

PAF Articles



FINANCIAL CONCERNS

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Addressing Financial Challenges

Medical bills and out-of-pocket costs can add up quickly. If you have an outstanding bill, take time to speak with the billing representative or financial counselor from each provider's office. These people are a great source of information about eligibility for affordable payment plans, prompt-pay discounts, or other financial assistance given by that provider.

More tips for talking about costs

- Initiate this conversation without assuming they will volunteer the information.
- Be sure to investigate your options for all facilities, medical providers, and medical services billed as they each may have separate programs in place.
- Be polite and respectful, but also persistent. Call back or follow-up as needed.
- Take notes and document conversations and options offered.
- Do not ignore medical bills. If you need help, there is information on the back of the bill advising you how to request assistance.
- Try to negotiate an affordable payment arrangement. However, do not agree to something you cannot afford just to avoid being sent to collections. This will ultimately cause more problems.
- Look for alternative forms of funding from nonprofit and charity organizations to help offset costs giving you better opportunity to afford negotiated payments. Help is available for things like housing, utilities, medications, food, transportation needs, childcare during treatment, and more for those that qualify.

Cashing in Life Insurance to Pay for Medical Bills

When we think of life insurance death benefits, we typically think of them as money left to your loved ones after you pass. Occasionally, if experiencing a shortage of funds, we might consider accelerating our death benefits to help pay for bills. Before considering this option, it is important to learn your policy to avoid any unforeseen costs and know whether your health condition makes you a candidate.

Most policies follow a similar format

- a) you buy the policy
- b) you make regular payments on your policy
- c) when you pass away, your beneficiary gets the money.

If you're experiencing a medical emergency, tapping into your policy might start to seem more and more appealing. Before making a move to do so, be sure to read and thoroughly understand what it means to pull funds from your policy prematurely.

There are often two health-related provisions built into policies that allow plan holders to dip into their funds. The first is that your disease must be a chronic or life-threatening medical condition. Another is the fund-holders lack of ability to care for oneself. Plans vary, but these two provisions are common requirements.

If you meet the above qualifications, you'll also want to consider the financial ramifications associated with pulling funds early.

There are two primary ways insurance companies charge plan-holders for taking money out early:

- a) extra charges on your premiums
- b) a reduced death benefit

To avoid tax implications, you must be able to prove that you are ill via a note from your physician.

If you are unsure about how much, how frequent, or whether or not to remove funds at all, it might be in your best interest to consult with an agent to avoid potential missteps.

Tips to Avoid Your Medical Bills from Hitting Collections

If you've been sick, chances are you've received an influx of medical bills. At times it may seem overwhelming, but there are options to avoid and take control of medical debt.

Tip 1: Take a deep breath and open your bills. It may seem tempting to toss them aside but that is one of the worst things you can do. Ignoring the bill may postpone immediate stress but will be more harmful in the long run.

Tip 2: Read the details. Don't just look at your medical bills, review your Explanation of Benefits too. By carefully reviewing each line item you can ensure that you weren't overcharged, charged more than once, or charged for a service you did not receive. By being thorough, you can weed out potential errors and stay in control.

Tip 3: Talk to your healthcare providers. Many providers offer help in resolving bills if you ask. Options range anywhere from financial assistance to extending payment plans. By initiating a line of communication, you'll be better able to explore your options.

Tip 4: Negotiate. You can negotiate the cost down with your provider, especially if you don't have insurance. Try asking for lower rates on your medical procedures at the time of service. You also may be able to request a payment plan.

Tip 5: Be proactive. Often times medical bills do not arrive right away. This can happen for a number of reasons including waiting on a response from your insurance company to regular delays in a hospital billing office.

Tip 6: Ask for a Lump Sum Discount. If you can pay the total amount up front, you may be allowed a discount. Ask your provider if this is an option they offer.

Tip 7: Get familiar with Charity Care. Charity Care (also known as uncompensated care) is health care provided for free or reduced rates for low income patients. Your provider should be able to give you more information on this option.

Tip 8: Stay organized. Keep track of the doctors you see, as well as the departments within the hospital you visit. Even if you are treated at the same hospital, bills will often come from each department. Keep good notes and you'll be able to better sort out your bills when they come in.

Words that Impact Your Bill

Medical billing can be overwhelming and daunting. If you become familiar with some important language that impacts your bill, it can help you catch any issues that may present on your medical bills.

- **Deductible:** The amount you pay for medical expenses before the insurance plan begins to cover any additional expenses. For example, if you have a \$1,000 deductible, this means you will have to pay \$1,000 out-of-pocket before your insurance company pays their portion for a covered service. Premiums do not count toward meeting your deductible.
- **Premium:** The amount you must pay for your health insurance plan to remain active. If you have insurance through the workplace, your employer may pay a portion of your premium on your behalf as part of your employee benefit package.
- **Out-of-Pocket Maximum:** This is the highest amount of money you will have to pay during your plan period. It includes the money you spend within the deductible amount, co-insurance, and co-pays. Once you reach this limit, the insurance company will pay 100% of the allowable amount of costs for all covered benefits. The out-of-pocket maximum is higher than your deductible and does not include medication costs or services that are listed as excluded within your plan language. Today, most plans have separate medication and medical out-of-pocket maximums.

