



Challenging excessive medical bills

What is it?

If you're unlucky enough to need to seek emergency medical treatment abroad, there will most likely be costs involved for your treatment or medication. You might send us those unpaid bills, or we might get them direct from the hospitals and doctors that treated you.

As long as your claim's covered by your policy, we'll take over responsibility for those bills from you.

So what happens next? Do we just pay the bills in full without question?

Short answer: No, not in all cases. We wish invoices from all clinics and hospitals were straightforward to deal with, but unfortunately it can take quite a lot of work in certain cases to challenge excessive overcharging that occurs in respect of medical treatment which policyholders have received.

Long answer: please have a read of the rest of this article...



As is the case with most UK travel insurance policies, the policies we administer cover reasonable fees and charges for necessary and emergency medical treatment.

When we're unwell and we seek advice from a medical professional, we trust them to know how best to help us, and to offer necessary treatments to alleviate our pain.



“Do all hospitals and doctors around the world provide only the treatment that you need, when you need it? If only!”

Believe us, we’ve seen it all:

- **admitting people to hospital who don’t need to be admitted (who wants to spend their holiday in a hospital bed without good reason?)**
- **a pregnancy test on a 70 year old man? Not sure you need a medical degree to work that one out**
- **giving people X-rays when they don’t need them (erm...exposure to radiation??)**
- **operating on people when there’s no need...we could go on.**

Our experience is that some private medical providers, especially in destinations where there’s a high volume of tourists, see travellers as their ‘cash-cow’: ***“they’ve managed to get you through the door and they’re going to try and make as much money out of you as they can”*** while you’re there. ***“They’re a business after all, they want to make money.”***

Of course, not all hospitals and doctors do this, what a scary world it would be if they did! But even some of those hospitals and doctors who give you the treatment you need at the time you need it can still try to make as much money out of you as they can. They do it by charging far more for treating you than the cost to them of providing that treatment.

And that’s why travel insurers have what is usually called a ‘cost containment’ process: so they can try to make sure you were treated properly and at a fair and reasonable price. In fact, a similar process exists within private healthcare as well, where doctors’ rates and charges for treatment are negotiated and agreed with private medical facilities. Private healthcare insurers don’t have to be quite as cynical though in the UK, as the level of overcharging is nowhere near what is seen in places such as the USA.

The fact that we challenge excessive medical bills on behalf of the insurer is, we hope, seen by policyholders as something that is obviously necessary and an important part of keeping travel insurance prices fair and reasonable. If we didn’t challenge the bills, and instead paid on behalf of the insurer every exorbitant medical bill that is received in full without making any checks or investigating the amounts being charged, travellers and policyholders will continue to fall victim to unjustified overcharging and potentially unnecessary medical treatment.

Furthermore, travel insurance prices and premiums across all insurers would increase significantly, and could become unaffordable for people with medical conditions and the elderly, especially when travelling to places like America where overcharging for medical treatment frequently occurs.

How do we do investigate or challenge excessive or exorbitant medical bills?

Necessary and emergency medical expenses

For emergency treatment cases where we, or you, think you might have received treatment that you didn’t need while abroad, we get our medical team to review the file. If they believe things don’t add up from a clinical point of view, they will report their concerns to us and we will write to the hospital or doctor with our queries.



If the hospital or doctor satisfies our medical team that what they did was appropriate and necessary, we pay the bill – simple as that.

If the hospital or doctor can't justify what they did from a clinical point of view, we may decide to remove or reduce some of the items in question from the settlement of the bill. However, as the practice of medicine is so complex, we always give the benefit of doubt to the treating doctor and the medical health facility.

"We have to be convinced that there was definitely no need for the treatment, test or procedure for us not to pay for it - by way of example the time we received a bill for a pregnancy test for a male patient (yes really)."

One of the more common examples is when people suffer from diarrhoea and vomiting whilst abroad. You might have eaten something that didn't agree with you or picked up a local bug, or it might be something much more serious. Commonly diarrhoea and vomiting are symptoms of gastroenteritis, and this is one of the main ailments we see in claims.

We've all had 'gastro' for sure – it's pretty horrible! We all know to try and get some fluids in (and keep them down), eat bland food or fast, rest and wait till it clears up. If we were at home, we probably wouldn't see a doctor or go to hospital unless the symptoms persisted or became severe.

