# Analysis: Shopping around could save patients thousands on medical procedures

The Times Tribune

Shopping around at area hospitals and outpatient surgery centers for the cost of procedures could save patients thousands of dollars, a Sunday Times analysis found.

Using an online cost estimator developed by Aetna insurance, the newspaper found significant price variations for several common medical procedures. In most cases, procedures cost more if they are performed at a hospital instead of a doctor's office, outpatient clinic or ambulatory surgical center.

In the past, that was of little concern to insured patients because insurance companies bore most, if not all, of the costs. However, as health care costs continue to soar, insurance companies are pushing more and more of the burden on patients in the form of rising deductibles, copays and coinsurance.

"You should not assume that because insurance is picking up the tab you don't need to worry about price," said Kevin Kavanagh, M.D., director of Healthwatch USA, a Kentucky-based patient advocacy group. "What insurance pays can vary greatly between facilities."

Aetna's cost estimator, which is available only to Aetna subscribers, shows prices charged by hospitals and outpatient surgery centers vary by as much as tens of thousands of dollars for the same procedure. A patient's out-of-pocket share of those costs varies by as much as $2,500.

For example, an upper GI endoscopy — a procedure that allows a doctor to look at the inside lining of a patient's esophagus, stomach and small intestine — performed at Geisinger Community Medical Center is estimated to cost $20,323, of which the patient is responsible for $3,038 based on a policy with a $1,000 deductible and 30 percent coinsurance. The same procedure performed at the Hazleton Endoscopy Center is estimated to cost $8,484 — or nearly $12,000 less — with a patient responsible for

just $577.

The results were similar for a diagnostic colonoscopy. If a patient has that performed at GCMC, it would cost $13,867, of which the patient would be responsible for $2,432. If the procedure is performed at Riverview Ambulatory Surgical Center in Kingston, Aetna's cost estimator projected it would cost $6,029, of which the patient would be responsible for $742.

Charges and out-of-pocket expenses for other common, non-surgical tests and lab work also vary widely, the newspaper found.

Routine blood work to measure cholesterol, blood sugar, liver and kidney function would cost $216 at Quest Diagnostics in Hazleton, of which the patient would be responsible for $17. If that same test is performed at a hospital, charges range from $184 at Wilkes-Barre General Hospital to $985 at Moses Taylor Hospital, with a patient responsibility of $48 and $50, respectively.

An echocardiogram to measure heart function would cost $592 at Moses Taylor. If it is performed at GCMC, the cost would be $1,551, according to the cost estimator. In both cases, the patient's responsibility would be limited to $50.

Negotiations at heart of fees

Many factors drive a facility's charges, including operating costs and the number of charity cases, Medicare/Medicaid patients and advanced care services. How much the insurance company actually pays — commonly referred to as the "allowable rate" — is largely dependent on how successful it is in negotiating with various providers, advocates say.

"There is a tremendous variation in what is charged for a particular service," said Deborah Chollet, Ph.D., of Mathematica Policy Research in Washington D.C. "It has little to do with the cost of producing the service. It has to do with how hard the insurer can negotiate with a particular physician or hospital."

Barbara Tapscott, vice president for revenue management for Geisinger Health System, said the higher prices at hospitals compared to outpatient clinics are attributable to vastly different cost structures to operate the facilities.

“A hospital provides services 24 hours a day, seven days a week,” she said. “A free-standing clinic provides care on a different operating model. They don’t have those higher costs.”

While cost is an important factor, it should not be the driving force that decides where patients seek care, she said.

Erik Rasmussen, vice president of legislative affairs for the American Hospital Association, said patients’ first and foremost consideration when deciding which facility to use should be their medical needs.

For healthy patients seeking routine procedures, an outpatient facility may be fine while those with serious underlying health issues may need a hospital, he said.

“My mother is a 75-year-old two-time cancer survivor,” Mr. Rasmussen said. “When she needs a procedure done, I want her to be at a hospital where they are ready for anything to happen. It’s vitally important that patients find a facility based on their clinical needs.”

Need for transparency

The wide price variations highlight the importance of increasing price transparency so patients can evaluate the cost of medical procedures, much like they do with other purchases, before they buy, advocates say.

“There is no question we need to get more information, and not after we get a prescription filled or a procedure done,” said Amy Bach, executive director of United Policyholders in San Francisco, California, an insurance consumer group.

That’s become even more important as the number of people enrolled in high-deductible plans, which the IRS defines as $1,300 for an individual or $2,600 for a family, skyrocketed in recent years.

As of January 2015, nearly 19.7 million people nationwide were enrolled in high-deductible plans, up from roughly 13.7 million in 2012, according to a study by America’s Health Insurance Plans in Washington, D.C., a trade association representing the health insurance industry. That contributed to soaring out-of-pocket health expenses, which reached $416 billion in 2014, and are projected to grow to $606 billion in 2019, according to Kalorama Information in Rockville, Maryland,a healthcare market research firm.

“Insurance companies have shifted more risk onto the consumer,” Ms. Bach said. “It’s only fair now that the consumer bears more responsibility for paying a larger share of medical costs, they should be able to control those costs. Transparency is the first step.”study by America’s Health Insurance Plans,

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