

A guide to understanding medical bills—and avoiding overpayment

If you receive medical care, and are insured, health care insurance companies will send you something that's called an "Explanation of Benefits (EOB)." This is followed by a bill from the care provider. Together, the EOB and bill usually strike terror in the hearts of the recipients.

Why? Because the EOB and bill can be impossible to understand. While the intent is to explain the medical charges and what part the insurance company will pay and what part you'll be expected to pay, the result is often more confusion.

Part of the reason for the confusion is that today's medical plans are incredibly complex. The member responsibility depends on deductibles, co-insurance, co-payments, out-of-pocket maximums, in-network vs. out-of-network care, and a host of other contingencies. The bills seem to break out every possible service that can be a revenue source, and the charges can seem excessive.

It's a daunting enough task for the average medical consumer. Those with major diseases or operations—and a slew of medical care—can become overwhelmed.

This complexity and confusion opens the door for two unwelcome guests: heartburn, because getting to an understanding of what you really owe is difficult; and fraud. The Medical Billing Advocates of America estimates that we're paying \$10 billion a year in overcharges or undelivered care because of unscrupulous providers who know you won't be able to figure out your bill.

Insurance companies have fraud detection units, but they aren't foolproof. The best safeguard is for you to know how to decipher that EOB and bill, and uncover suspicious or unfair charges.

What to do?

1. Some **new software programs** will help decipher your bills for you. One to consider is Intuit's Quicken Medical Expense Manager.
2. **Match the EOBs and the bills**, and call your insurance service rep for help. They know the system, your plan and charging details. They can be of immense help in sorting out the numbers.
3. **Keep track**. Either using a software program or a spreadsheet you construct, make a log of what you pay and what it is for. This will help in two ways. First, some bills lag and yet should be applied to the same deductible. This will help you keep track. Second, you'll more easily spot double billing.

Neither the information presented nor any opinion expressed constitutes a representation by us or a solicitation for the purchase or sale of any securities. AMS does not sponsor or endorse any entities or Web sites mentioned in this article, nor can AMS be responsible for their content.
© 2006 Asset Marketing Systems Insurance Services, LLC. All rights reserved.

MMR 0606

NASD Review Letter Reference # FX2006-0418-0014/E

4. **Watch the total spending.** Many insurance plans cover everything after you reach a certain out-of-pocket level. Know that level. Also, remember that anything you pay over 7.5 percent of your adjusted gross income is a medical deduction on your tax return.

Why is it important to scour medical bills? They can have a huge impact on your finances. Health care is quickly approaching 20 percent of the U.S. gross national product. That means that one out of every five dollars spent in this country is for medical care. In other words, it isn't hard to bust your budget or drain retirement savings because of medical bills.

The best course of action is to avoid the need for medical care as much as you can, through diet and exercise programs. But disease and injury happen. If you must use the system, be extra careful that the system is not using you!

Neither the information presented nor any opinion expressed constitutes a representation by us or a solicitation for the purchase or sale of any securities. AMS does not sponsor or endorse any entities or Web sites mentioned in this article, nor can AMS be responsible for their content.
© 2006 Asset Marketing Systems Insurance Services, LLC. All rights reserved.

MMR 0606

NASD Review Letter Reference # FX2006-0418-0014/E