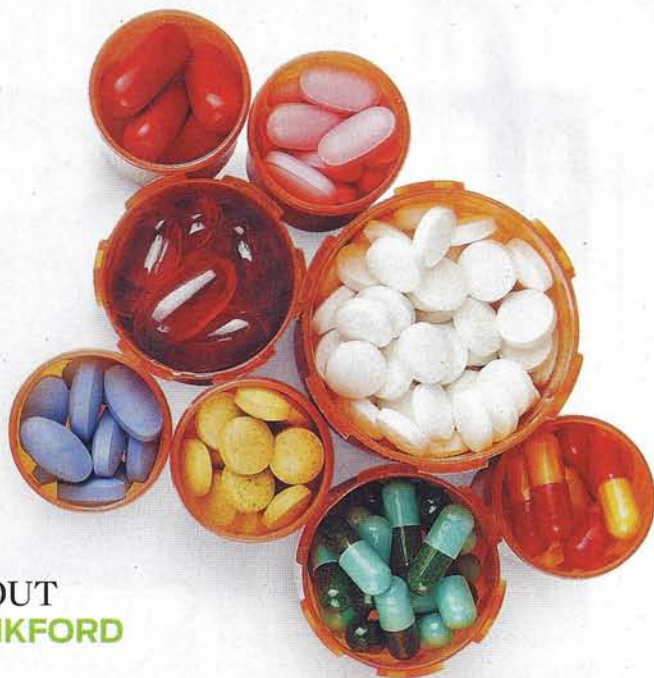


# 30 WAYS TO CUT HEALTH CARE COSTS

HOW TO PAY THE LOWEST PRICE WITHOUT SACRIFICING QUALITY. **BY KIMBERLY LANKFORD**



## IF YOU'RE LIKE MOST AMERICANS, YOU'RE SHOULDERING A LARGER

portion of your health care costs. But as more insurers raise deductibles and switch from fixed-dollar co-payments to coinsurance—which bases out-of-pocket expenses on a percentage of the total costs—you have an incentive to take more control over how much you spend.

Therein lies a problem, however: Most people have no idea how much medical care actually costs. “If a gas station tried to charge you \$10 for a gallon of gas, you’d walk away,” says Jeffrey Rice, a physician and founder of the Healthcare Blue Book, a Web site that helps people compare prices for medical procedures. “But in health care, that same situation happens every day. Patients don’t know what isn’t a fair price, and they end up paying the equivalent of the \$10 gallon of gas.”

Take our advice on how to find the least expensive care without sacrificing quality and you could save hundreds or even thousands of dollars.

ated rate was \$15,000 to \$25,000. After another round, in which he pointed out that with his high-deductible policy he would have to cover a big portion of the bill himself, the hospital agreed to charge \$15,000. “Then I asked my son’s surgeon if there was any other place he could do the procedure, and he gave me the name of an outpatient center,” says Rice. The fees for the doctor and the anesthesiologist were the same, but the outpatient center charged only \$1,515 for the facility fee—and Rice saved thousands of dollars.

