



# Medical Billing Pointers

From the Office of Minnesota Attorney General Lori Swanson

Medical billing can be confusing. A clinic may bill you before your insurance company has been given a chance to pay, leading you to question whether you owe the bill. Or you may have a high-deductible insurance plan and are struggling to keep up with large hospital bills. Other people may find all the descriptions used by their insurance company—phrases like co-pays, deductibles, co-insurance, and allowed amounts—baffling. In any of these cases, the following medical billing pointers may be of help:

## Ensuring That the Bill and Your Portion of the Bill Are Accurate

Patients are sometimes billed incorrectly. You may have been billed for services that have not been received, billed for services that have already been paid, either by you or your insurance company, or billed for services that should have been submitted to your insurance company. If you receive a bill from a hospital or clinic and dispute whether you owe the amount requested, or are unsure if you do, you may wish to:

**Request an itemized statement from the clinic or hospital.** An itemized statement should contain a full accounting of the services provided to you. If the itemized statement contains services you never received, call or write to the clinic or hospital to point out the discrepancy. Keep copies of any letters you send.

**Ask the clinic or hospital for an itemization of all payments, whether made by you or your insurance company.** By matching up the original charges with the payments made, you may be able to identify any discrepancies. In some cases, a clinic or hospital may have multiple accounts in your name (or that of your family). This can lead to confusion if the health care organization posts a payment for one account to another account. If you feel you have made a payment that is not showing up, ask if the health care organization might have posted the payment to another account in your name (or that of a family member).

**Ensure that your insurance company has paid what it should, if you have insurance coverage.** In some cases, your clinic or hospital may send you a bill before your insurance company has had an opportunity to pay. If you are uncertain whether you owe the bill, call your insurance company to find out whether it has received and acted on the bill and how much it will be paying. Ask your insurance company what its timetable is for paying the bill. Your insurance company will usually send you an “explanation of benefits” form showing what it has paid on a health care bill and how much you owe.

Most HMOs and insurance companies require a clinic or hospital to bill them in a certain amount of time, and if they do not, the insurer or HMO may deny the claim. In some cases where a claim is denied because the clinic or hospital sent it to the insurer too late, the clinic or hospital may turn to the patient for payment. Most provider agreements between doctors, clinics and hospitals, on the one hand, and HMOs and insurance companies, on the other hand, state that the clinic or hospital cannot turn to the patient for payment if the clinic or hospital bills the insurer too late.

In addition, an agreement between the Minnesota Attorney General and most Minnesota hospitals prohibits most hospitals (and their associated clinics) from pursuing a patient for collections if an insurance company denied a claim because the hospital negligently failed to bill the patient’s insurance company on time. If a clinic or hospital asks you to pay a bill that you believe should have been paid by your insurance company, call both the clinic or hospital and insurance company to see if there is still time for the claim to be processed. If not, ask the clinic or hospital and insurance company about your obligation to pay the bill if the clinic or hospital’s delay in filing a claim caused the claim to be denied.

## Payment and Financial Assistance Plans

Health care bills can be expensive, and some people may have difficulty paying them all at once. If this is your situation, you may wish to ask the clinic or hospital if it will work with you to reach an affordable **payment plan**. Under an agreement between the Minnesota Attorney General and most Minnesota hospitals, if a patient expresses an inability to pay an entire hospital bill at once, the hospital must work with the patient to see if a reasonable payment plan can be reached. This agreement also applies to *some* clinics that are part of hospital systems.

Minnesota non-profit hospitals also offer **financial assistance** programs to help people with limited income and assets pay their hospital bills. These programs vary from hospital to hospital and may have names like “charity care,” “community care,” or “financial assistance.” If you have trouble affording a hospital bill, you may wish to ask the hospital whether you qualify for its financial assistance programs.

## Health Care Prices

The following are some commonly asked questions about health care prices:

- People are sometimes surprised by how much a particular service costs. For example, a procedure may take only a few minutes, but you may receive a bill for hundreds of dollars. Because it is hard for people to “comparison shop” for health care, health care bills can sometimes create unwelcome surprises. In general, each clinic and hospital sets its own prices. If you question the cost of a particular service, the best step is to contact the clinic or hospital for an explanation.
- Under an agreement between the Minnesota Attorney General and most Minnesota hospitals, hospitals may not charge uninsured patients more than they charge the private insurance company that delivers the most revenue to the hospital. This agreement applies to Minnesota residents with annual household incomes of \$125,000 or less.

