

Save Thousands on Your Health Care

## **10 surprising--and easy--ways to trim costs on everything from your yearly physical to specialized surgery**

**by Julian Kesner**

After a car accident left Michelle Katz, a Washington, DC, nursing student, with persistent back pain and numbness in 1998, she consulted a neurosurgeon, who told her she'd need an operation to repair her slipped disk. Katz, then 26, didn't have health insurance, so she did the only thing she could think of: She negotiated.

Katz offered to pay her surgeon and anesthesiologist a portion up front in exchange for a hefty discount and arranged a payment plan for the rest. When she got her hospital bill, she haggled with the billing department to drop some charges. All told, she ended up paying just half of the original \$28,000 estimate.

"Before this, I didn't think you could negotiate with your doctor," says Katz, 35, now a corporate health care consultant and author of *Healthcare for Less*, which was inspired by her own experience. "But all you have to do is ask."

And ask you should--repeatedly. In 2007, a family of four covered by a typical preferred provider organization insurance plan (PPO) is expected to receive an average of \$14,500 in medical services. If you fit that profile, about \$5,100 of that will be your responsibility--in the form of premiums, co-pays, and deductibles. That's an increase of more than 8% over last year, following 5 straight years in which costs jumped more than 9% annually.

With a little research and some hard bargaining, though, you can cut that figure by half or more. Here are 10 ways to get started, along with the savings you can expect.

### **1. Shop for Tests**

Need an expensive test that's going to cost you a hefty out-of-pocket sum? It might be worthwhile to compare prices among different labs and clinics; fees can vary widely. To compare prices, you need to know the CPT (Current Procedural Terminology) code, a universally accepted number that corresponds to an MRI, a specific lab analysis, or any other billable service. The American Medical Association's Web site, [ama-assn.org](http://ama-assn.org), has an easy-to-use CPT search engine. Once you have the code, you can get price quotes from several providers. You may be surprised at how well you'll do. "For a CT scan, the price could range between \$500 and \$1,500 at two different facilities," says Devon Herrick, PhD, a senior fellow at the National Center for Policy Analysis in Dallas.

*Save: 20 to 66%*

### **2. Negotiate Your Hospital Bill**

For patients with insurance, the hospital co-pay or deductible can represent a very large amount of money. Some insurance companies will deduct this amount from the hospital's contracted rate. The unpaid portion is then your responsibility. Here's a fact many hospitals won't openly admit: They're often willing to waive or reduce an account balance if a patient can demonstrate that the co-pay or deductible is a hardship. But you have to ask. "The patient can go back to an account administrator and say, 'This is really difficult for me. Is there anything you can do?' And we can," says Ruth Levin, vice president for managed care at Continuum Health Partners in New York City. "The number of payers, including patients and insurance plans, who pay hospitals 100% of our charges is probably less than 2%."

*Save: 10 to 30%*

### **3. Question Follow-Up Appointments**

"When a doctor tells you to come back, whether it's in 3 weeks, 6 months, or a year, ask why. A phone call might suffice," says Arthur Garson Jr., MD, dean and vice president of the University of Virginia School of Medicine and

author of *Health Care Half Truths: Too Many Myths, Not Enough Reality*.

When a specialist orders a test, such as an x-ray or MRI, ask your primary-care doctor if it's necessary. Seventeen percent of US adults say their doctors have ordered duplicates of medical tests, according to a recent survey by the Commonwealth Fund, a nonpartisan health care foundation in New York City. If you're going for a second opinion, sign out your x-rays or MRI scans from your doctor and bring them with you.

*Save \$20: (office visit) to \$300 (your share of the average cost of an MRI under an insurance plan that reimburses only 80%)*

#### **4. Ask for Cheaper Drugs**

Doctors aren't always aware of how much medication costs. "We don't know which drugs are covered and which aren't when we discuss them with patients," says Doug Farrago, MD, a family physician in Auburn, ME. Ask your physician if there's a less expensive but equally effective alternative to the drug you're prescribed.

