

PATRICK MALONE & ASSOCIATES, P.C.

From Tragedy To Justice - Attorneys For The Injured



We win exceptional verdicts and settlements for our clients in cases of brain injury, medical malpractice, wrongful death and other severe injuries.

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*The Unknowable Cost of Medical Care*

Dear Patrick,

By summer, the U.S. Supreme Court will issue its ruling on the constitutionality of the Affordable Care Act (ACA). Whichever way it goes, we Americans face a huge problem -- the out-of-control costs of a medical system with economic rules so strange that you cannot even figure out the cost of a lot of care items, much less afford them if you have no insurance.

The marketplace works only when shoppers can compare prices, and make choices based on their balance of costs versus benefits. That's not possible in today's U.S. health-care market.

In this issue, we'll look at the economic forces driving care costs. For readers, my hope is that even if you cannot price the care you need, you can at least anticipate hidden costs, ask the right questions, and avoid billing errors.

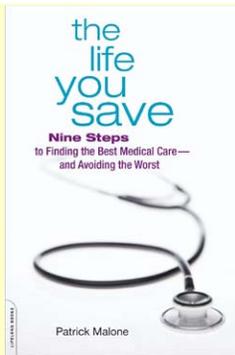
**The Costs of Care Then Versus Now**

Back in 1950, the year my folks were married, you could buy a new car for (in 2009 dollars) around \$13,000. The average cost of a new car in 2009 was \$20,000 -- roughly a 50% increase, but cars are a lot better now. The average cost of all health care that any individual needed in 1950 was \$500 (also in 2009 dollars). In 2009, that number had climbed 16-fold, to \$8,200 -- the amount of care consumed on average by every man, woman and child in the U.S.

Another way to see it: of every \$100 Americans spent in 1950, less than five bucks went to health care. Now, it's around \$17 -- and climbing.

Most advanced countries spend about \$10 to \$12 maximum on medical care out of every \$100. And most of them have better health measures than we do in the United States -- longer lives, fewer infant deaths.

Health care is better now than it was in 1950, but the numbers people will all tell you that we're not getting our money's worth, and we cannot keep funneling a bigger and bigger share of our budgets - household



## Learn More



Read our [Patient Safety Blog](#), which has news and practical advice from the frontlines of medicine for how to become a smarter, healthier patient.



and national - to medical care. It makes us less competitive in the global marketplace, and no healthier.

What can we as individuals do? This newsletter has long advocated for all of us to invest some brain power in our own health care by asking good questions and staying informed. But how can we do that on the cost end? Not so easy, for reasons explained below.

(Thanks to patient safety advocate [John James, Ph.D.](#), for the numbers used here.)

## How Hard It Is to Get Basic Cost Numbers

Have you ever tried to research the cost of a test, procedure or health-care facility stay? First, you must find out the industry-wide identifier known as the "current procedural terminology," or CPT code, assigned to every medical procedure and service that insurers use to determine reimbursement. You must determine if your plan covers it, and if so, who within your network offers it. Then you start calling potential providers.

But providers charge different amounts for the same service depending on whether the patient is insured; by whom; the type of plan; if he or she pays cash; where the patient lives; the availability of prescription coupons and deals cut with pharmacy benefit managers; the deals hospitals have cut with medical device manufacturers; whether the patient owns a dog and/or a cat... OK, maybe not that, but the point is, it's nearly impossible to get categoric, contrast-and-compare information.

[Medical journalist Merrill Goozner reports](#) that one benefits manager for a large company charged that health plans are set up "to keep health-care purchasing decisions as opaque as possible to substantiate excessive administrative costs, and maintain the illusion of well-managed networks and large discounts.' "

With the skyrocketing cost of health care, employers who offer health insurance benefits increasingly ask their employees to contribute a greater share of the premiums for plans that often require higher co-pays, higher deductibles and fewer network choices.

Horror stories abound. The [Los Angeles Times reported](#) on how hard it was for medical consumers to get price information in California, a state where prices are mandated by law to be posted. One man tried to get prices for a series of blood tests his daughter needed. His insurer would tell him only that they were in fact covered by his plan. He contacted three different hospitals and lab operations for price

information. After more than 10 hours calling, waiting on hold, faxing information and wandering through the arcane world of medical terminology and billing codes, he gave up in frustration -- and ended up paying \$700 out of pocket in co-pays.

How about a simple appendectomy? When one man was billed \$19,000 for his co-pay on the \$54,000 total bill for his one day in the hospital to have his appendix removed, he asked a doctor friend who started checking around, and discovered that the price in his area for an appendectomy varied from \$1,529 to \$182,955; the median hospital charge was \$33,611. Costs even varied *within the same hospital*. The least expensive appendectomy at one hospital was \$7,504; the most expensive was \$171,696. The numbers were written up in an article in the [Archives of Internal Medicine](#). There was no evidence that the high-end charges resulted in any better outcome than the low end.

## What You Can Do to Check Out Costs

Although medical care shoppers can't compare prices the way computer shoppers can, you might be able to cut your health-care costs. Check out our [article about negotiating medical bills](#), and where to turn if you can't get satisfaction from a medical billing office. Also:

- Understand the terms of your health insurance—your deductible, what medical procedures qualify toward fulfilling it and whether your plan limits the number of office visits you get for the minimal co-pay. If it does, and you need a certain procedure, ask your doctor if it can be performed in a setting other than the doctors' office.
- Visit [FAIR Health](#), a nonprofit organization with a national database of billed medical and dental services where you can estimate medical and dental expenditures from averages derived from Zip codes.
- Ask your insurance company for the CPT code for the procedure you need, and call in-network providers to find out what each would charge for it.
- Ask any medical care provider if you can get a discount for paying cash (this generally applies to people without insurance coverage, but some more expensive tests might qualify).
- To learn what [hidden costs you're likely to encounter](#) that hospitals and care providers won't tell you about ahead of time, read our blog post.
- To [avoid billing errors](#), read another of our blog posts.
- If you receive a medical bill you feel is unfair, contact your state's consumer affairs department; many offer designated sites for medical billing complaints and resolution.

## Recent Health Care Blog Posts

Here are some of the posts on our patient safety blog that might interest you.

[Same-day surgery centers](#) are attractive for getting you home in a hurry (and saving \$\$\$). But the risks of a potentially lethal blood clot

can be a lot higher. Read the scoop and check out what you can do to cut your own risk.

Do Americans get more bang for the buck in cancer care than Europeans? A [study tried to prove that our hugely higher care costs paid off in longer survival rates](#). But the authors made a basic statistical error in failing to account for something called "lead time bias," which wiped out nearly all the potential gains from the higher costs. The problem is in figuring out if your apparently longer survival time with a disease means that your life is extended further (what we all want), or does it just mean you learned of the disease sooner and lived with a bad diagnosis longer. (This is part of our ongoing series of education about medical statistics that make a difference.)

**Past issues of this newsletter:**

Here is a quick [index of past issues of our Better Health Care newsletter](#), most recent first.

To your continued health!

Sincerely,

A handwritten signature in black ink that reads "Patrick Malone". The signature is written in a cursive, flowing style.

Patrick Malone  
Patrick Malone & Associates