

HEALTH

Hospitals Often Charge Uninsured People the Highest Prices, New Data Show

Cash payers are often charged more than insurance companies for the same service by the same hospital, according to a WSJ analysis of previously confidential data

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Raul Macias was rushed to an emergency room last November, with pain shooting from his back to his legs. His breathing was shallow.

Doctors at Avera St. Luke's Hospital in Aberdeen, S.D., discovered a potentially life-threatening tear in the lining of his largest artery. They moved him to Avera Health's heart hospital, where he stayed for three days.

Avera then billed Mr. Macias, who was uninsured, some of the highest prices the hospitals charge to any payer, the Wall Street Journal found in an analysis of Avera's previously confidential hospital price data.

A Journal study of thousands of prices at hundreds of hospitals revealed that many charge top prices to patients like Mr. Macias, who must pay cash out of pocket, compared with the prices the hospitals have negotiated with insurance companies.

The 32-year-old's abdominal and pelvic scan at Avera St. Luke's cost \$6,422, the highest out of a wide range of rates the Avera hospital charges for that service based on the new data. The price billed to Mr. Macias was roughly three times the best deal negotiated by an insurance company.

Another scan of his chest came to \$4,194, approximately \$280 to \$2,800 more than any prices negotiated between St. Luke's and an insurer. The prices for identical scans performed at Avera's heart hospital were also among the highest that the hospital charged.

His total hospital bills came to \$59,800.

Hospitals typically charge different customers different prices for the exact same service, with big discounts for some but not others.

Those rates—and wide pricing differences—were confidential until Jan. 1, when a new federal rule required hospitals to make prices public.

The newly public prices allow for the first time a comparison of what deep-pocketed insurers pay hospitals versus rates that hospitals set for patients who pay cash. Time and time again, the Journal's analysis revealed, cash payers are charged among the highest prices.

Patients typically pay these cash prices either because they are uninsured or because some services aren't covered by their health plans. Hospitals generally offer financial aid, but policies vary widely and can be poorly promoted, leaving many uninsured, who are often also low-income, to struggle with unmanageable bills.

Avera said it works with patients to offer discounts or help them to sign up for insurance. In negotiations, Avera offered to reduce some of Mr. Macias's prices. His payment hasn't been settled.



The Journal's analysis examined a number of emergency services, medical needs individuals often can't skip even if they lack insurance. Services including emergency-room visits, imaging scans and procedures such as an angioplasty and stenting often performed on heart-attack patients have been identified by researchers and federal data as commonly needed in emergencies by those without insurance.

The analysis used data compiled by Turquoise Health Co., a pricing-transparency startup. At least 44% of the country's roughly 4,900 short-term, rural and children's hospitals hadn't published data that complied with the January rule as of June 18, according to Turquoise.

The Journal analysis looked at the 1,550 hospitals in the Turquoise data that released both insurance and cash-payment rates.

Among the Journal's findings:

—Hospitals routinely bill uninsured patients at their highest rates. About 21%, or 319, of the hospitals did so for the majority of the services included in the analysis. At 171 of those hospitals, the cash rate was higher than all of the rates billed to insurers, or tied for the highest rate, for every service in the analysis. That was true at some hospitals owned by major systems including Sanford Health and Yale New Haven Health System.

—On average, across the 1,166 hospitals that included rates for Medicare Advantage plans in their disclosures, the fees for uninsured patients were 3.6 times the average rates paid by the Medicare Advantage plans. Medicare rates are typically set by the government to at least cover hospital costs and are considered a baseline for comparing prices. Rates for Medicare Advantage plans, which are administered by private insurers, are generally close to these mandated prices.

—Some dominant local and regional nonprofits, including Mass General Brigham, based in Boston, and Avera, based in Sioux Falls, S.D., billed the uninsured at their general hospitals some of their highest prices while also setting some of the most restrictive financial-aid policies for free care nationwide, according to tax filings, Turquoise data and patients' medical bills.

—Cash prices, which haven't been available publicly to help patients choose where to seek medical care, often vary widely even among hospitals in the same county. In the 270 counties where at least two hospitals have disclosed their cash prices, the average spread between the lowest and highest rates for a complex emergency-room visit is \$1,852.

In Shelby County, Tenn., home to Memphis, the spread for that type of ER visit is \$2,054. It would cost an uninsured patient \$884 at any of the three Baptist Memorial Health Care hospitals; \$1,480 at Regional Medical Center; \$2,653 at Saint Francis Hospital-Memphis; and \$2,938 at Saint Francis Hospital-Bartlett.