*Save: Up to 75% (the difference between a "preferred" drug and one not covered by insurance)*

**Caveat** "Just be sure your doctor is intimately familiar with the benefits and risks of the alternate drugs for your condition," says Jerome P. Kassirer, MD, distinguished professor at Tufts University School of Medicine in Boston and author of *On the Take: How Medicine's Complicity with Big Business Can Endanger Your Health*.

#### **5. Plead Your Case Directly with Your Doc**

If you're experiencing serious hardship, talk directly to your doctor: They are in the profession because they want to do good and tend to be more forgiving of outstanding balances than many billing managers. "They are the ones who can direct their billing department to give the patient a break," says Levin.

*Save: Up to 70%*

#### **6. Arrange Independent Lab Work**

Cut the cost of blood and urine analyses by using [MyMedLab.com](http://MyMedLab.com). Once your doctor gives you a prescription for a test, have blood drawn at one of 3,000 collection sites nationwide; the vials are then mailed to independent labs. "You can get more than 30 blood readings and analyses starting at about \$95--around 75% less than getting the same tests at a hospital," says Herrick. The lab will mail the results to both you and your doctor. (State laws prohibit this service in New Jersey, New York, and Rhode Island, according to the site.)

*Save: 50 to 80%*

**Caveat** "Ask your doctor to confirm the reliability of an 'outside' lab's performance before using it," says Kassirer.

#### **7. Hire an Advocate**

The gap between what an out-of-network doctor charges for a procedure and what your insurance will pay can often be considerable, and it's usually your responsibility to make up the difference. The result: a three-way dispute. Patient-advocate services are skilled at resolving such conflicts. Philadelphia-based Healthcare Advocates Inc. charges from \$50 to \$400 per case--about \$300 on average.

*Save: Varies widely*

**Caveat** "Ask a representative if he's had success with your particular type of dispute," advises Kassirer. "With some claims, insurance companies never back down."

Visit [prevention.com/advocate](http://prevention.com/advocate) to learn how a patient advocate can help you save money.

#### **8. Fill Prescriptions with Big Retailers**

Mail-order pharmacies such as Drugstore.com, Drugs.com, and Costco.com typically beat the prices of neighborhood drugstores hands down. You can do your own price comparisons at Rxaminer.com, which was founded by a cardiologist and has the reputation for independence from special interest groups.

*Save: 10 to 20% for name brands, 20 to 40% for generics*

#### **9. Split Pills**

Most drugs are not priced according to strength, points out Fred Brock, a Kansas State University journalism professor and author of *Health Care on Less Than You Think: The New York Times Guide to Getting Affordable Coverage*. Some popular cholesterol drugs come in at least three strengths-- why not split the 40 mg pill in half if you only need 20 mg per dose, and have the prescription last twice as long? Some pharmacy benefit managers

will even give pill splitters to customers at no cost.

*Save: Up to 50%*

**Caveat** Splitting pills may not always provide the optimal dose of the drug, so check with your doctor first.

### **10. Try Bartering**

"I've had electricians, plumbers, caterers, gardeners, and decorators offer services in exchange for health care," says Farrago. "If I had a solo practice, I'd do it in a second--though I'm blown away by electricians charging more than I do!"

*Save: Varies widely*

**Caveat** None--"as long as you do a good job for the doctor!" says Kassirer.

### **No insurance? Bargain with cash**

If your medical coverage lapses and you need to see a doctor or have a procedure done, offer cash up front. Doctors are often willing to discount their fees in return for guaranteed payment and being able to forgo the hassle of paperwork and administrative costs. Or, offer to match what Medicare would pay--typically about 20% less than what a private insurance plan would provide. Medicare reimbursement rates can be found on the AMA Web site, [ama-assn.org](http://ama-assn.org).

### **E-shop for the best plan**

It is possible to price-shop for health insurance: Both [ehealthinsurance.com](http://ehealthinsurance.com) and [vimo.com](http://vimo.com) offer simple price and coverage comparisons among policies in each state. But never sign up for an insurance plan online. Always talk with a representative before buying, advises Michelle Katz, author of *Healthcare for Less*. "Get their names and numbers so you can go back to them if you have any questions about the information you've seen on the Internet."

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