- HMOs and insurance companies have agreements with doctors, clinics, and hospitals. Under these agreements, the HMO or insurance company negotiates discounts from the prices charged by the doctor, clinic, or hospital. These discounts can sometimes result in confusion for patients, especially when they appear on the insurance company or HMO’s “explanation of benefits” form, or EOB. The EOB may set forth the original charge by the clinic or hospital, the amount of the discount, the amount paid by the insurance company, and the amount you owe. The original charge is the charge prior to the discount, and the discounted amount is how much of the provider’s bill the insurance company or HMO will pay.

## Debt Collectors

A doctor or hospital may refer your bill to a third party debt collection agency if you do not pay. If you cannot afford to pay the entire bill at once, you may wish to try to negotiate a payment plan with the hospital or clinic.

The *Debt Collection Fact Sheet*, a publication from the Minnesota Attorney General’s Office, explains how a debt collector can contact you, describes your rights regarding debt collection, and outlines prohibited debt collection practices. For example, if you are contacted by a medical debt collector, you have certain rights under the federal Fair Debt Collection Practices Act. If a debt collector sends you a collection notice, for instance, you have 30 days under federal law to send the collector a letter asking it to substantiate the debt if you do not believe you owe it. Upon receipt of your letter, the collector must stop contacting you unless and until it can substantiate the debt.

## The Minnesota Attorney General Hospital Agreement

The Minnesota Attorney General and most Minnesota hospitals have entered into an agreement relating to the hospitals' billing and collection practices.

The following are some of the provisions in the Minnesota Attorney General Hospital Agreement:

- The hospital cannot collect debt from the patient unless the applicable insurance company has been billed and given the opportunity to pay the claim, and there is a reasonable basis to believe the patient owes the bill.
- The hospital must offer a reasonable payment plan to patients who are unable to pay the full amount in one payment. The hospital may not refer a debt to a collection agency if the patient makes payments in accordance with the terms of a payment plan agreed to by the hospital.
- A patient must be given a reasonable opportunity to submit an application for financial assistance from the hospital.
- A hospital's collection agency must forward all patients who object to the collection activity to the hospital. In other words, you have the right to speak with the hospital directly regarding your medical debt.
- The collection agency must cease collection activity, pending further review, if the patient states that: (1) he or she does not owe the bill; (2) the insurance company is obligated to pay the bill; or (3) the patient needs further documentation of the bill.
- For patients without insurance coverage, a hospital may not charge an uninsured patient more than the hospital would be reimbursed by its largest insurer for those with health insurance. In other words, an uninsured patient cannot be charged more than an insured patient.

## Finding Insurance Coverage

If you are in need of insurance coverage, a website, [www.healthcare.gov](http://www.healthcare.gov), provides information about some insurance options available under federal law, as well as State, non-profit, and other health insurance options. Additional information about Minnesota health care resources is available at a website maintained by the Minnesota Department of Human Services, which can be found at [www.mn.gov/dhs/partners-and-providers](http://www.mn.gov/dhs/partners-and-providers).

## Glossary of Key Medical Insurance Billing Terms

The following are some common insurance and billing terms:

**Co-insurance.** The percentage of the cost of treatment that is charged to the consumer for services after the insurance deductible has been paid. For example, a co-insurance level of 20 percent means that the insurance company pays 80 percent of the clinic costs, and you pay 20 percent.

**Co-pay.** The fixed amount you must pay to use a covered service. For example, you may be required to make a \$20 co-payment for each office visit.

**Deductible.** The total dollar amount you must reach before your insurance company will pay. For example, your insurance policy may have a \$3,000 annual deductible. This means that you must pay \$3,000 in medical bills before your insurance company pays anything.

**Explanation of Benefits Form (EOB).** A form sent to you by your insurance company that explains what payments were made by the insurance company to your doctor or hospital and what unpaid amounts you owe.

**Provider Allowed Amount.** The amount of the clinic or hospital's bill that the insurance company will allow to be charged. Under contracts between clinics and hospitals and insurance companies, the clinic or hospital must agree to certain discounts and cannot charge more than the discounted amount to a particular patient's insurance company.

## If You Have Questions

If you have any questions, or need help, you may contact the Minnesota Attorney General's Office at:

### Office of Minnesota Attorney General

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## A Word About the Emergency Medical Treatment and Labor Act (EMTALA)

A hospital emergency room cannot deny you emergency care. EMTALA, a federal law, requires a hospital emergency room to treat patients in emergency situations regardless of their ability to pay. EMTALA also prohibits a hospital from asking for money before a patient has had a medical screening examination and before stabilizing treatment is provided.

