

Patients face 'surprise' medical bills from out-of-network specialists

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Credit: Petr Kratochvil/public domain

The average anesthesiologist, emergency physician, pathologist and radiologist charge more than four times what Medicare pays for similar services, often leaving privately-insured consumers stuck with surprise medical bills that are much higher than they anticipated, new research in *JAMA* suggests.

The problem is that most patients do not actually choose these doctors with the highest markups, allowing them no opportunity to anticipate how high their bills will be, say the researchers from the Johns Hopkins Bloomberg School of Public Health and the Johns Hopkins Carey Business School.

After anesthesiologists (charging six times what Medicare pays), interventional radiologists (4.5 times), emergency medicine doctors (four times), pathologists (four times), neurosurgeons (four times) and diagnostic radiologists (3.8 times) have the highest markups. Those specialties with the lowest markups are internists, psychiatrists, and family doctors—physicians with whom patients have the most interactions and whom they are most likely to actually choose.

These high charges affect not only the uninsured, but also the well-insured when they see physicians out of their insurer's network. While most people expect to pay more when they choose to go to an out-of-network physician, they are often surprised to be charged four-to-six times more when they are referred to a specialist, see a doctor as part of a medical emergency, or when an out-of-network physician is practicing in an in-network facility. Many times, it is an emergency situation and an out-of-network provider cannot be avoided.

The findings, published Jan. 17, suggest that patients should be vigilant in choosing doctors that are in their network whenever possible, and policymakers should find ways to protect patients from ending up with surprise medical bills.

"The doctors with the highest markups are often the ones that patients don't actually choose," says the study's senior author Gerard F. Anderson, PhD, a professor in the Department of Health Policy and Management at the Bloomberg School. "Many people are shocked two weeks or two months later when they get a bill from a doctor they didn't

really meet and no one told them what the exam would cost and later they discover the price is outrageous. But this is happening all the time."

Ge Bai, PhD, CPA, an assistant professor of accounting at the Carey Business School, and Anderson analyzed the 2014 Medicare Provider Utilization and Payment Data, comparing physician charges to Medicare rates across medical specialties. The data set included more than 400,000 individual physicians in the United States.

Overall, the researchers found, the average physician charged roughly 2.5 times what Medicare pays for the same service. While the Medicare program determines what Medicare pays for certain services, out-of-network patients—along with the uninsured, and casualty and worker's compensation insurers—often pay the full charge, which can be as much as two to six times what Medicare and most privately insured in-network insurers will pay.

There are also regional differences in excess charges. Doctors in Wisconsin, for example, have almost twice the markups of doctors in Michigan (3.8 vs. two).

Among the 10,730 physicians whose markups were among the top 2.5 percent of all physicians, 55 percent of them were anesthesiologists, and 32 percent of them were in 10 regions: Manhattan (NY), Houston (TX), East Long Island (NY), Dallas (TX), Milwaukee (WI), Atlanta (GA), Camden (NJ), Los Angeles (CA), Newark (NJ) and Charlotte (NC).

"Protecting patients from surprise medical bills from out-of-network physicians is an important issue in the ongoing national debate about the affordability of health care," Bai says. "It is particularly frustrating for patients who deliberately select an in-network hospital and an in-network physician only to learn that one of their physicians was out of network long after the care was delivered."

Anderson and Bai say Congress should take steps to require physicians to disclose their network status to each patient before delivering the service and improve price transparency by posting out-of-network prices. Disclosure alone, however, won't solve the problem entirely as sometimes it is not an option for patients in an emergency situation or who are too frail to make decisions.

States are beginning to act. In 2015, New York State enacted a law restricting the amount that out-of-network physicians could charge a patient. Eleven other states have limited the amount that can be charged by out-of-network physicians, but most of the rules apply mainly to emergency care. Anderson says the New York law could serve as a model for reducing excessive surprise medical bills.

"Variation in the Ratio of Physician Charges to Medicare Payments by Specialty and Geographic Region" was written by Ge Bai and Gerard F. Anderson.

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