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When Hospital Fees Catch You Off Guard

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When patients visit some doctors' offices and urgent-care clinics, they're increasingly running into something unexpected: billing as though they had gone to a hospital.

The fees, which sometimes amount to hundreds of dollars, can result when hospitals own physician practices, urgent-care centers and other operations. Patients visiting an urgent-care clinic for a sore throat, for instance, can unexpectedly get billed as if they visited a hospital emergency room. And doctors' offices in clinics owned by hospitals, besides billing for the physician's work, might also tack on a "facility fee," an additional charge hospitals usually impose when procedures are done on their premises. Even for insured patients, such additional charges can drive up out-of-pocket costs.

Insurers, including WellPoint Inc. and Cigna Corp., say they're seeing an increase in hospital facility fees charged when members see doctors in clinics affiliated with hospital systems. Rick Weisblatt, a senior vice president at Harvard Pilgrim Health Care, says the issue is "the expansion of hospital services far from their campus, but still billed" as if they were offered in the hospital's main building. Harvard Pilgrim estimates that doctor visits at independent urgent-care facilities cost around \$24 to \$185, while at clinics that are considered parts of hospitals the tab would be about \$69 to \$541.

Meeting Standards

Hospitals say the additional charges reflect the costs of offering a full range of health-care resources and of meeting certain regulatory standards in patient safety, infection control and other areas. But consumers can be surprised to receive hospital-type bills after visiting a facility or doctor's office that hadn't made its billing practices clear.

Kathy Forbes of Derry, N.H., brought her son to a local urgent-care center last year after one of the family's guinea pigs nipped his finger. He got four stitches and a tetanus shot. The next month, Ms. Forbes, a 44-year-old teacher, got a bill for \$355 from the physician group.

A week later, another bill arrived, for \$654.44. Elliot Health System, a hospital operator that owned the urgent-care center, was billing her for use of the facility, including a fee described as an "emergency room" charge. Ms. Forbes, whose health plan has a big deductible, says that after protesting she succeeded in getting part of the bill reduced. It's "misleading" to use hospital-billing practices at a freestanding clinic without warning patients, she says. A spokeswoman for Elliot Health System declined to comment.

Last spring, Ms. Forbes recounted her story during a New Hampshire legislative hearing, and

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in July, the state's governor signed a law creating a commission to study hospital billing practices in general. Other states also are taking action. Wisconsin lawmakers are considering a bill that would require medical providers to disclose facility fees. States including Texas, South Dakota and Minnesota have moved in recent years to force greater general disclosure of medical fees.

Responsibility to Patients

Hospital officials say they are open about their charges. The Cleveland Clinic has sent more than 200,000 letters this year alerting patients about new \$55 facility fees for visits with doctors at affiliated centers. And Bozeman Deaconess Hospital, which has added eight clinics since 2005, has put up signs identifying its facilities' hospital ties, in addition to sending letters, says Bill Pfungsten, a vice president overseeing medical practices. "It's our responsibility to let the patients know" about billing practices, he says.

The Urgent Care Association of America estimates there are at least 8,200 urgent-care centers in the U.S., and the number is rising by about 12% a year. The clinics typically treat patients for ailments ranging from sore throats to rashes and minor lacerations. According to a 2008 survey sponsored by the group, 29% are owned or co-owned by hospitals, with the remainder owned by doctors or companies.

The facility fees are "not about driving revenue," says Sara Larch, a vice president at Inova Health System, a not-for-profit hospital chain based in Fairfax, Va. "It's really just about getting paid for the cost of what we've provided."

If you're visiting a doctor, an urgent-care clinic or an imaging center, among other sites, you should ask in advance about hospital ownership and billing practices. Not all hospital-affiliated clinics levy these fees. It depends on the hospital's ownership structure and choice of approach, as well as its contracts with insurers. Sometimes doctors simply rent space in hospital-owned buildings, and seeing them may

not incur a facility fee. And if a doctor practices in more than one location, you may be able to avoid paying a facility fee by going to an office that's not part of a hospital-owned clinic.

You should also check with your insurer about how hospital facility fees will be covered. Some insurers' contracts don't allow facility fees from in-network hospitals. In that case, make sure the hospital doesn't bill you for the difference, a practice known as balance billing. Other insurers do allow the fees, so you want to ask about the out-of-pocket implications under your plan.

The higher bills at hospital-owned centers affect employees at Zimbrick Inc., a chain of car dealerships in the Madison, Wis., area. Workers there make a flat copayment when they see a doctor. But if there is an additional hospital facility fee, it counts against employees' deductible, so they might have to pay this bill out of pocket. Since the company started discussing the issue with employees a few years ago, many have switched doctors to avoid the facility fees, which can amount to \$75 to \$300, says Vikki Brueggeman, director of human resources for the 900-employee company.

Health plans may require consumers to pay emergency-room copayments even if they didn't understand that an urgent-care visit could count as a trip to the ER.

Michelle Pritchard, a 34-year-old administrative assistant from Richton Park, Ill., went with her son to an urgent-care clinic when they both had a serious cough in January. During a 10-minute visit, a doctor prescribed them cough medications and antibiotics. Ms. Pritchard knew the clinic was owned by Ingalls Memorial Hospital, but still figured she would owe \$25 in copayments each for herself and her son, the usual charge under her health plan for urgent-care visits.

Misleading Signs

Instead, Ms. Pritchard says she got a bill for an emergency-room-visit copayment of \$75 each, or a total of \$150. "If they're an emergency

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room, why do they have 'urgent care' on the sign?" says Ms. Pritchard. "It's ridiculous."

Ingalls officials say their urgent-care clinics have signs inside that say they're extensions of the emergency department, but don't specifically mention fees to avoid discouraging patients from seeking care. Ingalls says that in the wake of complaints, including Ms. Pritchard's, which appeared in a local blog, the hospital now asks patients to sign a document that explains the billing practices. Ms. Pritchard says she didn't notice the signs and no one spoke to her about the bill.

If you get hit by an unexpected fee, you should first carefully check the bill and your explanation of benefits. If you're still confused, call the provider and your insurer to make sure you understand the charge and confirm that it is allowed by the health plan. If you feel the out-of-pocket amount you're being billed is unfair, you can try to appeal the provider's bill or your insurer's decision. But if the health plan's contract with the provider allows for facility charges, you will likely run into stiffer resistance.

Feeling Duped

When Jim Thomson's doctor told him to have an ultrasound a few years ago, the 35-year-old software developer selected what he believed was an independently owned imaging center. The reason: Scans at independent centers cost him nothing under his health plan, while hospital charges counted against his deductible.

A month later, Mr. Thomson got a \$773 bill from hospital operator Seton Health, which co-owned the imaging center. "I just feel like I was duped," he says, because there was "absolutely zero" way for him to know he'd be billed as if he'd visited a hospital. Mr. Thomson says he appealed twice, but was turned down both times by his insurer, Anthem Blue Cross and Blue Shield. Mr. Thomson, who had a \$1,000 deductible in his plan, ended up paying the full bill.

A Seton Health spokeswoman says the imaging

center's signs include the Seton name along with the co-owner's. She says Seton Health's rates are consistent with its competitors' and it hasn't seen other complaints similar to Mr. Thomson's. Anthem parent WellPoint says it urges members to check on charges and coverage in advance.

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