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Put a price tag on medical care to turn patients into shoppers

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By **Desmond X. Slattery**

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Would you shop at a grocery store where the price of the products wasn't marked? Probably not. But what if someone else was getting the bill? Then you'd fill the cart to the top before coming back for more.



After years of using employer-sponsored health insurance plans, people have gotten used to getting all the medical care their doctors recommend. Health insurance rates, based on the cost of all of this care, have continued to rise at exorbitant rates.

After years of double-digit annual increases in their premiums, many employers have resorted to high-deductible plans, in which employees pay a significant portion of the cost of each visit. These plans have been designed to force patients to pay attention to the cost of their health care. The idea might work extremely well — if doctors and hospitals were more forthcoming about what they charge.

A routine MRI can cost dramatically more at one location than it does just a couple of miles down the road. Even if an insurance plan is getting the bill, I know many people who would cringe at overpaying for the same service. When it's coming out of their own pockets, people have the right to know what they will be paying for medical care.

This historically backward approach to health care is of growing concern to the New Jersey Association of Health Underwriters. No one, it seems, is well served with mystery pricing:

Patients need to know the costs beforehand to determine if they should be getting the procedure done elsewhere to maximize their insurance coverage.

Insurance carriers must pay for services after they are provided, but upfront pricing may help patients question the need for some services in the first place.

Hospitals are the best place for certain types of care, while a doctor’s office may be the best venue for other treatments. Price transparency would make these differences more obvious.

The uninsured — about 1.4 million people in New Jersey — often are afraid to even venture into a doctor’s office for fear that they will receive a bill they simply cannot pay. This can lead to those infamous emergency room visits that clog hospitals and drive up costs for everyone.

If we don’t address the issue of medical cost transparency, the cost of health care will continue to escalate. As health care costs rise, health insurance rates inevitably go up with them. These health insurance rates are a drag on our economy, particularly in the current economic downturn. It should be of the utmost concern to New Jersey businesses that something is done to slow this trend.

New Jersey legislators have not been shy when it comes to mandating what expenses insurance companies must cover. I call on them to turn a bit of that enthusiasm toward requiring medical providers to post their rates for basic services, and help their patients determine if they are covered for these services.

Until medical cost transparency is required by law, the best that we can do when we visit our health care provider is to ask, “Hey doc, what’s this going to cost me?”

Desmond X. Slattery is the president of Westfield-based New Jersey Association of Health Underwriters and the principal of Wall-based Slattery GA, a division of Bollinger Inc.

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