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Health Watch / By Kelly K. Spors

Where Does It Hurt? In the Pocketbook.

Flexibility is a good thing. But it can lead to alarmingly higher medical bills. Health plans now give patients an increasing amount of choice about what doctor to see and what plan to join. While this freedom is a welcome change from the restrictive rules once imposed by health maintenance organizations, it comes with a dark side: a flurry of confusing rules and medical bills that can cost consumers money.

Here's how to avoid some common mistakes that can lead you to pay too much for health care:

■ Pick your doctors with care.

Plans that allow patients to choose their own doctors are more popular -- but the choice can also lead to piles of unexpected bills.

That's because most health plans negotiate fixed rates with a specific group of doctors. By limiting what those doctors can charge, the insurance company controls its costs and usually asks the patient only for a small co-payment or deductible.

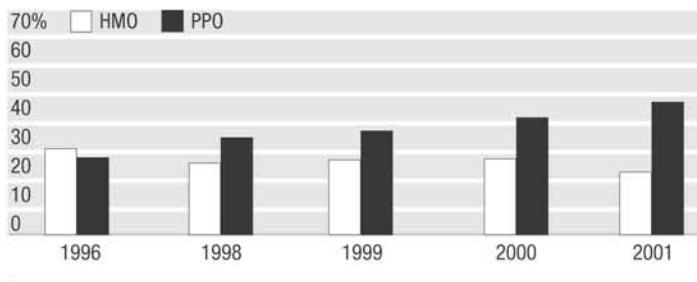
But once a patient goes outside the regular doctor network, the rules change. Doctors outside the network aren't bound by the same price restrictions as those who have struck deals with the insurance company. The patient often ends up paying the difference between what the doctor charges and what the insurer will pay.

"Consumers should try to ... stay in their network whenever possible," says Abbie Leibowitz, a former chief medical officer of Aetna Inc. who is co-founder of Health Advocate, a suburban Philadelphia company that helps consumers deal with their health plans. "Unfortunately, a lot of people are paying more than they need to."

As more people choose to see out-of-network physicians, Mr. Leibowitz adds, it's also aggravating the trend. A swelling number of

Favoring Flexibility

The percentage of Americans enrolled in the relatively flexible employer health-care plans called preferred provider organization (PPOs) has risen in recent years, while traditionally restrictive health maintenance organizations have lost ground.



doctors are opting out of networks because they can charge more and health insurers have less incentive to keep strong networks with qualified doctors.

■ Check into costs early.

Even if you stay in your network, you can end up paying too much if you don't check out all the costs beforehand.

When one 61-year-old executive in Los Angeles was referred for a colonoscopy to screen for colon cancer last December, he thought he'd done his homework by using the Internet to check out average prices for the procedure. He learned it could cost up to \$2,500. But he was shocked when he received bills totaling nearly \$7,000 for the screening procedure, including a \$1,047 charge for his share of the costs.

After he complained to his doctor, an assistant reduced his share of the charges to just \$100. Although he was able to negotiate a lower bill, he has now learned to confirm all charges beforehand.

"My response was, what about all those other patients who are paying \$7,000?" he says. "I consider this whole thing a scandal."

To avoid surprises, when possible patients should ask for a list of charges in writing, before a procedure, in case there is a discrepancy later.

■ Insurers don't always follow doctors' orders.

Just because your doctor suggests a procedure or refers you to another doctor, it doesn't necessarily mean it's covered by your insurance. Many insurers have picky rules about what they'll cover and when.

Mark Thompson, a 53-year-old stockbroker from Nashville, Ind., got a referral from his physician for a colonoscopy and assumed his company's health plan would bear most of the costs. After the test, he started receiving bills totaling more than \$1,000. The insurer considered the procedure part of a routine exam, something Mr. Thompson's policy didn't cover.

"I just assumed it was probably covered and then suddenly I get this bill in the mail," he says.

The lesson: Always call the insurance company to make sure procedures ordered by your doctor are, in fact, covered by your plan.

Since some exams include many parts -- such as anesthesia and lab work -- it's not a bad idea to get an itemized list from the provider's office beforehand of all the likely services and charges and then run them by the insurer. Many procedures require pre-certification from the insurer anyway.

■ Don't rush to pay medical bills.

Consumers often have a hard time sifting through the barrage of medical bills that start arriving in the mail shortly after a visit to the doctor.

Sometimes, bills are sent by everyone involved with the medical procedure -- suppliers, testing labs and such -- along with bills from the hospital or clinic and then the insurer or health plan.

Some providers send out bill-like statements to patients showing the cost of the service and the amount paid by the insurance company. These statements often resemble bills, even including a payment option, and get sent to the patient long before the insurer has paid its share.

Sure, you need to take any bill seriously and pay on time if you're certain the charges are correct. But experts say it's generally a good idea to wait several weeks after service before paying any medical bill. This gives the provider and the insurance company time to settle their claims payments -- and protects you from overpaying.

Also, read over your bills carefully and "don't pay for anything you don't understand," says Rhonda Orin, a Washington, D.C., lawyer who specializes in helping policyholders with insurance coverage disputes. She suggests writing a letter to the provider if there's a charge that seems incorrect or calling the provider or insurer first to ask questions. "It's a better idea to call somebody than pay something that doesn't make sense," she adds.

And it's often worth phone calls and letters before paying an unexpectedly high bill, because you might be able to negotiate a lower charge. Some hospitals, hoping to avoid a drawn-out collection procedure, may give you a discount if you agree to pay promptly.

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