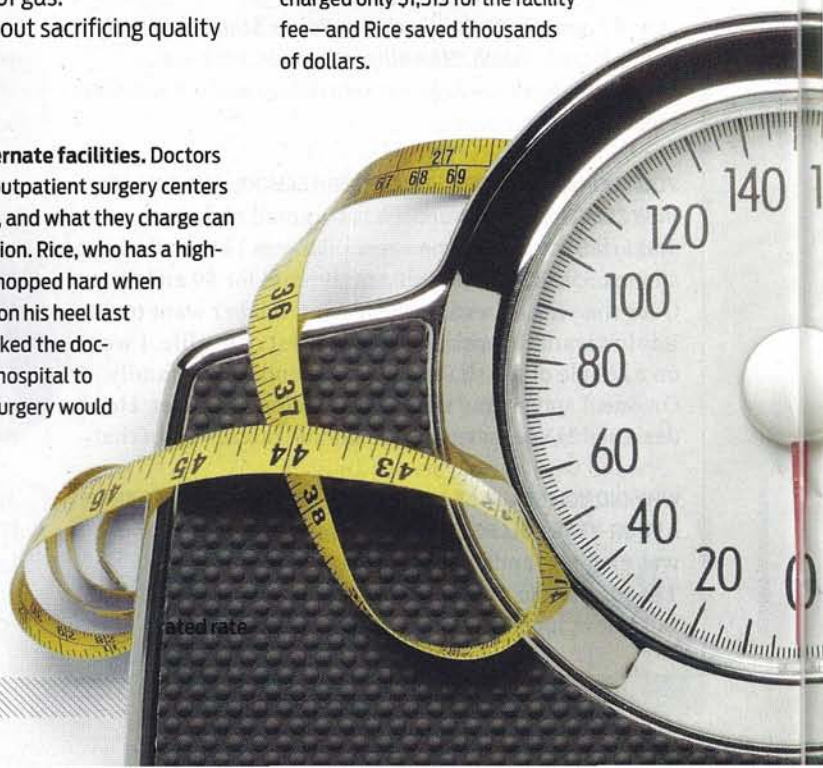
## PICK THE RIGHT PROVIDER

### 1 Make sure everyone you see is in-network.

Most people don’t realize how much they actually save by staying within the insurer’s network: An imaging center in Connecticut, for example, charges a list price of \$1,200 for an MRI. But your insurer may have negotiated a rate far less than that. If you were in your policy’s deductible period and the facility was out of network, you’d pay the difference.

If you’re referred by your doctor to a specialist, check to see that he or she is in-network. And make sure that everyone involved in a procedure is in-network, too. For example, if you’re having surgery, check on the facility, the doctor and the anesthesiologist.

2 Ask about alternate facilities. Doctors often work at outpatient surgery centers as well as hospitals, and what they charge can vary widely by location. Rice, who has a high-deductible policy, shopped hard when his son had surgery on his heel last fall. He carefully picked the doctor, then called the hospital to ask how much the surgery would cost. At first, he was quoted a price of \$37,000. He reiterated that he had insurance and was then told that the negoti-





**3 Find lower-cost after-hours care.** The average in-network cost of an emergency-room visit is about \$933—which you'd likely pay out of pocket with a high-deductible policy. But a visit to an urgent-care center costs only \$71, on average. And a trip to a convenience-care clinic (such as Minute Clinic at CVS) averages just \$33, says Jeffrey Kang, chief medical officer for Cigna. Plus, some insurers boost the coinsurance rate for non-emergency visits to the ER and waive the consumer's coinsurance payment entirely for convenience-care centers.

Sometimes you need high-level emergency-room care, but not always—and it's best to know your options *before* an emergency. "Find out whether the urgent-care center in your neighborhood is in-network," says Amir Mostafaie, director of quality and training at eHealthInsurance.com. If your insurer offers a free 24-hour hotline staffed by a nurse, you can get answers to basic medical questions as well as advice about the best facility for your medical issue.

**4 Save big at independent facilities.** Different facilities charge vastly different prices for x-rays and tests. For example, the average in-network cost of an MRI at a hospital is \$1,145, but the average in-network cost at an independent radiology facility is just \$560, says Kang. "The radiologist is the same. The only difference is where the procedure is done," he says.

If you haven't met your policy's annual deductible, you could save \$585 by going with the lower-cost facility.

But even if you have met your deductible and you're on the hook only for a 20%

coinsurance payment, choosing the independent radiology facility could still save you \$117 in out-of-pocket costs.

"When doctors order a lab test or an x-ray, they write a requisition form," says Kang. "But as with a prescription, you're free to fill it at any facility. People don't understand that."

**5 Ask about any extra discounts.** Some plans offer additional discounts as an incentive to use certain providers. Aetna, for example, identifies "Choose and Save" hospitals, and "Aexcel" doctors, which meet certain standards for quality and efficiency. Some employer plans lower the coinsurance rate as much as 10% to 15% if you use these providers.

