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Slash Your Medical Bills: 7 Ways to Haggle

By Jeanne Lee

Haggling with your hospital or dickering with your doctor to lower your medical bills might feel, well, unseemly. But with health care costs pinching the typical household by about \$15,000 a year and employers trimming coverage and shifting expenses to employees, it might be time to try your own personal health care reform.

Rising out-of-pocket costs have motivated many patients to ferret out what was, until recently, a dirty little secret of the medical world: You don't always have to pay retail. If your health insurance isn't covering your needs or you lack insurance, you can probably pay less for elective and planned procedures just by speaking up. "People often don't realize medical bills tend to be eminently negotiable," says Andrew Cohen, medical debt resolution program manager at The Access Project, a nonprofit health care advocacy group. Greg Voelm, owner of a health care testing company in Sacramento, Calif., and a 35-year veteran of the health care industry, thinks it's possible to reduce medical bills by as much as 80 percent. But, he says, few people try. "It's just not something that Americans are trained to do," Voelm says.

Annette Pappas of Brockton, Mass., a medical billing administrator who has worked in hospitals and doctor's offices, haggled over her own steep fees after developing breast cancer in 2005 while self-employed and without insurance. Knowing she'd need to tap a home equity credit line to pay for her \$19,000-a-week chemotherapy and Herceptin shots, Pappas negotiated with the hospital before beginning treatment. "I said, 'I'm paying for my own health care and can't afford to pay you these charges. Can you work with me?'" The sympathetic billing manager gave her a 45 percent discount. "I knew that was well in line with what the insurance companies would have paid," Pappas says.

You also may be able to lower the cost of a routine test just by calling doctors in your plan's network and asking for their fee. "If you need an MRI of your knee and have Blue Cross, you could pay \$500 to \$3,000 for the same test within the plan's network," says Jeffrey Rice, CEO of the Healthcare Blue Book, a site that collects health care pricing information.

Use these seven tips for medical haggling to boost your odds of success.

I've seen some of the tips before, and included those in an Oct. 9 Quad-City Times article. The tips I used in the news article came from the Mayo Clinic, Rochester, Minn.

1. Know the Real Cost

Arming yourself with price range information will give you a reasonable number to use when starting a discussion. Check your insurance carrier's Web site. Most major carriers let members see their negotiated rates.

Sites such as the Healthcare Blue Book, Vimo, and New Choice Health also make it much easier to sleuth out these figures than in the past. With a few mouse clicks, you can get an idea of how much local hospitals and doctors charge, plus how large a discount the average insurer would receive. The Healthcare Blue Book lists “fair” prices for self-pay patients, defining “fair” as a small premium above the average fee local providers accept as payment from insurers. For example, for knee arthroscopy in Brentwood, Tenn., the site says a fair price is \$1,051 for the physician’s fee and \$6,026 for having the procedure done in a hospital. New Choice Health will let you compare Healthcare Blue Book’s recommended fair prices with the list prices for medical facilities in your area. The list price for that knee operation? A whopping \$9,200 in a surgery center and \$20,200 in a hospital. Vimo provides average retail and discounted prices for hospital procedures. Type in, say, “balloon angioplasty of coronary artery” and you’ll see that the “average full list price” (the price a self-pay patient is likely to be billed) is \$39,900. But the “negotiated national average price” (the discounted price the insurer pays) is just 30 percent of retail, or \$11,800.

2. Use the Right Words

Once you have pricing reference points, but before you’ve committed to the procedure, visit the billing person in the doctor’s office or the manager of patient accounts at the hospital. This way, you can attempt to negotiate a discount before receiving treatment.

Then, be clear and confident. Say something like, “These bills are extremely expensive. Would you consider adjusting the price to be more affordable?” Or “My insurance isn’t covering this treatment, so I’m paying for my own care and would like to see if you can lower the price.” Making things personal may help. If you’ve chosen a particular doctor because you’ve heard glowing recommendations from friends, mention that. If you’ve recently been laid off, say so. The billing staff may be willing to cut you a break.

Larry Gelb, CEO of health care advocacy firm CareCounsel, recommends offering to pay immediately in exchange for a discount. At the doctor’s office, “you could start by saying, ‘I’m going to pay out-of-pocket this year. Would you consider seeing me for the same amount you received in past years from my health plan? I’ll pay you up front in cash,’” says Gelb. If the office agrees to accept your former insurer’s rate, that could translate into a 40 percent discount. This tactic worked for Marty Rosen, co-founder of Health Advocate, in Plymouth Meeting, Pa., which serves businesses and individuals. While trying to avoid a second round of periodontal surgery with regular teeth cleanings, he lost his dental coverage from his wife’s employer. “I told the office manager, ‘I no longer have coverage. Can I be charged what the insurance carrier was paying the doctor?’ She said, ‘Yes, you’ve been a good patient to us.’”

In a hospital, ask whether you could qualify for any financial assistance programs. “These are not just for poor people,” Cohen says. “Someone who earns \$100,000 a year but has \$50,000 in medical expenses might qualify.”

3. Ask About Going Outpatient

Some types of surgery scheduled for a hospital with an overnight stay can be performed equally well at a less expensive outpatient center. Rice says one person who read the Healthcare Blue Book advice on knee surgery saved more than \$5,000 just by knowing to ask his surgeon if he could have it done at an outpatient center. Of course, your doctor may have important medical reasons for choosing a hospital setting, but it can't hurt to ask.

4. Negotiate Afterward

If you've already had the procedure and staggering bills are arriving, you can still ask for a discount. Hospital billing departments are often eager to collect something and get the charges off their books, rather than deal with a lengthy collection process. Cohen says you have nothing to lose by starting with an aggressive offer. For example, "If I pay you 30 percent of this bill right now, will you write off the rest?" Even if your initial offer is rejected, the hospital may counter with a discount you can live with.

In a hospital, if you are offered a 10 or 20 percent discount, press on. That is not a big reduction compared with the markup they are probably charging. "Go up the chain of command, calling the billing manager or the vice president of finance and so on, building a relationship with each person by telling your story," says Cohen. Make sure you write down every person's name, title, and contact information; the date and time you called; what you asked; and what each person said. If you reach an agreement, get it in writing.

5. Don't Pay by Credit Card

Forgo the credit card if you think you might be asking for a discount later. Using plastic puts you in a weaker bargaining position with the hospital. "We recommend against credit cards, because the hospital loses any interest in negotiating with you" once they have your money, says Carol Pryor, policy director at The Access Project. And your bills could be even higher if you end up paying interest on the charges.

6. Inquire About a Payment Plan

If you are still facing a huge bill after negotiating a discount, ask for an interest-free payment plan. This strategy leaves you with the option to renegotiate the amount down the road, after demonstrating good faith by making timely payments. You can then write to the billing office: "I've been faithfully paying this bill for a year and half." Remind the office of the total you've paid to date, and say something like, "My family is having a tough time during this economic crisis. Will you forgive the rest of the bill?"

7. Call In a Pro

If the hospital or doctor won't give you a break and your medical bills are out of control, enlist the help of a nonprofit or professional advocate that can help bargain for you. Medical Billing Advocates of America has specialists who typically keep a percentage of the reduction they negotiate for you — perhaps a third. The Access Project provides free one-on-one coaching, including negotiating with doctors and hospitals. You can fill out an online form and a staffer will call you back.