

PRICE TRANSPARENCY TOOLKIT

UNDERSTANDING PRICE TRANSPARENCY

Hospitals are committed to providing useful price and quality information to consumers.

- For years, hospitals have complied with North Carolina law to provide information to the public on charges and reimbursements associated with various medical procedures. This information is housed on the NC Department of Health and Human Services website.
- Because of differences in health insurance coverage, it is difficult for us to provide specific costs without knowing very detailed information about a patient's health insurance coverage.
- We encourage patients to ask detailed financial questions – especially before scheduled services.
- Our staff is ready to help patients and their families understand their healthcare costs.

WHAT IS A CHARGEMASTER?

A chargemaster is a comprehensive list of charges for services provided by a hospital – each test, exam, surgery or other procedures, room charges, etc.

- Health insurance companies negotiate with hospitals on rates to provide care for their enrollees. Hospitals are paid the insurance company's contract rate, which is significantly less than the amount listed on the chargemaster.
- Two-thirds of North Carolina hospital's patients are covered by Medicaid or Medicare.
- The federal government sets the price for what it will pay, which is not only far less than the chargemaster price, but below the cost to deliver care.
- A hospital sets its chargemaster based on its unique range of services, adoption of new medical technologies, government underfunding, patient demographics and other local and regional factors.

ARE CHARGES DIFFERENT FROM PAYMENTS?

- Almost no one – patients nor insurance companies – pays the chargemaster amount.
- Insurance companies, Medicare and Medicaid require hospitals to create chargemasters.
- They then apply their contracted rates to determine how much they will pay the hospital or clinic.

- In situations where a patient does not have insurance, our hospital has financial assistance policies that apply discounts to the amounts charged. More information on financial assistance policies can be found at
- The amount an insured person pays for health care is determined by their insurance company through co-pays, deductibles, and out-of-pocket maximums.

WHY DO HOSPITAL CHARGES VARY?

Hospital charges include many factors, such as staffing, equipment, and maintenance costs, as well as the differences in care required to meet individual patient needs.

While the list of charges is the same for all patients, the total charges for an individual patient vary based on the patient's unique needs/experience, including:

- How long it takes to perform the service or how long it takes you to recover in the hospital
- The difficulty of the service or procedure
- What kinds of medication you require
- Complications needing additional treatment
- Other health conditions

The charges a patient sees on the hospital bill also reflect the costs the hospital incurs to employ all the people who care for them and to keep the hospital operating, including:

- Nurses and caregivers at the bedside
- Pharmacists, lab technicians, food service staff, environmental services, security and other personnel keep the hospital running 24/7
- Specialty care providers

Hospital charges include many other factors, such as drug and supply costs, facility depreciation, equipment and maintenance costs. Key components of hospital costs that vary by region, community and individual hospital include:

- 24/7/365 readiness to meet the community's health care needs
- Charity care for people unable to pay
- Medicare and Medicaid underpayments – programs that pay the hospital less than the cost of caring for patients with health coverage through the programs
- Bad debt incurred by insured patients who are unable to meet their co-pays and deductibles.

CHARGEMASTER FAQ

WHAT IS A CHARGEMASTER?

A chargemaster is a list of charges for every service or item provided by a hospital – each test, exam, surgical procedure, room charge, etc. Chargemaster amounts are almost never billed to a patient or received as payment by a hospital. The chargemaster is created for Medicare, Medicaid and Insurance companies. These insurers then apply their contracted rates for the services on the chargemaster. In situations where a patient does not have insurance, our hospital has financial assistance policies that discount the amounts on the chargemaster.

Health insurance companies contract with hospitals to care for their customers. Hospitals are paid the insurance company's contract rate, which is significantly less than the amount on the chargemaster. The insurance company's contract rate, not the chargemaster, is the basis for determining the patient's actual costs. As an example, a hospital may charge \$1,000 for a particular service, while the insurer's contract rate may be \$700. If the patient's insurance plan indicates the patient is responsible for 20 percent of the contract rate, the patient would owe \$140 (20 percent of \$700).

ARE CHARGES THE SAME FOR EVERY PATIENT?

The list of charges is the same for everyone. However, the total charges for an individual often vary from one to another for several reasons, including:

- How long it takes to perform the service
- How long it takes you to recover in the hospital
- The difficulty of the service or procedure
- What kinds of medication you require
- Whether you experience complications and need additional treatment
- Other health conditions you may have that may affect your care

WHAT IS NOT INCLUDED IN THE CHARGEMASTER LIST?

The hospital's chargemaster does not include charges for services provided by the doctor (or doctors) who treat you while you are at the hospital. You may receive separate bills from the hospital and the doctors involved in your care.

Here is a partial list of health care providers who may bill you separately:

- Your personal doctor, if he/she sees you in the hospital
- The surgeon who performs your procedure
- The anesthesiologist who works with the surgeon
- The radiologist who reads your x-rays or other imaging
- Other doctors who may be consulted by your doctor during your time in the hospital
- Laboratory testing

Please ask about our Financial Assistance Policy

<http://www.srmc.org/main/financial-assistance.html>

PFS (Patient Financial Services) building at 2600 Elm Street, Lumberton, N.C.

Call 8a.m. to 5p.m. Monday through Friday (910) 735-8485