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## N.J. Patients Deserve to Know Health Care Costs Before Getting the Bill

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Opinion

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By Lynda Feder

The hallmark of capitalism has been competition and quality.

Businesses have thrived by providing the best service at the lowest price. Companies that can't show value are quickly driven from the marketplace.

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

Patients are quick to purchase medical procedures and supplies without knowing the cost. This stems from years of using employer-sponsored health insurance plans that required little if any out of pocket cost to the patient. There was no incentive to question costs for procedures recommended by healthcare providers if the cost is low.

This system has been a significant driver of health insurance premium increases. In an attempt to control costs, most employers have turned to high co-pay, high-deductible plans.

With these plans, patients are often hit with large bills for services (like MRIs) that were once covered subject to a co-pay but are now covered subject to the deductible. What the patient may not realize is that even the negotiated rates for an MRI may vary by hundreds of dollars depending on where the service is rendered.

Shouldn't the patient or consumer know what the cost of his MRI will be and also be aware that he has more than one option at different price points?

Furthermore, patients are often confused when they ask about a prescribed procedure because they may be told that it is "covered." They may not be told that yes, it's covered, but your high deductible applies or that the facility is out of network where higher cost sharing applies.

Shouldn't the consumer expect to know the cost of medical care before procedures are performed or that the anesthesiologist is not in his carrier's network? A recovering patient should not have to deal with the shock of unexpectedly high bills.

The need for transparency in medical pricing is paramount for the New Jersey Association of Health Underwriters (NJAHU). No one, it seems, is well served when costs and services are not defined by the providers.

Consumers are becoming increasingly hesitant to seek medical attention because they are worried about being socked with major bills for minor procedures.

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

Our association members – advocates for hundreds of thousands of insured people in New Jersey – believe it's long overdue for providers of healthcare in New Jersey to disclose the cost of medical products and services to patients up front.

We expect no less when shopping for a car or refrigerator or when signing for a mortgage. The cost and payment terms are clearly defined.

Transparency is a win-win, as patients could become more comfortable with the process, providers could receive payment more easily and, we can assume, costs would be cheaper to carriers as patients begin 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.

As the new federal health reform law takes effect, transparent pricing should 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 and work toward a requirement that providers and insurance carriers provide the patient with an accurate assessment as to his cost.

When we demystify the cost of health care, we give people the ability to make informed choices for themselves and their loved ones.

*Lynda Feder is a board member of the New Jersey Association of Health Underwriters.*



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