A Baptist spokeswoman said the price originally posted for the visit was in error and revised it to \$884. Regional Medical Center prices for uninsured patients comply with state law and are similar to those for some insured patients, a spokeswoman said, and its financial aid program may further cut bills. Tenet Healthcare Corp., which owns Saint Francis Hospital-Memphis and Saint Francis Hospital-Bartlett, said uninsured patients can apply for potentially steep discounts.

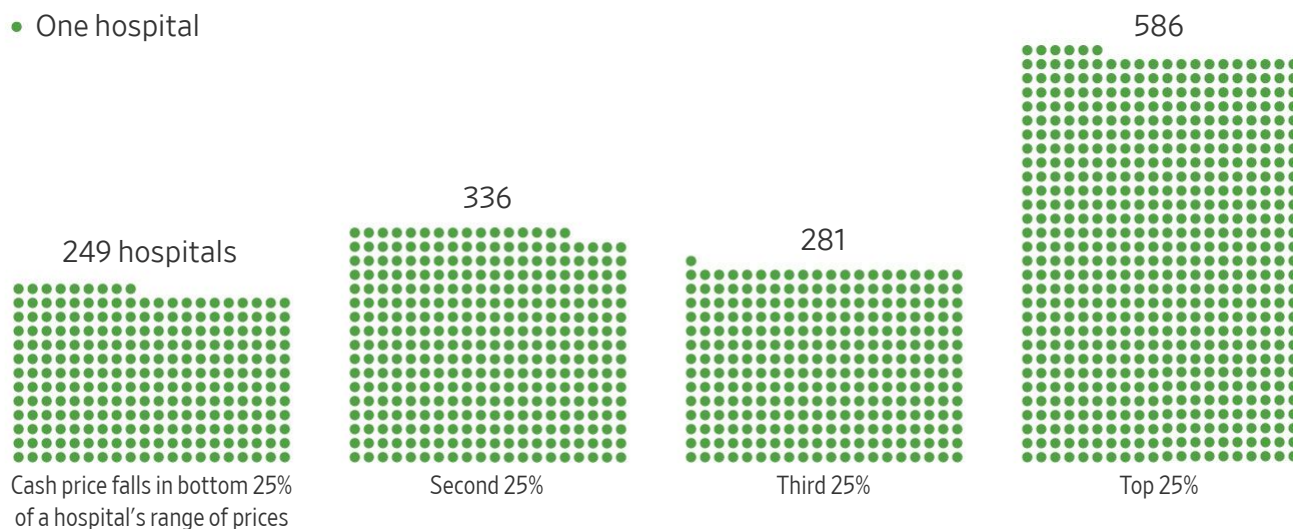
Other hospitals, after getting questions from the Journal about the high cash prices revealed in the data, changed their disclosures to show lower rates. Tucson Medical Center said its original filing had overstated its cash prices due to an error. McLaren Health Care said it had been planning to update its filing to reflect its true cash prices, based on an improved understanding of the federal regulation.

Hospitals with cash prices at the top of their scales in the Journal's analysis said they offer discounts and free care to low-income patients who qualify for their financial-assistance programs. Sanford Health said if an uninsured patient didn't qualify, "we will negotiate a discounted cash price for that individual on a case-by-case basis." Yale New Haven said nearly all uninsured patients get income-related free care and discounts from its cash prices.

Patients paying cash often face higher prices than insurers for the same service. In the Journal's analysis, charges for cash payers for a chest X-ray fell on the higher end of the spectrum of prices for that procedure at the majority of hospitals. At 320 hospitals, cash payers were charged the top* price. That compares with 158 hospitals that charged cash payers the lowest* price.

How the cash price ranks among each hospital's range of prices for a chest X-ray†

- One hospital



*Price may be tied with other payers †Chest X-ray, two views

Note: Includes 1,452 hospitals reporting a cash price and at least one price negotiated with an insurer. Prices as of June 18.

Source: WSJ analysis of data collected by Turquoise Health

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Hospitals that offer additional discounts for the uninsured don't always automatically make the cuts to patient bills, leaving cash-pay patients with significantly higher charges, the Journal found. It can take long negotiations, often by hiring lawyers or professional advocates, to bring about reduced charges.

