KY Consumers Care

Be an Informed Consumer

Kentucky Hospital Association

Hospital Handout: Patient FAQs

HOW MUCH WILL I ACTUALLY HAVE TO PAY OUT OF MY POCKET?

Patient pays:

- ☐ A patient **with** health insurance needs to pay the deductible, copay and/or coinsurance set by their health plan.
- ☐ The financial obligations could differ depending on whether the hospital or physicians are "out-of-network," meaning the health plan does not have a contract with them. Contact your insurance company to understand what your financial obligations will be.
- ☐ A patient with or without health insurance can discuss financial assistance options available to them by contacting the patient financial services office at your hospital.

Health insurance plan pays:

Health plans such as Medicare, Medicaid, workers' compensation, commercial health insurance, etc. do not pay charges. Instead, they pay a negotiated price that has been predetermined or in advance. The patient only pays the out-of-pocket amounts set by the health plan.

WHAT DO THE FOLLOWING HEALTH INSURANCE TERMS MEAN?

Deductible means the amount the patient needs to pay for healthcare services before the health plan begins to pay. The deductible may not apply to all services.

Copay means a fixed amount (e.g., $20) the patient pays for a covered healthcare service, such as a physician office visit or prescription.

Coinsurance means the percentage the patient pays for a covered health service (e.g., 20% of the negotiated payment). This is based on the allowed amount for the service. You pay coinsurance plus any deductibles you owe.

A patient's specific healthcare plan coverage, including the deductible, copay and coinsurance, varies depending on what plan the patient has. Health plans also have differing networks of hospitals, physicians and other providers with which the plan has contracted. Patients need to contact their health plan for this specific information.

WHAT IS THE DIFFERENCE BETWEEN CHARGES, COST AND TOTAL PRICE?

Total charge is the amount set before any discounts. Hospitals are required by the federal government to utilize uniform charges as the starting point for all bills.

The charges are based on what type of care was provided and can differ from patient to patient for similar services, depending on any complications or different treatment provided due to the patient's health.

Cost: For a hospital, it is the total expense incurred to provide the healthcare. Hospitals have higher costs to provide care than freestanding or retail providers, even for the same type of service. This is because a hospital is open 24 hours a day, 7 days a week and needs to have everything necessary available to cover any and all emergencies. Non-hospital healthcare providers can choose when to be available and typically would not provide services that would result in losses. A hospital's cost

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of services can vary depending on additional factors such as:

- Types of services it provides since many vital services are provided at a loss, such as trauma, burn, neonatal, psychiatric and others;
- Providing medical education programs to train physicians, nurses and other healthcare professionals, again provided at a loss;
- More patients with significantly higher levels of illness, yet payment doesn't cover;
- A disproportionately high number of patients who are on public assistance or uninsured and unable to pay much, if anything, toward the cost of their care.

Total Price is the amount actually paid to a hospital. Hospitals are paid by health plans and/or patients, but the total amount paid is significantly less than the total charges.

HOW CAN I USE THIS HOSPITAL CHARGE INFORMATION TO COMPARE PRICES?

Charge information is not necessarily useful for consumers who are "comparison shopping" between hospitals because the descriptions for a particular service could vary from hospital to hospital and what is included in that description. It is difficult to try to independently compare the charges for a procedure at one facility versus another. An actual procedure is comprised of numerous components from several different departments — room and board, laboratory, other diagnostics, pharmaceuticals, therapies, etc.

A patient who has the specific insurance codes for services requested, available from their physician, can better gauge charge estimates across hospitals. Ask your physician to provide the technical name of the procedure that has been recommended as well as the specific ICD and CPT codes for service.

HOW CAN I GET AN ESTIMATE FOR A SPECIFIC PROCEDURE?

If you need an estimate for a specific procedure or operation, please contact the patient financial services office at the hospital that you will receiving services from.

Such an estimate will be an average charge for the procedure without complications. A physician or physicians make the determination regarding specific care needed based on considerations using the patient's diagnosis, general health condition and many other factors. For example, one individual may require only a one-day hospital stay for a particular procedure, while another may require a two-day stay for the same procedure due to underlying medical condition.

Remember, patients with health insurance will only pay the specified deductible, copay and coinsurance amounts established by their health plan. Patients without health insurance or sufficient financial resources may be eligible for significant discounts from charges. Please contact the patient financial services office for further information.