

# KNOW YOUR BENEFITS.

From Propel



## How to Research Health Care Prices

It's not a secret that health care can cost quite a bit. In 2010, the United States spent \$3.1 trillion on health care, an average of \$9,695 per person. The Milliman Medical Index suggests that the average family of four covered by an employer-sponsored health plan will spend over \$25,826 on health care in 2016.

### **Who Sets Prices**

So who do you suppose sets the price of individual medical procedures? While the government and insurance companies have a hand in determining costs, they are only two of many variables. The prices your insurance company pays for medical procedures are largely based on a set of values listed in a directory of billing codes published by the Relative Value Update Committee (RUC) of the American Medical Association (AMA).

The committee is tasked with determining a value for all medical procedures. The value is totaled by adding up several variables associated with the procedure, such as the time it takes to perform the procedure and the cost of supplies.

The RUC then advises the Center for Medicare and Medicaid Services (CMS) on

the values for procedures. While the CMS is not obligated to go by the values set by the RUC they do so roughly 95 percent of the time. Accepted recommendations are then applied to a CMS formula incorporating other information that determines a dollar amount for the procedure that will be paid to health care providers.

### **Finding Out Prices**

Researching health care costs is not easy. Aside from the sheer number of variables that go into determining the price for your particular situation, health values, like those submitted to CMS by the RUC, are not made public. Likewise, hospitals and other providers generally don't publicize how much they're paid for services, and they can charge different amounts depending on who is paying. Insurers, which often contract to receive lower prices for their customers, also generally do not disclose numbers.

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One way to help control health care costs is to become more knowledgeable as a health care consumer. Traditionally, patients were told what procedures or treatments were needed, where to receive the treatment and then simply waited for the bill. Many individuals still approach their health care in this way because they do not know about any alternative solutions.

However, today there are options available for patients to get involved in decisions regarding their health care. The more engaged you are with your medical care and treatment, the more money you can save—while still ensuring high-quality care.

The easiest step to take in order to learn health care costs specific to you is to speak with your doctor. If something confuses you, ask questions. If your doctor prescribes a medication, ask if there is a generic version or lower-cost option available. If your doctor recommends a procedure or test, ask if it is truly necessary or if other options exist.

Next, take that information and compare it against data collected from other facilities in your area. It is also a good idea to call local providers with assertive questions in mind (and make sure to take good notes).

Additionally, there are a growing number of online resources set up to help you estimate what a medical service costs before you undergo any procedures. While it's

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unlikely you will be able to obtain an exact dollar figure with these methods, there is a good chance you can discern a reasonably precise price range.

Additionally, there are resources to help you find the best value for medical care. Prices vary from facility to facility, so you can realize significant savings by doing some research in advance.

There are also online resources to help you find and compare health care price information. Check out the following resources:

- [www.healthgrades.com/](http://www.healthgrades.com/) for physician and hospital ratings and quality data, plus cost information for a variety of medical procedures.
- [www.newchoicehealth.com/](http://www.newchoicehealth.com/) for estimated costs for various procedures by region or provider. Plus, request a procedure price quote from local providers.
- [www.healthcarebluebook.com/](http://www.healthcarebluebook.com/) for a suggested, fair price for a service based on a database of rates paid by private insurers.
- <http://projects.wsj.com/medicarebilling/> for a searchable database, hosted by the Wall Street Journal, of dollar amounts that doctors and medical providers received in Medicare reimbursements in 2012.
- Also be sure to check with your health insurer—it may offer quality or price comparison tools available for plan members.



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