## SAVE ON PRESCRIPTIONS

**6 Switch to generic drugs.** The savings can be huge. Someone who takes Glucophage, Prilosec and Zocor can save more than \$4,500 per year on the total cost of the drugs by switching to generic equivalents metformin, omeprazole and simvastatin, says Ross Blair, president of PlanPrescriber.com.

Not only is the list price lower, but the coinsurance rates are usually lower, too—often 15% for generics, 25% for preferred brand-name drugs and 35% for nonpreferred brand-name drugs.

You may get an even better deal on your own. Some chain stores—such as Walmart and Target—charge \$4 for a 30-day supply of certain generic drugs or \$10 for a 90-day supply.

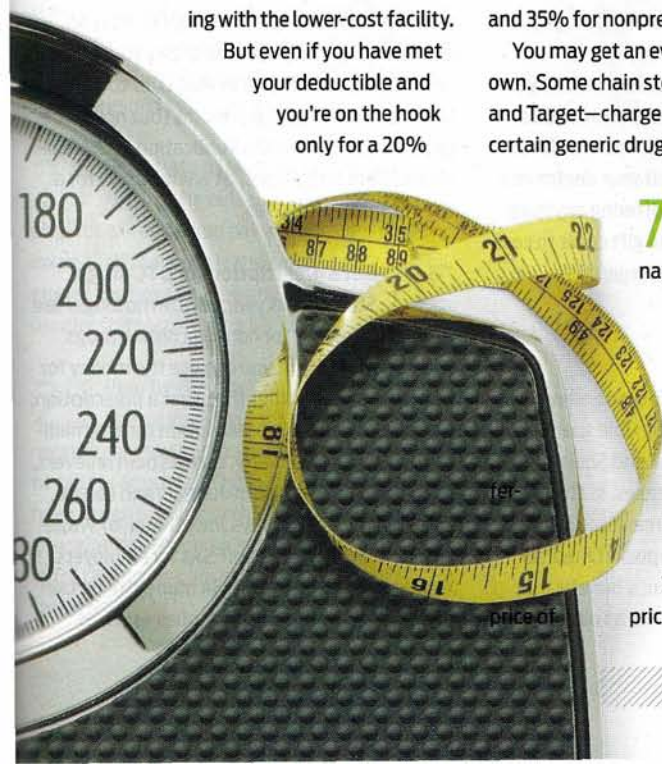
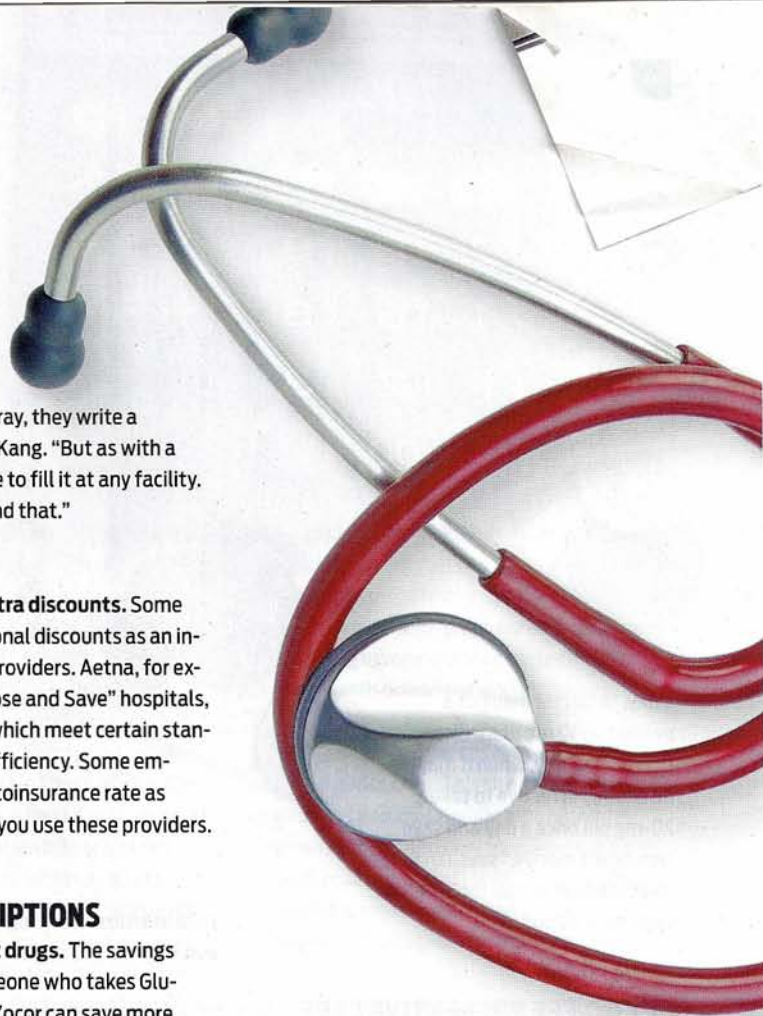
**7 Find therapeutic alternatives.** Some brand-name drugs don't have a generic equivalent yet, but they may have a therapeutic equivalent, which is in the same class of drugs but is chemically a little different, says Kang. For example, Mavik, an ACE inhibitor used to lower blood pressure, has a retail price of about \$33 for a 30-day

