

May 5, 2006

What's wrong with health care can be clearly seen in my colonoscopy

For those confused as to why I am writing about my colonoscopy in a personal finance column, let me simply say that it has turned out to be a microcosm of why health care costs are out of control.

Medically or legally necessary?

There is a new rite of passage for those hitting the half century mark – the oh-so-enjoyable colonoscopy. I figured I still had a couple of years to go, until my family history changed and suddenly included colon cancer.



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When I next saw my physician, Kurt Lesh, I mentioned my change in family history. Much as I am looking forward to spending an afternoon having physicians spelunking in my nether regions, I asked whether it would still be O.K. to wait a couple of years. His immediate response was to order the colonoscopy – now. Oh joy!

My physician is one of the good guys who doesn't seem to order unnecessary tests or prescribe designer drugs. Nonetheless, I'm guessing his malpractice insurance is rising as the costs of litigation continue to run out of control. I had to wonder whether he ordered this procedure because it was medically necessary or legally necessary.

The latter is known as defensive medicine and contributes to health care inflation.

By mentioning this change in family history, I think I put Dr. Lesh in a no-win position – where waiting would only increase his potential liability. Thus I had no way of knowing just how urgent the need to have this colonoscopy was.

Shopping for my colonoscopy

Now I happen to be saving thousands of



dollars a year with my high deductible health savings account (HSA), and I am part of a new breed of empowered health care consumers. Since I knew I'd be footing the bill for the procedure, I asked Dr. Lesh how much a colonoscopy costs.

Not surprisingly, his response was "I don't know."

My Anthem HSA premiums pay for two benefits: catastrophic insurance and provider network discounts. I was naïve enough to think I had a right to know how much the procedure would cost me before I had it done. Neither the provider nor Anthem would disclose the contracted rate until after I had the procedure. I only found out that the non-discounted price was a bit over \$3,000, but was my discount 5 percent or 75 percent?

Am I the only one who thinks it odd that I'm paying for a discount that I don't even have the right to know how much it is? Does it make sense that a consumer driven health

plan would withhold critical information from the consumer? Hey, not feeling so empowered.

Well, I spoke with Anthem Colorado General Manager Joe Hoffman about my situation and health care in general. He notes that problems can be created if the actual discounted bill varies from the quote and that the discounted contracts are confidential.

Hoffman is a believer in giving the consumer more information about both quality and costs, but said the industry has a long way to go.

The early stages of the cash pay economy

Not yet discouraged, I started calling endoscopy surgery centers and asking for their cash price. Some didn't even know how to handle such a question. Others provided

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Colonoscopy Cost-Benefit Analysis

The Colonoscopy Cost-Benefit Analysis shows how difficult it is for a consumer to make an informed decision. Would you buy a pizza with someone else's toppings for, um, around... 50 bucks? We'll bill you.

Costs

There is no way to know the cost

- Insurance company won't disclose the contracted price.
- Providers won't disclose price either.
- Difficult and costly to shop around.



Benefits

Do you even need the procedure?

- Is the procedure, at age 48, *medically* necessary or just *legally* necessary?
- It's hard to know who has the highest-quality outcomes.

Note: Only upon interviewing my physician, Kurt Lesh, for this article did I learn he felt it was medically necessary and gave an estimated price range.

such a quote.

In the end (excuse the pun), I happened to meet Rebecca Gooding, CEO of Gastroenterology Associates. As a businessperson, she understood the benefits of getting paid before the procedure, rather than filling out complex insurance forms and waiting for the claim to be paid.

Gooding noted that she is seeing more and more patients asking for the cash price and has developed a system to accommodate such early adapters. The total price came in at just under a thousand bucks but, of course, I had to sign a document noting there would be additional fees should other services be necessary.

Gooding also stated that all of the physicians in the group were board certified. That's about as far as I can go to judge quality.

Lessons learned

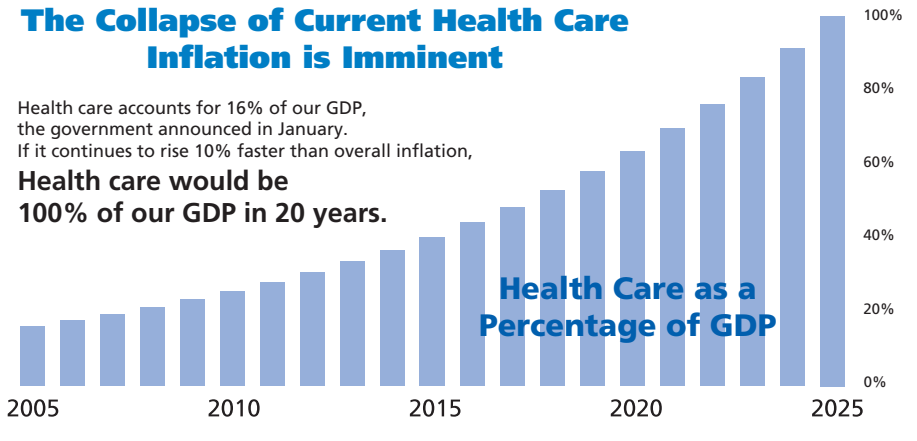
Health care costs are choking the economy far more than the price of oil. The chart shows that current increases are not sustainable.

The new consumer driven HSAs are a great step in the right direction to empower the con-

The Collapse of Current Health Care Inflation is Imminent

Health care accounts for 16% of our GDP, the government announced in January. If it continues to rise 10% faster than overall inflation,

Health care would be 100% of our GDP in 20 years.



sumer. Information, however, is critical in having providers compete in terms of both quality and costs. Hoffman notes that Anthem has an enterprise-wide transparency project under way to educate its members about cost and quality attributes of physicians and hospitals.

To control health care costs, there has to be competition and competition can't exist without disclosing the price.

Hopefully, it will soon be easier for consumers to make an informed economic deci-

sion about their health care. For now, it turned out that making such a decision on my colonoscopy was a real pain in the rear!

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