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## Know medical costs before the procedure

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by Jackie Norris

Rick Preston of Town 'n' Country, Fla., wasn't worried about saving money when he had a quadruple bypass and heart valve replacement two years ago.

"I have no idea what the total cost of the surgery was because I was only interested in my bottom line," says the Angie's List member.

But just a month prior, when Preston didn't have health insurance, he compared prices for extensive tests on his heart and got estimates ranging from \$25,000 at a Tampa, Fla., hospital to \$2,500 at a hospital in Panama City, Panama.

"If I didn't have insurance now, I would start checking prices again," says the 61-year-old.

Experts say patients historically haven't asked or cared about medical costs. But with an estimated 46 million Americans uninsured and



Now that Rick Preston of Town 'n' Country, Fla., is insured, he says he doesn't worry about comparing

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an additional 10 million to 11 million with high-deductible plans, providers say they're seeing more patients today concerned about what they're spending out of pocket.

health care p  
Photo by Jol

Results from a recent online poll back the growing trend, with 61 percent of members saying they compare health care costs at least some of the time. A smaller percentage of members say they'd be more likely to compare costs if prices were more accessible.

**Less 'Cadillac care' creates a need to know**

Jeffrey Rice, a former physician and attorney in Nashville, Tenn., says it's difficult for patients to find and compare prices on health care services and lack of transparency in the industry.

"People don't realize the same procedure may vary by 500 percent or more even on the same block," says Rice, who in 2008 founded Healthcare tool that is helping Angie's List members search for fair prices on health care. "It's a bad habit of asking about or caring about costs, and providers weren't used to explaining why things cost as much as they do."

Jonah Keegan of Decatur, Ga., says he's had to alter his way of thinking about his insurance plan with a \$3,000 deductible.

"I didn't care about price when I had 'Cadillac care,'" says the Angie's List member. "It's a much bigger concern." While Keegan says he hasn't had to compare prices, he has some apprehensions. "I'm afraid it may be difficult to find a doctor who would offer a lower price," he says.

Rice stresses that in-network providers will charge a wide range of prices for the same procedure and recommends calling several for their fees before scheduling. "Health care providers typically have standard fees, known as 'billed and allowed' price. But they also negotiate with insurance companies to pay a fee, known as 'net amount,'" that is far less than the billed amounts but still considered as a fair price. "The negotiated fee is what Healthcare Blue Book considers the fair price."

"You're very likely to find a provider who will be able to meet the fair price," Rice notes. "A lot of patients don't want to switch doctors to lower costs. 'Just what matters,'" he advises.

**Taking notice of consumer demand**

While some doctors may be willing to help you pinch pennies, Dave Mordor, chair of the New Jersey Association of Health Underwriters, says other doctors are disclosing their prices upfront.

"Providers fall back on the competition nonsense," says Mordor, who believes in allowing patients to make informed choices. "They may fear they can't let out what they're charging or their patients will leave them."

But some hospitals, such as highly rated Alegent Health in Omaha, Neb., have already started taking a closer look at pricing so patients can budget accordingly. In 2007, Alegent launched My Cost — an online tool that gives patients an estimate based on their insurance plan and personal information.

"It gives patients peace of mind," says Linda Waldmann, the business manager of Alegent Health. "It's no longer a big black hole you walk into sight unseen. You wouldn't buy a car without checking under the hood."

Insurance companies are also taking notice of consumer demand for price transparency. Aetna, a highly rated insurance provider based in Hartford, Conn., launched an online out-of-pocket estimator in April that's based on each customer's benefits and network of providers.

"People have more financial stake involved and want to know what they'll pay," says Wayne Gowdy, a senior project manager with Aetna.

### **Hospitals typically on the high end**

Ginny Collins of Springfield, Ill., is happy her son's doctor suggested checking prices before going ahead with a throat procedure. The longtime nurse found it extremely difficult to get the information — but she's glad she was persistent. She compared prices with the hospital she worked for and a local clinic and was surprised by the vast price difference.

