctor.

Mr. Fontana, a 42-year-old salesman, has a high-deductible health plan coupled to a health savings account. Since he was nowhere near meeting his deductible, he was on the hook for the entire bill.

So he did something that insurance companies routinely do: he forwarded the bill to a claims adjuster, in this case My Medical Control, a Web-based company that reviews doctor and hospital bills for consumers.

After concluding that Mr. Fontana was not getting the best possible price, the company's representatives called the imaging facility and demanded a lower one, promptly saving him \$200 — minus a 35 percent collection fee.

“I asked before I went in to the clinic how much it would cost, and they just will not tell you,” he said later. “I didn’t know until I got the bill, and at that point I figured I had nothing to lose.”

The savings are possible for one reason: medical care is often priced with the same maddening, arbitrary opacity as airline seats and hotel rooms.

“The average provider — doctors or hospitals — has between 5 and 100 reimbursement rates for the exact same procedure,” said Timothy Cahill, president of My Medical Control ([mymedicalcontrol.com](http://mymedicalcontrol.com)). “A hospital chain with multiple locations may have 150 rates for the same procedure. Consumers don’t know this.”

The varying reimbursement schedules, negotiated between the nation’s 850,000 providers and more than 6,000 health plans, have been kept all but secret. Consumers almost never get information on prices before treatment. Even insurers do not know what other health plans are paying.

Despite the complexity, the Internet has begun to open a window on this surreal world, allowing consumers to compare costs and, occasionally, to discover affordable alternatives.

And not a moment too soon.

Over the next decade, health care spending in the United States will double, to more than \$4 trillion a year, a fifth of the gross domestic product, according to the federal Centers for Medicare and Medicaid Services.

Much of the increase will be paid directly by patients. Driven by skyrocketing hospital fees, overall out-of-pocket expenses for consumers will rise more than 5 percent every year, the federal researchers said.

Already, more than 12 percent of working-age adults have out-of-pocket medical costs greater than 5 percent of their annual household income, according to the Center for Studying Health System Change, a research group in Washington.

“Traditionally, when you went to the doctor, price was never mentioned,” said Paul B. Ginsburg, president of the center. “That’s changing, and I think it’s a healthy change.”

Rudimentary information is increasingly available to consumers. Thirty-two states now require that hospitals provide pricing information to the public. Just this month, the Georgia Hospital Association started a Web site listing fees of common medical procedures at each of the state’s 141 acute-care hospitals.

Some critics say these moves toward pricing “transparency” are largely symbolic, an effort to divert attention from the real causes of health care inflation by placing the onus on the consumer with vague talk of “empowerment” and “choice.”

“It’s not consumer behavior that is driving rising medical costs in the U.S.,” said Robert G. Evans, a health care economist at the University of British Columbia. “It is the folks on the supply side, the doctors and hospitals.”

Moreover, the available data are not always useful to consumers, because prices disclosed by hospitals are not the steeply discounted rates negotiated by insurers.

“Consumers don’t care so much what the hospital charges,” said Carmela Coyle, senior vice president for policy at the American Hospital Association. “What they want to know how much it’s going to cost them out of pocket.”

While only the health plans know the actual numbers, a few Web sites recently have posted some surprising estimates.

Extrapolating from federal Medicare data, Vimo ([vimo.com](http://vimo.com)), a small Web start-up in Mountain View, Calif., tries to estimate the fees negotiated by insurers for a variety of hospital procedures.

While the price for a cornea transplant at Wills Eye Hospital in Philadelphia is an estimated \$15,000, for example, the reimbursement rate negotiated by insurers is likely to be closer to \$4,700, according to the Web site.

The reimbursement rate nationally is still lower: \$3,900, by Vimo's calculation. "We were shocked," said Chini Krishnan, chief executive of Vimo. "We had no idea that the pricing inefficiencies could be so extreme."

This kind of comparison shopping can be deceiving, some experts warn, because consumers cannot judge the quality of care from fees alone, and different patients require different treatments.

Still, even rough approximations can be useful, particularly for the increasing numbers of patients with high-deductible plans or no insurance at all.

My Medical Control also provides a first glimpse of what free-flowing price data can do for patients after treatment. From a variety of public and private sources, Mr. Cahill said, the company has put together a database detailing the wholesale reimbursement rates paid by major insurers for thousands of procedures. In essence, My Medical Control claims to know the lowest rate that a hospital or clinic has already accepted for a given service.

If a client is not being billed at that price, then the company's representatives will call and bargain for it. From a typical claim of \$1,100, Mr. Cahill said, the company shaves an average of \$232. "The higher your deductible, the less the health insurance company is providing oversight on your claim," he said. "It's not their money."

The market for services like Mr. Cahill's is likely to grow, and fast. According to the federal researchers, out-of-pocket expenses for hospital patients will rise 9.1 percent this year alone.