- **Allowed Amount:** The negotiated rate your insurance company and provider have agreed upon for a particular service when it's completed within your insurance network. Your co-payments and co-insurance will be based on this amount.
- **Preauthorization:** Your insurance plan may require prior approval for certain services, drugs, or equipment to consider any charges. Preauthorization is not a guarantee that the insurance plan will cover the cost of the service.

What's Reasonable? What's not? Learn how to read those bills!

If you've been diagnosed with a chronic, debilitating or life-threatening illness, chances are you've found yourself staring at complicated bills for services you've received. If you don't understand some of the items on the bill, you're not alone. Learn how to decode your medical bills and know exactly what you're being charged for and how much it should cost.

Your medical costs may vary depending on what state you live in. Using a cost calculator will help lead you to a ballpark estimate of about what things should cost. This can be especially useful if you are uninsured.

You can access a Medical Cost Calculator courtesy of Healthcare Bluebook:

<https://www.healthcarebluebook.com/ui/consumerfront>

Healthcare Bluebook levels the playing field with cost and quality transparency that allows users to make informed healthcare decisions by estimating the fair price of healthcare costs.

After you've done your research and found the right healthcare insurance provider for you and your family, learn specifics about costs associated with your plan. Get familiar with the monthly premium, yearly deductible, yearly out-of-pocket maximum, and the co-pay. If you are unsure about any items, talk to your insurance provider or employer about these costs associated to your care. They are experts in the field and should be able to answer any cost related questions you have.

If you receive a bill and have questions, don't hesitate to give the billing department at the facility you received care at a call. They should be able to explain each item listed. If the costs seem steep, ask for a discount, especially if you are uninsured.

By using resources like a cost calculator, you will be able to better navigate your medical bills and understand exactly what you are being charged for to determine whether it's a reasonable charge. Remember, if you ever have questions or want an explanation for an item on your bill, speak up! You never know, it could make a difference to your wallet.

Out-of-Network Costs and How to Handle Them

As health insurance plans change and options vary, the same holds true for providers and health care facilities. Although there may be more treatment options for patients available now, that doesn't necessarily translate into more treatments covered. Because out-of-network costs add up quickly, it is important you become familiar with your plan and whether your health care provider is in your network.

You can be charged with out-of-network costs when care is provided, and the medical provider has not agreed to a negotiated fee with your insurance provider. This means medical providers may charge the full amount for your treatment and your insurance provider may not pay for these charges, leaving the full burden of payment up to you. Avoid being surprised by costs associated with out-of-network fees by educating yourself on your plans' limitations and additional payment options.

Maximize insurance benefits by reading and understanding your plans language. Becoming familiar with your plans benefits and limitations, you'll be able to make better healthcare decisions for yourself. If you have questions about your plan, ask your insurance provider or Human Resources manager.

If **your provider is out-of-network**, determine whether the same service is available within your network. If you are comfortable switching doctors to lower healthcare costs, this might be a cost-saving option for you. Additionally, if you are thinking about switching plans and see a certain provider regularly, be sure to determine whether they are in the network prior to purchasing the plan. If your current plan does not satisfy your healthcare needs, be sure to explore alternative plan options during your open enrollment period.

Another way to help offset costs is to ask your treating hospital, facility, or provider about **assistance programs**. Usually facilities have programs that will help with some of the financial burden. There are also state drug assistance programs available through your state commissioner's office as well as national and disease specific co-pay assistance programs.

Explore **discount drug options** with large retailers, supermarkets, or pharmacy chains. Different dispensers have different co-pays. Shop around to ensure you are getting the best deal for your prescription.

Be picky. When choosing a healthcare plan, be diligent about choosing doctors and services within your plan. Before care, ask whether the doctor is in your network. Additionally, if your doctor recommends additional treatment, like a blood test, don't assume that it is covered. For every new element of care introduced, ask whether it is in network.

One of the best things you can do to help keep tabs on your healthcare bills is to take good, thorough notes. Some things to consider when organizing your paperwork include asking:

1. What is my financial responsibility?
2. What is my out-of-network deductible?
3. What is my out-of-network cost share (the percent you are responsible for)?
4. Are there above Usual, Customary, and Reasonable Charges (UCR)?
5. What is my out-of-pocket maximum?

The most important thing to remember when tackling out-of-network costs is to educate yourself about your plan and ask questions! By keeping an open line of communication with your healthcare providers and insurance providers, you'll be able to help avoid surprises and make the best healthcare decisions for you.