supply, but lisinopril, also an ACE inhibitor, is just \$7, says Blair. If your doctor lets you switch to the therapeutic equivalent, you could save more than \$312 per year.

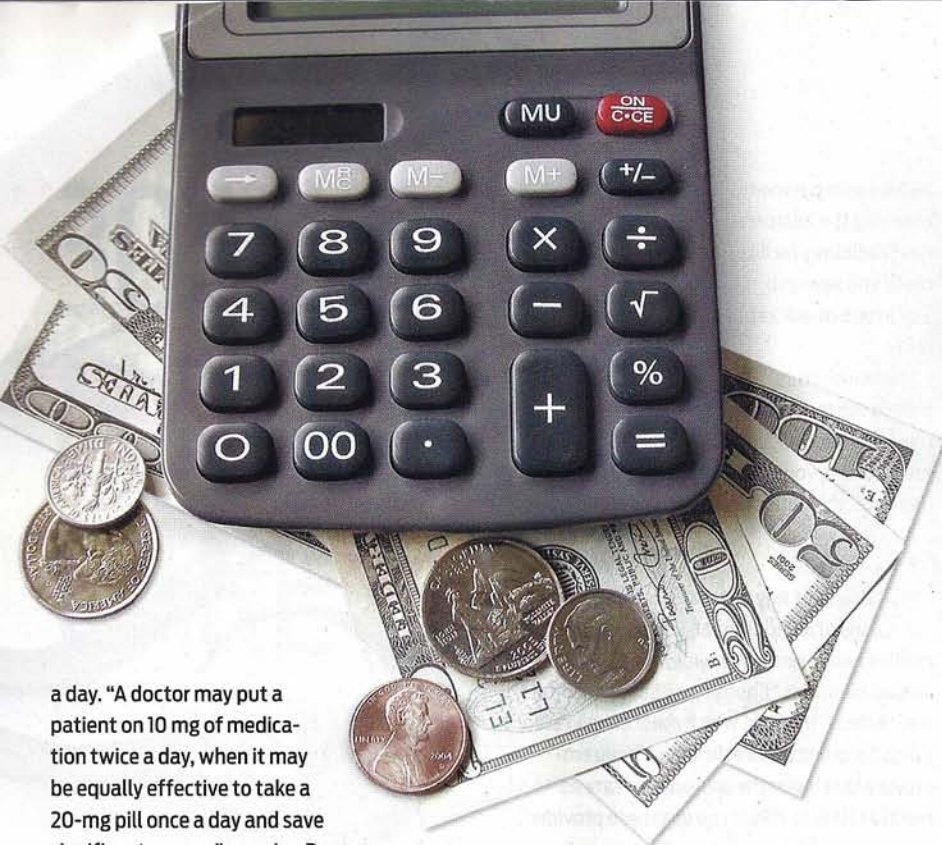
**8 Get your drugs through the mail.** Mail-order pharmacies often provide a three-month supply of drugs for the same price as a one-month supply at a local pharmacy. This strategy could save you more than \$1,000 per year on the cost of Crestor, for example.