Tenet, on its website and in regulatory filings, says it discounts prices for those without coverage under its "Compact with Uninsured Patients." The company unveiled the compact nearly two decades ago as it settled a lawsuit alleging price gouging.

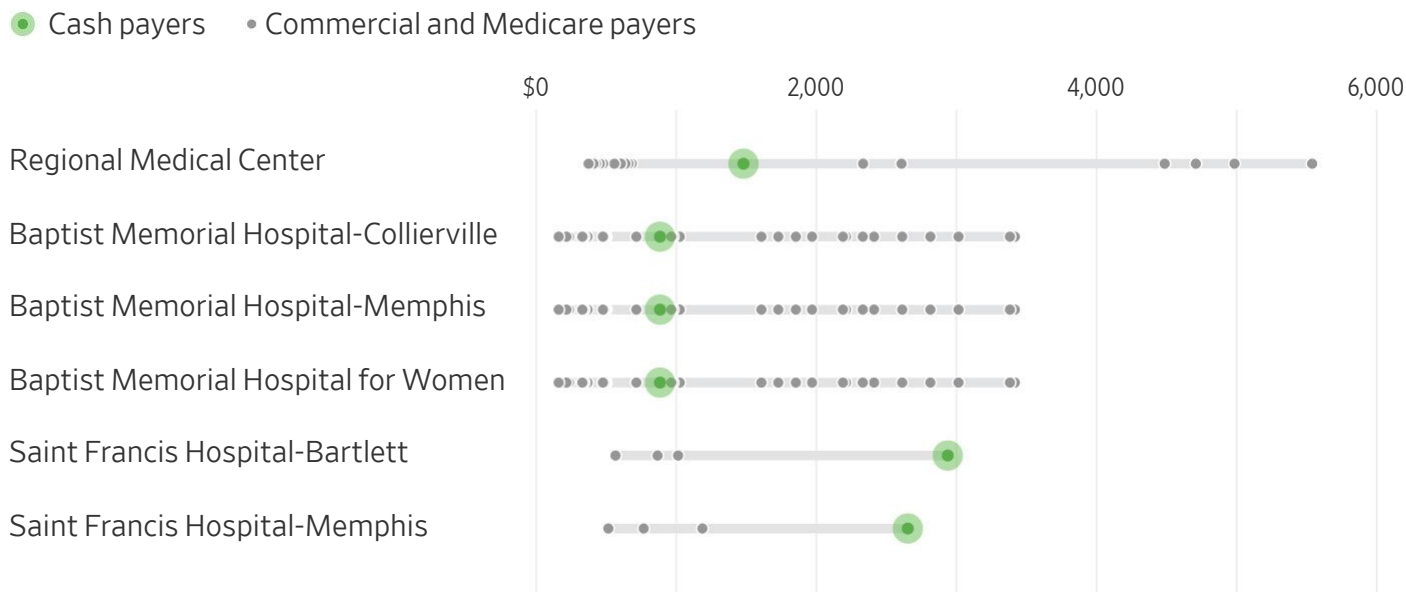
Those discounts slash bills by an average of 85% off its top price, the company said in a recent statement to the Journal. But patients must apply to receive the discount. The vast majority of cash prices for emergency services at Tenet hospitals reviewed by the Journal instead reduced bills by 20% to 30%.

"It's really criminal, the mess that our current system is in," said Mary Daniel, chief executive of ClaimMedic, which helps patients negotiate payment with hospitals. "It is a deliberate attempt for these hospitals to gouge the uninsured."

About 11% of U.S. residents under age 65 were uninsured in 2019, or about 29 million people, according to an analysis of federal data by the Kaiser Family Foundation.

Prices for cash payers for the same service can vary widely at hospitals within a single county.

Prices charged for a complex emergency room visit at different hospitals in Shelby County, Tenn., by payer type



Note: Includes hospitals reporting a cash price and at least one price negotiated with an insurer. Prices as of June 18.

Source: Turquoise Health

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The differences between the prices for uninsured people and insurance companies can be wide.

