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Oh, Baby: More Hospitals Asking for Payment Before Childbirth

by Mercedes Cardona

Before you pack a hospital bag for your baby's birth, be sure to call the hospital's billing department. You might have to pay for your child's arrival long before the first contraction.

If you're having a baby soon, you're probably thinking about money -- from how much you'll spend on diapers to what it will cost to send that kid to college. First up, of course, is what it will cost to bring your baby into the world. And some hospitals are asking that you pay it up front.

Damon Scheleur, ParentDish's photo editor, found this out when he got paperwork in January from the New York hospital where his wife was due to give birth to their first child on April 15. It said the hospital, NYU Langone Medical Center, would estimate the costs not covered by his insurance and "collect this estimated payment prior to or at the time of admission."

Scheleur admits to feeling a little "freaked out," even though the family has good health insurance coverage.

"In this day and age, can you trust people?" he says. "I'm not going to hand over two grand without first getting something done."

Lisa Greiner, spokeswoman for the hospital, says many patients like to handle registration ahead of a planned delivery to make the admission process easier, and so the hospital will estimate and collect their payment as part of the process.

"These policies are not a new practice, and are followed by most hospitals as they were designed to help speed entry into care -- which is a primary focus for our patients," she tells ParentDish in an e-mail.

Scheleur's wife went into labor early and delivered a boy on March 1. Before his baby's arrival, Scheleur joked that he may need a refund if his wife were to give birth in the car on the way to the hospital.

"I understand that they have to cover themselves, but you don't know what services will be rendered," he says.

But billing up front is becoming more common among hospitals, as more businesses offer employees high-deductible plans, where the patient has to cover thousands of dollars initially before the plan coverage kicks in.

Hospitals are getting squeezed by rising costs, too, so they are trying harder to collect those deductible and co-payment amounts from patients, says Bruce Vladeck, a senior adviser at Nexera, a consulting firm owned by the Greater New York Hospital Association.

"In the hospital financial management community, such prepayment is now generally defined as a best

practice,” he tells ParentDish in an e-mail.

The average deductible these days is more than \$1,000, plus hundreds of dollars in co-payments for hospitalization, says Jeffrey Rice, CEO of The Healthcare Blue Book, a consumer guide. That has made it riskier for hospitals to let patient debts slide, he tells ParentDish in a phone interview.

The trend has been growing in the last two to three years, but childbirth isn’t being singled out, says Rice, author of the study *Surgery Pricing Secrets: The Challenges Patients Face*.

“It’s all kinds of elective admission,” he says. “I personally had to pay my co-pay up front and had the hospital send me a refund.”

According to The Healthcare Blue Book, the average cost for a vaginal delivery is \$5,992, including a \$3,573 hospital bill for two days’ admission for mother and baby; a Caesarean section is \$8,558, including a \$5,728 hospital bill for a four-day stay.

But health care coverage varies wildly by state. In most states, only employer-provided health insurance covers any childbirth costs, says Nancy Metcalf, senior program editor of Consumer Reports. Women with individual insurance can buy a rider to cover those costs, but they have to do it before getting pregnant and the fees can be high, she warns.

Another option is to set money aside in a Flexible Spending Account, if your employer offers one. The accounts let employees set aside money from their paychecks before taxes and place it in an account targeted for medical expenses not covered by insurance, such as deductibles and co-payments. Because the money is taken out before taxes, your take-home pay won’t drop as much.

“If you want to have a baby and your company has one of those flexible spending plans, find out what your out-of-pocket costs will be and put that money in,” Metcalf tells ParentDish in a phone interview

You also can plan ahead by choosing a hospital that is in your health plan’s network, says Martin Rosen, executive vice president and co-founder of Health Advocate, a company that helps businesses and individuals with health insurance issues.

If you go to an in-network hospital, you should only get billed the co-payment your plan states, rather than have to figure out what the plan will cover later, Rosen tells ParentDish in a phone interview. And check that the hospital’s anesthesiologists are also in-network. Patients are often surprised to find they get a separate anesthesia bill from a doctor who’s not in their health plan, he says.

“Across the board, the people need to prepare themselves, they need to educate themselves,” says Rosen, author of *“The Healthcare Survival Guide”* [Perfect Paperback]. You can download a free PDF of the book online.

The experts agree that a call to the hospital billing department is time well spent. Most insurance plans require pre-authorization for any non-emergency hospital stays, so the billing department will already be in touch with your insurance company, Rosen notes.

“You need to be talking to them way ahead of time,” Metcalf says.

Planning ahead can actually save you money, especially if you have some sort of financial hardship. Some nonprofit hospitals offer discounts to expecting parents who prepay or pay promptly after being released. You also can set up a payment plan to spread out your charges.

Health care providers like to negotiate bills ahead of time, Rosen says. They'd rather settle for a smaller amount that is a sure thing, than fall into a round of payment notices and collection agencies to maybe get the money later, he adds.

"I don't think any provider, hospital or doctor takes any joy in doing that," Rosen says. "It's a hassle and it increases their costs."

In the end, he says, a little time spent on the phone can pay off. You'll be surprised by how flexible health care providers can be if you talk to them early on.

"I have a little button I've created," he says. "It says: 'Just ask.' "