



America's Healthcare Secret Pricing Scandal Exposed

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For everyone who is literally sick and tired of being held ransom by a corrupt healthcare system where insurance companies, their lobbyists, hospital networks, and pharmaceutical companies have had the upper hand by keeping us in the pricing dark, Pratter believes it is time for the unsustainability and unfairness of secret pricing and crippling “surprise” medical bills to stop.

This article exposes America's secret pricing scandal like never before and how it is carefully and purposefully crafted. A review of several self-insured companies' medical bills has led to the following conclusions. They call their pricing proprietary. We call it secret and unethical. Take your secretly priced anti-nausea medicine and keep reading.

The system is rigged against us when insurance company software is programmed to hide the hospital's fee for service by removing the five digit CPT (Current Procedural Terminology) billing code if the NPI (National Provider Identification) is a hospital NPI number. This bait and switch coding occurs every time a hospital NPI number is pinged per claim row. CFOs and benefit VPs cannot manage company money when the medical spend is not itemized.

Insurance companies also fail to provide self-insured employers all of their medical claims. Both the gastroenterologist and the hospital must use the same CPT billing code and the same date of service for a colonoscopy. Often in the data sets analyzed, all of the doctor fees are provided yet none of the hospital fees are provided. The hospital fees are the big ones and are omitted from claims data sets when employers ask to review all of their claims.

Insurance companies do not provide NPI numbers on some employer medical claims data sets. The NPI number identifies the medical provider by name. If the insurance company provided the NPI number, it would permit the actual price of care for each

medical item to be labeled by medical provider name, whether it is a hospital or a surgery center, for example. If not, the pricing remains secret.

Insurance companies, in some instances, claim that the bills that an employer pays are owned by the insurance company. Really?! Go to a grocery store run by an insurance company and they would tell you how much you owed, not let you see an itemized bill and expect you to pay the bill plus charge you an access fee to use that grocery store with wildly different pricing from the one down the street. Why do they do this? Answer: corporate America has let them to this point.

Health insurance companies refuse to provide the employer a copy of its bills, thereby, telling the employer to remain in violation of ERISA law for fiduciary responsibility of health benefits and to continue to irresponsibly write blank checks for medical care. Sadly, most companies continue to write such blank checks, ever so briefly making me want to be an insurance company.

Insurance companies create vast networks, referred to as PPOs (Preferred Provider Organizations). The only thing that is preferred is the deal the insurance company cuts itself. About a full one third of the total medical spend by an employer can be eliminated by removing in-network pricing variation for commodity care alone.

Employers need to realize that when they pay for PPO access, they are paying to access a network designed to maximize the insurance company's revenue - not to save the employer money on medical care. If a chest x-ray was priced identically at all 20 locations in-network, then all the money an employer pays to an insurance company might make sense. Twenty different prices at 20 different locations is the secret pricing scandal revealed.

With true medical cost transparency, meaning known charges and known claim allowables (fancy term for the real price paid for care) before the time of service, there would be no need and no value for a PPO. PPOs will die because of this.

Hospitals have failed to provide a list of their charges for medical care as required by the ACA (Affordable Care Act), Section 2718. This would be very easy to do, especially for outpatient commodity care. None of the 5,700 hospitals in the US have done so, because there is no fee, fine or jail time for a lack of compliance with this federal law. There soon will be a few leaders here and thankfully.

Hospitals do not provide itemized medical bills. There is either a "pay this amount" or generic categories listed, eg blood work or cardiology service. In order to review an itemized medical bill, believe it or not, a health care consumer must ask for one. This is something no other industry does and something we should not tolerate. I recommend not paying any hospital medical bills until after someone from the collection department calls at which point an itemized bill is requested to review and compare to the insurance EOB (Explanation of Benefits).

The secret pricing scandal has left all self-insured employers in violation of ERISA law, as they cannot manage their healthcare fiduciary responsibility. If sued by their employees, perhaps they can point the finger at their carrier. It is a best-of-breed business practice to obtain, review and analyze all medical bills in order to meet ERISA fiduciary requirement for health benefits. CFOs also cannot manage what they cannot measure.

The solution to this corruptness lies within ethical self-insured companies who do not have any personnel bought off by health insurance companies or hospital systems. These employers own their medical bills that they paid. By providing them to Pratter, the actual costs of outpatient procedures that are otherwise not revealed at all, or cloaked in unhelpful and deceptive price ranges, are published and searchable by zip code. A detailed medical cost savings analysis is generated so that an employer, for the first time ever, knows its medical cost drivers by the name of each test. These high cost commodity items are itemized and targeted for savings.

About the Author

Bill Hennessey, MD, is the CEO of Pratter, a medical cost savings and transparency company. Having worked 25 years as an MD, and still owner of a physician billing company, Dr. Hennessey has been first line in the trenches to bring this one-of-a-kind reality.

Pratter is the only healthcare service that empowers consumers and their self-insured employers with truly transparent "know before you go" pricing for outpatient medical care. Pratter is independent of all health insurance companies and partners with consulting benefit experts and independent third party administrators (TPAs). Our passion is to fight for everyone to have affordable access to medical care.