If you get these symptoms in a high-volume tourist resort, for example in the Mediterranean, and you ask to see the hotel doctor, you're more likely than not to be admitted to a hospital for 48 hours and put on a drip. In the vast majority of cases, this will be unnecessary and the symptoms could have been treated with drinking water and introducing BRAT (Bread, Rice, Apples or Toast) when you are able, along with some decent R&R.

So, when the bill from the clinic comes in, we'll check with our medical team whether the symptoms experienced were such that an admission as an inpatient and intravenous rehydration were really necessary; if the medical team have concerns, we'll challenge the clinic to justify the treatment.





Reasonable medical expenses

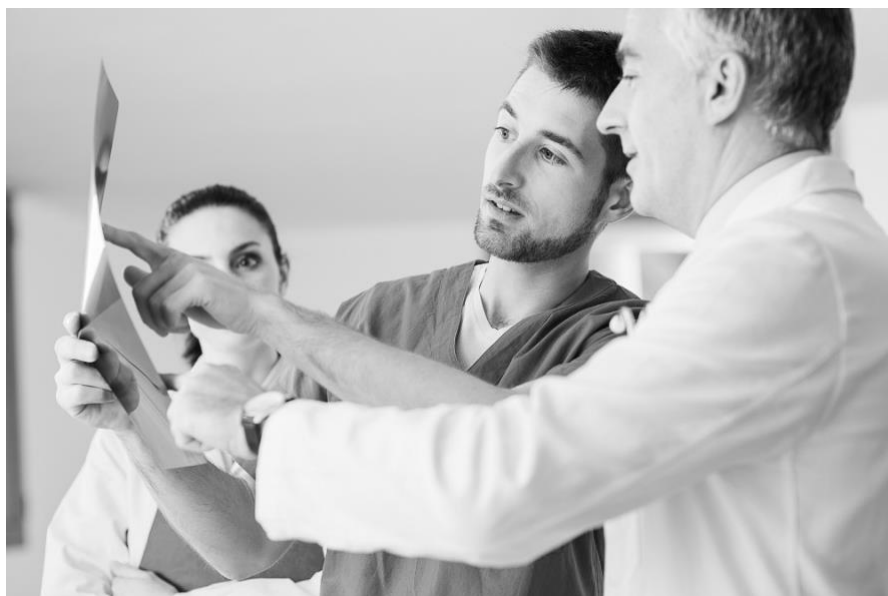
In addition to looking at whether the emergency treatment provided was necessary, we'll also look at how much the hospital or doctor is charging for the service, to decide whether the bill is reasonable.

In many countries, for example Canada, the prices for treatments are set by official bodies such as local health authorities. So, because invoices from medical facilities in these countries are set by reference to these rates, they are not likely to be subject to unjustified increases. We normally don't question the amounts on these bills and settle them in full because there is no evidence of inflated fees or overcharging by the medical facilities.

"In lots of places around the world, however, there is no official body regulating the pricing of treatments in medical facilities and it's really up to the hospital or doctor to decide how much profit is made on the treatment provided."

To decide whether a hospital's or doctor's charge is reasonable or not, we identify objective benchmark rates in the region concerned, which indicates how much it cost a hospital or doctor to provide the service.

Once we've done that, we apply a percentage above that cost rate as a reasonable margin of profit – we're fair like that. For example, if a Government department in a particular country says a CT chest scan costs a hospital in a particular region £300 to provide to a patient, we pay a reasonable margin (usually 50%) above that cost rate, i.e. £450. This means we're accounting for the cost of treatment and providing the hospital with a reasonable and fair profit too.



Destination focus: the USA

Most of our work in challenging excessive medical bills relates to bills from health facilities in the United States. If you follow the news, you'll know that healthcare is a big, big issue over



there (remember Obamacare?). If you don't follow the news, a simple internet search on the US healthcare debate will give you plenty of background.

"The cost of treatment and billing practices in the US will make you appreciate our NHS much, much more"

US hospitals have 'rack-rate' charges, called 'Chargemaster'. A 'rack rate' is the normal or standard price or charge without any discount. In fact, hardly anybody pays the Chargemaster rates in full. Most UK travel insurers outsource their cost containment to specialist loss adjustor companies based in the US, who negotiate a percentage discount from the Chargemaster rack-rate charges on the insurer's behalf, and then charge the insurer a percentage commission of the saving made on the Chargemaster rate.