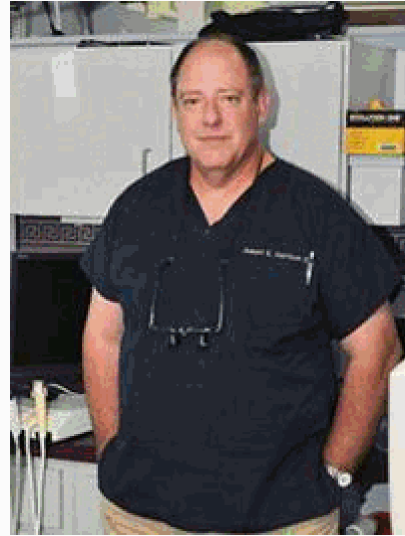
"It would have cost \$6,900 at the hospital and \$1,500 for the clinic," she says. "Guess where we went?"

Both Rice and Gerard Anderson, director of Johns Hopkins Center for hospital finance and management, say hospitals tend to be more expensive. "They usually charge two to four times more than other providers," says Anderson, who attributes the higher price to larger overhead.

People don't typically question why hospitals charge more, says Dan Perrin, an expert in health savings accounts and head of the HSA Coalition. "There's a perception hospital prices need to be high," he says. "But you walk into these places and they've got marble floors and basically gold-handled toilets."

While hospitals may charge more, experts say it isn't always possible to avoid getting care there.

"Any time-sensitive or emergency care doesn't lend itself to price comparison shopping," says Kathleen Stoll, the director of health policy at Families USA — a nonprofit health care advocacy organization.



When it comes to choosing a provider, Dr. Robert Garrison says price shouldn't determine who you'll pick.

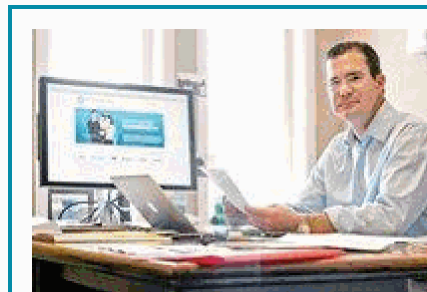
*Photo by Megan Riley*

Stoll warns patients may also find it difficult to do cost comparisons for complicated elective procedures. "The degree of injury and the patient's health may influence [price]," she says and recommends having a frank discussion with your provider.

### Put the focus on quality care

Dr. Robert Garrison, a highly rated dentist in Columbus, Ohio, says he fears the shift toward transparency and shopping will demote health care providers to the same status as a technician, like a car mechanic. "It's the wrong basis to decide on your medical care," Garrison says. "It should be about sixth on the list of deciding factors."

And even though price is quickly climbing as a priority for consumers, others agree dollar signs shouldn't sway your decision.



Evan Austill saved \$400 on a root canal by using Healthcare Blue Book.  
*Photo by Chad McClarnon*

Dr. Rita Stec, an internist in Palm Desert, Calif., who publishes her fees online, stresses patients also need to seek the best care. "Do the legwork and check up on their reputation, training and experience," says Stec, who suggests looking at Angie's List ratings. "Once you've identified a good provider, then ask about price."

After a dental exam, Evan Austill found out he needed a root canal, and his dentist, Dr. Allen Blourchian of Franklin, Tenn., gave him an estimate of \$1,300. Since Austill was without insurance, he logged on to Healthcare Blue Book's website after his visit and found the fair price listed at \$900. He printed the page and presented it to Blourchian.

"As a general rule, I don't allow patients to walk into my office and dictate my fees," says Blourchian, who adds he did make an exception because he had no other appointments scheduled and could fit Austill in immediately.

Regardless, Austill says he's glad he asked. "I got to put \$400 back in my pocket," he says. "I think a doctor that offers me a better price cares about my economic and health status — that's the type of doctor for me."

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