

Ways to Negotiate Medical Debt – What You Can Do Alone and With Help

The statistics on medical debt and the basic costs of health insurance continue to shock consumers. In August, The Commonwealth Fund, a nonprofit healthcare action group, reported that family premiums for employer-sponsored health insurance rose 119 percent between 1999 and 2008 and were destined to rise another 94 percent by 2020 to an average annual cost per family of \$23,842 “if cost growth continues on its current course.”

Yet most individuals know that present-day health insurance isn't a protection against massive amounts of uncovered medical debt. *The American Journal of Medicine* reported the results of a random sample study in June. The results stated that in 2007, before the current economic downturn, an American family filed for bankruptcy every 90 seconds in the aftermath of illness even though three-quarters of them were insured. The study added that 60 percent of all bankruptcies in the United States in 2007 were driven by medical incidents.

One of the most damaging aspects of medical debt is that it may occur suddenly and pile up at lightning speed. An overnight hospital stay – depending on tests and treatments – may easily cost several thousand dollars.

The bottom line: Your health could be your biggest money issue.

Whether you're facing a planned medical procedure or have to undergo treatment in an emergency, it pays to devise a battle plan to keep costs under control, and keep the person you've designated as your health power of attorney in the loop. A financial planning professional, health insurance agent or your employer's human resource department might be good places to start a discussion about avoiding unnecessary costs during physician's office visit or hospital procedures.

One of the main things all individuals should do if they have time before an exam or procedure is check whether their insurance covers it.

But if you're currently facing significant medical debt without insurance or after insurance refuses to pay a significant portion of your bill, here are some steps you can follow:

Relax first and then check for errors: Medical Billing Advocates of America, a Salem, VA organization of businesses that consult with individuals and companies to examine bills for mistakes and correct insurance mistakes, says that there are duplicate charges in almost every medical bill. Watch the bill closely, write down questions you have and then make an appointment with the doctor or hospital's billing office to politely review those questions.

Make sure the insurer is dealing with the bill: If you undergo a hospital visit or a procedure, you may get a summary of fees from the hospital or the physician that say “not a bill,” which may lead you to put it aside and forget about it. Check in with your insurer to check the status of the claim before you get a surprise weeks later that they have refused to cover the bill. Make sure you’re watching every step of the process from the moment you leave the hospital or doctor’s office.

You can negotiate: If you are stuck paying out-of-pocket for a significant portion of the bill, see if you can negotiate that fee downward. Call the physician or hospital billing office to see if you can get a discount on the total bill, and see if there is a financial counselor at the hospital you can deal with.

Get help: A medical billing advocate generally works on major uninsured medical debts – ranging from the tens to the hundreds of thousands of dollars – and typically charges anywhere from 15 to 50 percent of the bill as a collection fee for negotiating with the hospital, physician or the insurance company. That’s a hefty price to pay for someone else’s expertise, but in certain cases, it can make sense. Failing that, many states have indigent care funds that offer some relief for individuals with substantial medical debt.

Ask for a payment plan: If you have a substantial cash balance to pay, ask the medical center or physician if you can pay on time. Just make sure you know what they’re charging you to do that.

Remember – attitude is everything: Keep in mind that many medical practitioners and their staff members have as many problems with the way the system runs as you do. Do your research first – learn all you can about conventional charges for certain procedures before you call and question the billing center. Ask questions calmly and politely. Show appreciation for their help. If you have to discuss more billing issues with them in the future, it might make it easier.

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