**9 Split your pills.** Ask your doctor if you can save money by cutting any of your pills. For example, the 30-day cost for 20-milligram tablets of Lipitor can be about the same as the 30-day cost for 40-mg tablets. You may be able to order the larger Lipitor tablet and split it in half, saving you about \$70 per month—or more than \$840 per year. Note that it's safe to split only certain kinds of medications (see [www.crbestbuydrugs.com](http://www.crbestbuydrugs.com) for a list of commonly split drugs).

**10 Double up.** If you're taking a 20-mg pill twice a day, ask your doctor whether it would be safe to switch to a 40-mg pill once







a day. "A doctor may put a patient on 10 mg of medication twice a day, when it may be equally effective to take a 20-mg pill once a day and save significant money," says Jan Berger, chief medical officer for Silverlink Communications.

## GET NO-FEE PREVENTIVE CARE

**11 Schedule a screening.** Many insurance plans must now provide certain preventive-care screenings without charging deductibles or co-payments. Depending on your age, this rule may apply to blood-pressure, diabetes and cholesterol tests, mammograms and colonoscopies, flu shots, routine vaccines, well-baby and well-child visits, and other preventive services (see the preventive-care page at [www.healthcare.gov](http://www.healthcare.gov) for details).

**12 Sign up for Medicare's new benefits.** Medicare beneficiaries also get an expanded roster of benefits without co-pays or deductibles, such as mammograms, screenings for cervical and colorectal cancer, flu shots, pneumonia shots, and an annual wellness visit and personalized prevention plan. See "Manage Your Health" at [Medicare.gov](http://Medicare.gov) for details.

**13 Cash in on wellness benefits.** More than 40% of large employers surveyed by the National Business Group on Health now offer discounts for participating in wellness programs, and the average incentive to employees is \$380. Some employers may add \$75 to your health savings account if you partici-

pate in an exercise program, and some add even more if you get a health assessment.

**14 Sign up for special programs.** Many employers offer cash if you participate in a healthy-living program—for example, 22% of the employers surveyed by the National Business Group on Health offer discounts on health-insurance premiums for people who participate in tobacco-cessation programs. Others offer free weight-loss or stress-reduction programs and incentives for signing up.

**15 Get help for chronic conditions.** If you have a chronic condition, such as diabetes, your insurer may provide incentives for you to take your medications, visit your doctor and have regular tests. "They're offering anything from discounted premiums to gift cards to cash to days off from work," says Berger.

## USE TAX BREAKS

**16 Contribute to a flexible spending account.** Money in a flexible spending account escapes both federal and Social Security taxes (and in most cases, state and local income taxes, too). You can use these tax-free funds to pay out-of-pocket medical expenses throughout the year, a benefit that is becoming even more valuable as people

face higher deductibles and more cost sharing.

**17 Exploit the grace period.** If your employer offers a grace period until March 15 to use up the previous year's FSA money, there's a sweet spot in the first few months of the year when you can double up on available funds. Use any money left over from the previous year combined with the current year's full allocation and you may be able to fund much of the cost of such big-ticket items as laser eye surgery and major dental work. Annual FSA limits will shrink to \$2,500 in 2013, so consider doing expensive procedures soon.

**18 Get triple tax breaks from a health savings account.** If your health insurance has a deductible of at least \$1,200 for self-only coverage (or \$2,400 for family coverage), then you can contribute up to \$3,050 to an HSA for the year (or \$6,150 if you have family coverage), plus an extra \$1,000 if you're age 55 or older. Contributions lower your taxable income and grow tax-deferred—and they can be used tax-free for medical expenses in any year.

**19 Use HSA money in retirement.** You can't contribute to an HSA after you sign up for Medicare, but you can still use the money tax-free for many expenses, including co-payments, deductibles, prescription drugs (including over-the-counter drugs with a prescription), vision and dental care, and a portion of long-term-care premiums based on age (\$3,290 per year if you're 61 to 70, for example). You can also use the money tax-free to pay your premiums for Medicare Part B or Part D, or to pay for Medicare Advantage premiums (but not medigap premiums). See IRS Publication 502, *Medical and Dental Expenses*, at [www.irs.gov](http://www.irs.gov) for a list of eligible expenses.

