

# Another COVID plague: big surprise medical bills for survivors

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(HealthDay)—Seattle resident Michael Flor's heart nearly stopped when

he received a \$1.1 million dollar hospital bill for months of COVID-19 treatment.

The 181-page bill listed nearly 3,000 itemized charges—and didn't include other items likely to make Flor's bill even higher, the 70-year-old told *Time*.

But one fact provided Flor some solace: Kaiser Permanente, the health care company through which he receives his Medicare and Medicare Advantage coverage, has announced it will wave most out-of-pocket costs related to COVID treatment.

That's not going to be the case for a lot of folks who receive similarly high bills, a new study warns.

More than 250,000 people have been hospitalized for COVID infection in the United States, according to background notes with the study. People who've chosen skimpy [health plans](#) might face hospital bills that could ruin them financially, unless either their company or the government intervenes, researchers said.

High-deductible plans in the past have required patients to pay about \$2,000 on average for hospitalizations caused by respiratory infections like COVID-19, compared with only about \$1,500 for low-deductible plans, said lead researcher Matthew Eisenberg. He's an assistant professor of health policy and management at the Johns Hopkins Bloomberg School of Public Health.

Worse, three out of five employer-sponsored health plans aren't subject to a federal law that waives out-of-pocket charges for COVID-19 testing. And those plans aren't required to cover cost-sharing related to treatment.

"The challenge is that we're facing at the same time a huge public health threat and an economic crisis caused by the public health threat," Eisenberg said. "If people are already struggling with fear of losing their job or a spouse losing their job, this additional financial shock to the system could really hurt a lot of people."

For this study, Eisenberg and his colleagues evaluated [medical costs](#) between 2016 and 2019 related to hospitalizations for respiratory conditions similar to COVID. They included pneumonia, acute bronchitis, lower respiratory infections and acute respiratory distress syndrome.

Average out-of-pocket spending for these respiratory hospitalizations was \$1,961 for patients with cheaper high-deductible plans versus \$1,653 for patients in traditional plans typically with lower deductibles.

But that's on average. Folks with a \$5,000 deductible plan could very easily wind up facing a bill of at least \$5,000, Eisenberg added.

Young adults tended to face the greatest gap in out-of-pocket costs between low- and high-deductible plans, the researchers found. They theorized this could be because, since [young people](#) are healthier on average, their hospitalizations might reflect more serious illness requiring more expensive treatment.

Congress passed legislation waiving all out-of-pocket expenses for COVID-19 testing, and many private insurance companies have voluntarily extended such cost-sharing waivers to treatment as well.

But about 60% of employer-sponsored health plans are self-funded plans, where the employer provides direct reimbursement for health benefits and assumes all the financial risk of medical care for their employees. Such plans are not obliged to waive cost-sharing for

COVID-19 treatment, even if the insurance company operating the plan has said it will.

"If you work for a large company that's self-insured, it's not the insurance company's decision about what to cover and what not to cover. It's your employer's decision," Eisenberg said.

The level of out-of-pocket billing in this study could very easily ruin a family that's scraping by, said Matthew Rae, associate director of the Kaiser Family Foundation's Program on the Health Care Marketplace.

"One of the things we know about medical debt is that relatively small amounts of debt can put people into a spiral," Rae said.

Rae coauthored a similar study in March, which found respiratory patients put on a ventilator for four days or more ran up hospital bills of \$88,000 on average. Pneumonia patients faced average out-of-pocket costs of between \$1,300 and \$1,464.

In some ways, the COVID-19 pandemic has revealed the pitfalls of using cost-sharing measures like deductibles and copays to reduce costs by making patients think twice before seeking medical care, Rae said.

"We have for the last 15 years or so had this theory that we wanted people to have more skin in the game, more exposure to the cost of health care," Rae said. "That is coming up against the fact that sometimes we really want people to get the care they need to get, and they don't have the financial assets to cover the cost. The theories that help us in normal times aren't helping us during a pandemic."

There are a couple of ways that financial disaster could be averted for COVID-19 patients and their families, experts said.

Congress could pass a law that would waive cost-sharing requirements for COVID treatment, just as it has done for COVID testing, said Cheryl Fish-Parcham, director of access initiatives for Families U.S., a consumer health care advocacy group.

"The HEROES Act proposed by the [U.S. House of Representatives] would have required self-insured plans to also abide by the rules about waiving deductibles and cost-sharing for COVID testing and treatment," Parcham said. That legislation faces opposition in the Senate.

Companies also could step forward and announce that they'll waive cost-sharing on their own initiative. "Employers can be a little proactive here and agree to cover those costs for their employees," Eisenberg said.

The new study appeared online June 15 in the *American Journal of Preventive Medicine*.

**More information:** The U.S. Centers for Disease Control and Prevention has more about [COVID-19](#).

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