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Health Costs

Negotiating Doctor Bills

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When Meghan Stone received a magnetic resonance imaging test a few years ago, she thought her insurance company would pick up the bill for the MRI. Instead, the Chicago resident was charged 40% of the cost, or roughly \$3,000.

"Upon reviewing my policy, I knew I was wrong. But it didn't matter; I needed the test," said the 24-year-old public-relations professional.

Other people in Ms. Stone's situation might have just paid the bill or tried to evade it. Ms. Stone decided to negotiate. She called the hospital and said she couldn't afford the remaining cost of the scan. After reviewing her income, the hospital lowered her bill to \$130.

As consumers carry a bigger share of rising medical expenses -- driven in part by the nation's recent adoption of "health savings accounts" -- more people are finding themselves having to negotiate the cost of their care. Some people, like Ms. Stone, are negotiating based on financial need. Others are asking for discounts in exchange for the promise of payment, often by agreeing to pay cash upfront.

Receptive Audience

Regardless of the tactic, negotiating can work because it plays at the heart of a major problem in the medical world: Billions of dollars in medical bills go unpaid each year. Medical providers, therefore, are amenable to working with patients, even if it means accepting less than full price.

If you're getting ready for a costly medical procedure -- whether it's X-rays or surgery -- you want to start off by asking if you can get a discount in exchange for a guarantee of payment.

The reason this strategy works is that medical providers often would rather have a reduced amount in hand than spend a bundle trying to track down bad debts, says David Lindsey, chief executive officer and founder of USNow, a health-care provider in Dallas. In fact, he says, a major reason that medical providers offer deals to insurance companies is because they pay the bills. "There's a discount there that everybody should start asking for," he says.

Jill Dutton, an administrator for a construction-consulting firm in Van, Texas, always asks for a deal in exchange for a promise to pay the bill immediately. "Tell them you are ready to write a check today if they will lower your bill by 40%. Most of the time, they will say that they can't approve 40% but they can discount your bill by 30%," says Ms. Dutton, who started asking for discounts at a time when her family needed dental work and had no dental coverage.

Once Work Is Done

It's also possible to try to lower a bill after the services have already been rendered. If you get an unwieldy bill after the fact, call the medical provider and ask about your payment options. Again, you can try to land a deal by guaranteeing payment. You also might be able to get a discount based on financial need. At the very least, the medical provider should be open to hammering out a payment plan to allow you to spread the cost over time.

Of course, one problem with negotiating medical bills -- whether it's before or after services have been rendered -- is that there's no telling what kind of discount, if any, you might be able to get. It's a very subjective process that can vary depending on where you live or what you earn, says Abbie Leibowitz, co-founder and chief medical officer with Health Advocate, Inc., a health-care negotiating company in Plymouth Meeting, Pa.

Start off by talking with the business department for any negotiation, whether it's before or after receiving care. When dealing with a small practice, such as a dentist or doctor's office, that may be the person at the front desk. If you don't feel as if you're being helped and you haven't yet received any care, try shopping around. Medicine is a competitive field. Just don't abandon quality for cost.