**20 Get a prescription for OTC drugs.** Starting this year, you can no longer use FSA or HSA money for nonprescription drugs (except insulin). But you can use the money for over-the-counter drugs if you get a prescription. Ask your doctor for a prescription for any medications you use regularly, such as pain relievers, allergy medications, anti-fungals and cough-and-cold medicines, says Jody Dietel, of Wage-Works, which administers FSAs for employers. You can still use FSA and HSA money for certain over-the-counter medical supplies—such as



bandages, contact lens solution, hearing aids, reading glasses and first aid kits—without a prescription.

## KNOW THE RULES

**21 Get credit for everything.** If you have a high-deductible policy, make sure you're getting the insurer's negotiated rate rather than the much higher list price, even if you haven't hit your deductible yet and are covering the cost yourself. And make sure that all of your care is counted toward the deductible. "Every time you go to the doctor, even if you pay out-of-pocket because of the deductible, you should receive an explanation of benefits from the insurer," says Mostafaie.

**22 Watch out for common errors.** Always get an itemized bill when you have a hospital stay or major procedure—and question unexpected charges. Then match your bill with your explanation of benefits. Coverage may be denied just because the procedure wasn't coded properly, says Pat Pane, a medical claims specialist in Wilmington, N.C. You can find a medical claims expert at [www.claims.org](http://www.claims.org).

**23 Ask for a cash discount.** If you're in your deductible period and paying for a test or procedure yourself, get some leverage by paying cash. Some providers will cut your bill by 20% if you give them cash, says Christopher Parks, CEO of Change Healthcare, which provides health care tools for employers. Make sure you're getting the insurer's negotiated rate, and submit the claim yourself so that it counts against your deductible.

**24 Negotiate a lower payment.** After getting the bill, ask the provider or hospital for a break if you pay a lump sum right away. "Tell them this is the amount of money you have," says Pane. "I usually start by offering 50%."

**25 Play by the rules.** Annually review your insurer's rules regarding emergency care and whom to call for approval. That way, you'll have a plan in place before an emergency, and you won't get stuck with extra charges because you didn't know the drill.

## DO SOME HOMEWORK

**26 Use tools at your insurer's Web site.** Many insurers offer personalized tools to help members shop for care. Aetna, for example, makes it easy for members to look up specific fees for 450 physician-based services and more than 40 facility-based services. The tool shows the retail price for the procedure, the Aetna negotiated rate with each in-network provider and facility within a certain distance, and exactly how much you'll pay based on your plan's coinsurance rates and whether you've met your deductible yet. You can also check quality ratings for doctors and hospitals.

**27 Sign up for your employer's tools.** Change Healthcare, for example, pro-

vides large, self-insured companies with tools to help lower health care costs. Employees may be able to see the cost of doctors' visits and tests or drug costs at each pharmacy in their area. And they may get e-mail alerts or text messages when a lower-cost option is available or when a pharmacy lowers its prices.

**28 Find fair prices at Healthcare Blue Book.** At [www.healthcarebluebook.com](http://www.healthcarebluebook.com) you can find fair prices for surgery, hospital stays, doctor visits and medical tests, based on the average fee that providers in your area accept as payment from insurers. The site also provides money-saving tips for each procedure and a pricing agreement that makes it easier to negotiate with out-of-network providers.

**29 Compare drug costs at DestinationRx.com.** This site shows generic equivalents and therapeutic alternatives to your medications and how much you can save through mail order or pill splitting. You may be able to access personalized information through your employer's pharmacy plan.

**30 Use money-saving apps.** Your insurer or employer may offer cost-saving apps for your iPhone or Android phone. Cigna, for example, offers a Cost of Drug iPhone app that lets you look up the cost of a medication and lower-cost alternatives—then inquire before you leave the doctor's office. ■