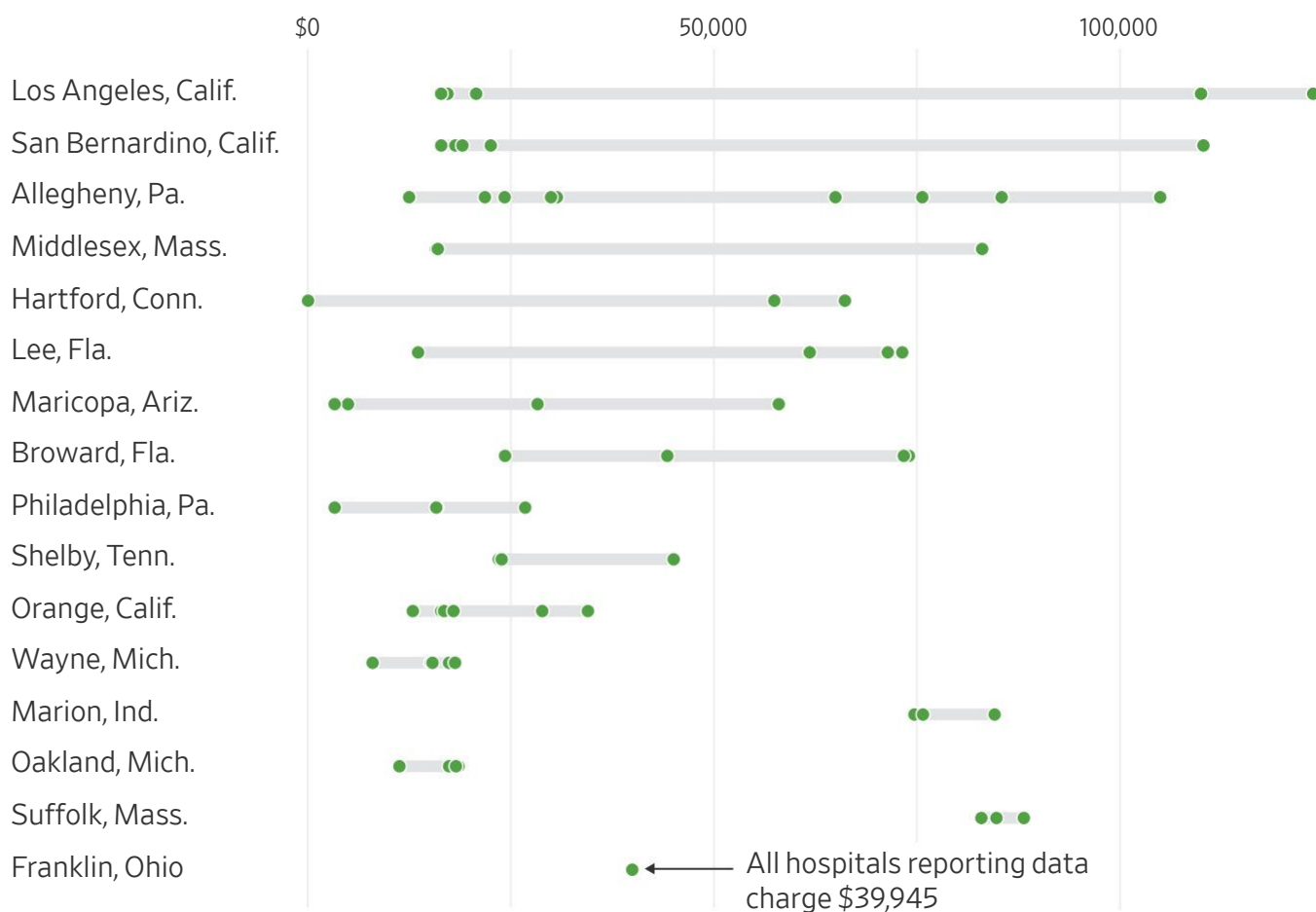
At Ephraim McDowell Regional Medical Center in Danville, Ky., an uninsured person getting a stent after a heart attack could be billed around \$66,226 for the procedure. An Anthem Inc. health-maintenance organization plan would pay just \$17,895 at the hospital, and the insurer's Medicare plan even less—\$12,445.

Ephraim McDowell Health said the cash prices are the highest rates but that it offers discounts and bill forgiveness for those who qualify for financial assistance. In a written statement, the hospital system said, "it is rare that an uninsured patient would pay the total gross charge amount due to the variety of financial assistance programs available."

Eligibility under the program cuts off at three times the federal poverty level, according to the hospital system, which is an annual income of \$38,640 for a single person.

Prices typically haven't been publicly available before now. Yet for expensive procedures like angioplasty and drug-coated stenting, the difference in the cash price within a single county can be over \$100,000.

Prices hospitals charge cash payers for an angioplasty and stent, by county



Note: Includes hospitals reporting a cash price and at least one price negotiated with an insurer, and counties with four or more hospitals reporting prices. Prices as of June 18.

