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Hospitals, Alice's Wonderland, and the bishops on health care

by Bill Tammeus

A small c catholic

The Web site of the U.S. Conference of Catholic Bishops devotes lots of attention to health care. As it should.

But my own recent personal experience with our health care system makes me think the bishops -- and all American religious leaders -- might do well first to insist that the system be built on rigorous honesty instead of relying on the incomprehensible money games that now seem to characterize it -- games a friend who serves as CEO of a major health care non-profit agency tells me are ?absurd.?

It's fine for the bishops to say this: ?The USCCB has consistently worked for access to affordable health care for all that reflects these principles: Respect for Life; Priority Concern for the Poor; Universal Access; Comprehensive Benefits; Pluralism; Quality; Cost Control; and Equitable Financing.?

But to that list I would add a system of cost accountability not shrouded in so much mystery that patients are left baffled and unable even to begin to know how to make wise choices.

That pricing accountability is exactly what was missing when I had sinus surgery in early January. My primary insurance is through Medicare. In addition, I have a Medigap policy through Blue Cross/Blue Shield.

Before my outpatient surgery I made a wild guess that this surgical clearing-out procedure might cost my two insurance companies up to \$6,000. (I purposefully inflated my guess to be on the safe side.)

Thus, you can imagine my astonishment when I received notice that St. Luke's Hospital of Kansas City

(an excellent facility with Episcopal roots) had billed Medicare \$38,966.82.

Later, I received word that my surgeon had billed Medicare for an additional \$16,265. Three other health care workers somehow involved in my procedure separately billed Medicare for a total of \$2,206. Follow-up care added to the total bill, which eventually topped \$60,000. (Should I have my \$60,000 nose insured?)

In the end, Medicare paid the hospital just under \$7,500 and my supplementary plan paid it just less than \$2,000. I paid nothing. Then Medicare paid the surgeon \$1,599.40 of the \$16,000-plus bill he submitted while my Blue Cross/Blue Shield plan paid him just under \$400. Again, I paid zero.

"This is normal, absolutely normal," a retired top Medicare executive told me when I sought someone to explain why this ballooned-up billing system seems so dishonest.

Still, he acknowledged that "why hospitals have this cost structure set up I have no idea. These are made-up figures" that have little to do with the way Medicare figures reimbursements rates based on "Diagnosis Related Groups (DRG)" and other factors.

So I asked the hospital to explain things, and here's its full, official response:

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Hospitals file Medicare and insurance claims using national claim format standards. The standards state that total charges are submitted. Medicare uses the information on the claim to determine how much to pay. Other payers do the same. Many managed care payers are contracted with the hospital and pay according to the contract terms. Using the national standards for claims format allows for electronic claims submission and supports each payer's informational needs to pay the claim based on regulations or contracts. Saint Luke's works with uninsured patients to assist them in applying for government programs like Medicaid whenever possible. The hospital also works with uninsured patients individually to offer financial assistance for those who qualify and to set up payment plans for any patient.

So these "national claim format standards" result in "total charges (that) are submitted." Got that? Me, neither.

I'm glad health care reform passed Congress last year, though I agree that it needs to be improved. But in the end we cannot have a reliable, trustworthy system rooted in integrity if its billing system comes from Alice's Wonderland.

And if religious groups such as the U.S. bishops don't argue the case for fundamental honesty in our health care system, who will?

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