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The Truth: How Much is This Going To Cost Me?

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WEDNESDAY, 04 AUGUST 2010 14:23 DAVID MORDO

One of the steadfast hallmarks of capitalism has been the all-mighty price tag.

Businesses have thrived in part by providing the best price. Companies that can't show value are quickly overshadowed and eventually eliminated by the competition.

Yet, when it comes to the American health care system, common practice and common sense are both thrown out the window.



Patients are quick to purchase medical procedures and supplies without knowing the cost, stemming from years of using employer-sponsored health insurance plans. People don't commonly shop around; they have no idea if the doctor they are choosing is providing the best service for a fair price.

When the bill can quickly escalate into thousands of dollars, it is simply amazing that prospective patients don't routinely ask: "Hey, what's this all going to cost?"

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

Consumers have become hesitant to seek medical attention because of the added potential stress of a large medical bill for which they do not have adequate coverage.

Insurance carriers often reluctantly pay a percentage of dubious bills after services are rendered, when it's too late to ask questions. They also deny claims because of repetitive procedures with incorrect coding.

Providers often feel the insurance company is not paying enough and invoke the practice of "balance billing" on a regular basis.

Providers have claimed they cannot reveal reimbursement amounts from the insurance carrier, as it affects their competitiveness in the marketplace. NJAHU vehemently disagrees with this approach.

The medical community needs to be properly and expeditiously paid for the often life saving expertise they deliver. But these professionals also need to remember their Hippocratic Oath did not include a clause to put a person in collections for an unpaid bill for services that were not previously disclosed.

Our association members – advocates for hundreds of thousands of insured and uninsured people in New Jersey – believe it is high time for providers of healthcare in New Jersey to disclose the cost of medical products and services to patients up front.

Transparency is a win-win, as patients could become more comfortable with the process, providers could receive fair and equitable payment without administrative delay and, we can assume, costs would be cheaper to carriers as patients shop around.

In a recent survey by the Society of Actuaries, healthcare actuaries believe that creating more transparency between doctors and patients, as well as between the provider community and patients, could be at least somewhat effective in reducing healthcare costs.

For New Jerseyans fortunate enough to have health insurance, each procedure and diagnosis they receive has a billing code that carriers use to determine payment. Depending on the insurance carrier and its contract with the provider, rates for the same procedure can vary dramatically.

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

For the uninsured, which comprise about 1.4 million people in New Jersey, most are feeling the economic squeeze of everyday life. When it comes to their health, a person's most precious commodity, the cost of treatment should be detailed right down to a reasonable payment plan if necessary.

Perhaps New Jersey can build a search engine for health care prices, as is being done in San Francisco by Castlight Health. Patients could search for doctors that offer a service nearby and find out how much they will charge that patient, depending on their insurance coverage, for such procedures as colonoscopies, CT scans and blood tests.

Information for the website can be gleaned from the explanation-of-benefits forms that patients receive after a doctor visit.


As the new federal health reform law takes effect, transparent pricing will become a greater issue. Around America, 30-40 million people are expected to join health insurance exchanges, which encourage comparison shopping.

New Jersey should take the lead now. When we demystify what it costs to provide health care, we give people the ability to make informed choices for themselves and their loved ones.

Dave Mordo, a resident of Middletown, is the Legislative Chair of the New Jersey Association of Health Underwriters and a broker at Walsh Benefits in Fair Haven, NJ.

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