Source: Turquoise Health

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The reasons for high cash prices are complex and, even to many healthcare experts, baffling.

Hospitals typically have a sticker price, often called the “chargemaster” price, that can be the starting point for negotiations with insurers. Discounts off that sticker price tend to be steeper for those that bring large volumes of patients. Insurance plans offered under government programs like Medicare and Medicaid get even lower rates, tied to prices mandated by federal and state agencies.

The cash prices for patients who must pay for their own care can be equal to the sticker prices or sometimes represent a percentage lopped off that top rate. Sometimes, those cash rates are also applied to people who have some form of insurance but get a service that the insurance doesn't cover.

Will Fox, who advises hospitals on pricing as an actuary with Milliman Inc., says hospitals often keep cash prices above the rates negotiated by big insurers.

“They don’t want to give away too much of a discount because they really want the best discounts to go to these larger volume negotiated insured rates,” he said. “Somebody walking off the street, we’ll give you a 20% discount, but we’re going to give our favorite customer, who sends us millions or even billions of dollars in business, we’re going to give them a much bigger discount.”

Yale New Haven Health offers cash prices that represent a discount off sticker rates, but it keeps them above all of the prices negotiated by insurers, says Pat McCabe, the system’s senior vice president of finance. “We didn’t want there to be that tension, for an insurer to look at that data and say, ‘you’re providing better rates to uninsured patients than you are to our insureds, how do we justify that to our members and/or employer partners?’ ”

For individuals who struggle to pay, financial aid is hard to get at some hospitals with high cash prices, the Journal analysis found. That is true even among the nearly 3,000 nonprofit hospitals that get tax breaks on the condition they give back to the community.

Hospitals typically set household income limits for financial aid, with free care for patients below a cutoff.

The quarter of hospitals with the most generous free-care policies write off the entire bill for those with monthly incomes under about \$2,600 a month, and even up to roughly \$6,400 a month, for a one-person household, the Journal found.

Those that rank in the quarter of hospitals with the most-restrictive policies draw the line at or below about 160% of the federal threshold for poverty, disqualifying for free care patients with monthly income of more than around \$1,700 for a one-person household, according to a Journal analysis of nonprofit hospital tax filings.

Brigham and Women’s Hospital, affiliated with Harvard Medical School, falls in this most-restrictive group, with income cutoffs for free care at \$1,610 a month for a one-person household. For 12 of 17 emergency services at Brigham and Women’s reviewed by the Journal, its highest rates are for uninsured patients, and insurance companies pay significantly less.



A patient paying cash at the hospital for the stenting procedure is charged \$84,792. Local insurer Fallon Health spends \$36,755 for the procedure under one of its health-maintenance organization plans. A Medicare insurance plan from Aetna, part of CVS Health Corp., pays \$16,648.

Mass General Brigham, the system that includes Brigham and Women's, said in a written statement it has policies to prevent someone without insurance from paying full price.

Some hospitals, including Brigham and Women's, also partially discount patients' bills for some who earn too much for free care. Others write off bills that are large relative to a patient's income. But policies vary widely. The most-restrictive quarter of hospitals cut off discounts at 2.5 times the federal poverty level, the Journal found.

Patients who don't qualify for financial aid at nonprofit hospitals also aren't protected by pricing limits under federal law. The Affordable Care Act requires nonprofit hospitals to cap prices for patients who qualify for financial aid.

Hospitals apply financial aid and discount policies inconsistently, say consumer advocates and patients. Offers may be one-time-only, or discounts may emerge only when a skilled negotiator is pushing for them.

In January 2018, Joannie Berthiaume spent two days at Broward Health Imperial Point hospital in Fort Lauderdale, Fla., and got emergency surgery to remove her appendix. She was uninsured and the hospital charged Ms. Berthiaume its highest prices.

Her bill totaled about \$42,000, including a \$6,033 abdominal CT scan. For that same scan, an Aetna subsidiary gets a 24% break, according to the newly public data from Broward Health.

That discount would have meant a fee of around \$4,600 for the scan, based on the price charged in 2018.

Ms. Berthiaume, who is Canadian but was living in Florida at the time of her illness while finishing graduate school, went in person to Broward Health to ask about the bill. She was told it could be cut in half, to about \$21,000 total—if she paid in full right then. Ms. Berthiaume, then working in a part-time bookkeeping job, says she couldn't do that. The hospital later continued to seek the full amount, including in letters sent by a law firm and reviewed by the Journal.

“If you charge me \$42,000 and your costs are justified, how can you knock it in half in a matter of minutes,” Ms. Berthiaume says. “You must be overcharging.”

Ms. Berthiaume hired attorney Jacqueline Grady to negotiate on her behalf, and in October 2019 the hospital offered to accept \$20,000, in addition to \$2,000 she had already paid, if she paid within 16 days. Ms. Berthiaume declined.

Broward Health declined to comment on the details of Ms. Berthiaume's case, although she signed a consent form allowing the hospital system to do so. The hospital system said that U.S. citizens and people with a permanent U.S. residence who come to its hospitals for unplanned care, and don't qualify for its financial assistance program, are offered a discounted rate.

In the pricing data files Broward Health has disclosed under the federal transparency requirement, the cash prices are shown as Broward's highest rates. However, the hospital system pointed the Journal to a consumer tool on its website that displays lower prices for self-pay patients. Broward Health said in a written statement that the tool “provides the most current pricing for consumers,” and “discounted prices may not be reflected” in the data files. The system didn't respond to questions about the reasons for the discrepancy.

High cash prices inflate bills that uninsured patients often struggle to pay. Hospitals collected 5% of the amount they billed uninsured patients before writing off bills after a year of seeking payment, according to Crowe LLP, an accounting, technology and consulting firm, based on an analysis of 600 client hospitals. That is compared with collecting 40% of bills sent to patients with insurance for amounts owed under deductibles, copays and other out-of-pocket costs, based on a separate analysis by Crowe of about 1,500 hospitals.

Hospitals closely track their “payer mix,” or the mix of patients with commercial insurance, Medicare, Medicaid and the uninsured, who might be unlikely to ever pay for their treatment. That could play a role in how hospitals set prices.

For Mr. Macias, debt from Avera hospitals plus other bills related to his November hospitalization amount to about 75% of his annual income, according to Resolve Advocates, one of a growing number of companies that patients hire to negotiate hospital medical bills on their behalf.



Avera’s hospital in Aberdeen charged him the highest price for some emergency room services, according to a review of medical bills for Mr. Macias and the Journal’s analysis of Avera’s negotiated rates with insurers.

Avera in some cases has multiple contracts with a single insurer and said the prices it made public are the average price it charges an insurer for each service.

The Avera Heart Hospital of South Dakota, in Sioux Falls, gave Mr. Macias a 20% discount. Even with the discount, some of the heart hospital prices were in the top third of what the hospital charged patients with insurance for some services.

Mr. Macias, a superintendent for a construction company, earned too much for free care at Avera, where the income cutoff is among the lowest nationally for nonprofit hospitals, ranking in the bottom quarter, according to the Journal analysis.

But he appears to qualify for other financial assistance, such as a partial discount based on income or because Mr. Macias’s medical debts are large when compared with his household finances, said Resolve’s chief executive, Braden Pan.

Avera rejected the request, saying that Mr. Macias could have had workplace health benefits but didn't enroll, according to Resolve. Mr. Macias said in an interview that he missed the sign-up after miscommunication with his former employer. Buying insurance in the marketplace was too costly, he said.

Avera also rejected an appeal, after factoring in his assets alongside his income, according to Resolve. Mr. Macias said he needs his years of savings for a house down payment.

Resolve also offered about \$8,000, or slightly more than the company estimated Medicare would pay, for Mr. Macias's \$24,800 emergency-room bill at Avera St. Luke's, Mr. Pan said. The hospital said no, and despite denying financial aid, offered to reduce the bill by 50%, Mr. Pan said. The amount excluded another \$34,994 he owes Avera's heart hospital.

Mr. Macias, citing his unhappiness about the fight, told the Journal he wouldn't give Avera permission under federal privacy laws to speak about his interactions with it.

"Health care delivery comes with a cost—and when individuals have the means to pay, it allows us resources to help those most in need," Lindsey Meyers, a spokeswoman for Avera, said in a written statement. "We have thoroughly reviewed the case you have mentioned and identified that all processes were followed as described, and we made every effort to work with the patient."

Mr. Macias said he has largely recovered with new blood-pressure medication and months of rehab exercises he devised on his own.

He now lives in Austin, Texas, with his fiancée and their children, ages 6 and 3. Avera's debt collectors call constantly, he said. "They're still blowing me up."

—Andrea Fuller contributed to this article.

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