So what happens? Each year the Chargemaster rates just keep going higher and higher, which is good for the hospital, and also good for the loss adjustors because ***"the higher the charges, the higher their commission"***, but not very good for the price of travel insurance in the future (which will have to increase to keep up with the Chargemaster rates).

By instead referring to the Government set rates for treatment (often referred to as the 'Medicare' rates) and the hospital's own data as to how much it cost them and how much other insurers paid them to provide services and specific treatments (which data hospitals in the US publish), we can pay medical facilities on behalf the insurer – as a number of US insurers do – a fair and reasonable sum which covers the cost to the hospitals for providing that treatment and a reasonable margin of profit of at least 50% on top.

Scroll down for a recent case study involving a policyholder treated in Florida.

Why do we do it?

"If we don't cost contain unfair, excessive and unjustified bills, the price of insurance will go up for everyone. It may even mean that some travellers, like those with medical conditions or the elderly, might not be able to afford travel insurance in the future"

It may even mean that providers of travel insurance stop offering insurance to certain destinations, like the United States. In particular it would affect the cover which can be offered for these destinations to travellers with ongoing or chronic medical conditions.

By matching the rates which the insurer pays to the amount it actually cost hospitals to care for policyholders (instead of agreeing an arbitrary percentage discount to grossly excessive bills), we also help to halt the spiralling inflation of medical costs.

The charges levied by hospitals in the US are frequently unjustifiable when compared to the cost of treatment. Here's one example of an inpatient case that we dealt with recently in Florida (we could list thousands of others):

Cost of providing the service according to the US Government rate: \$8,272

Cost of providing the service according to the hospital's own data: \$7,895

The bill sent over by the hospital for the patient's treatment: \$50,203

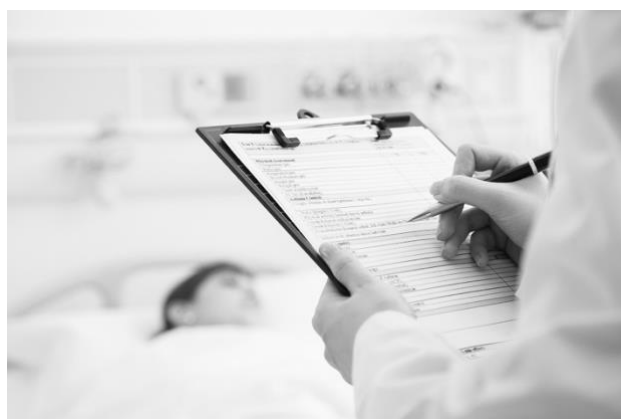
After cost containment, we paid \$12,408 to the hospital on behalf of the insurer, and we don't think any reasonable person would consider this as an 'underpayment' in light of the actual cost to the hospital of providing that treatment or the corresponding Government rate.



The mark-up applied by the hospital to its bill in terms of the cost to it of providing the service amounts to over 600%. We have other examples of the mark up being over 2000%.

Think of it in the context of a meal in a restaurant. When you order your meal, you know from the menu how much you're going to be charged. If you're expecting a bill for £22 and the bill turns up at the table for £132 (600%), you're probably going to want to speak to the manager! A hospital in the USA doesn't even tell you how much they're going to charge."

The key difference here is we are not talking about dinner at a restaurant, where you can choose to dine somewhere else; we're talking about emergency and often lifesaving treatment. Is it okay that hospitals profit so enormously from your illness or injury?



How might this impact you?

"Unfortunately, when we don't pay the bills from health care providers in full where we believe there has been overcharging or when we deduct the costs of unnecessary treatment from the payment, the healthcare providers might contact you and ask you to pay the outstanding balance on the invoices. This is often done to put pressure on the insurer to pay the rest of an exorbitant bill in full".

You may get correspondence from hospitals, clinics or doctors telling you that your insurer hasn't paid the bill in full and that you owe the balance.

Medical facilities may also instruct collection agencies to correspond with you. This is particularly common with US hospitals, and particularly hospitals in Florida.

US hospitals, and again particularly Florida hospitals, are notorious for 'putting the account to collection' as they term it. For international patients, they tend to use collection agencies that are based in Switzerland.

You may ask yourself why a US hospital would use a Swiss collection agency to chase the payment of bills. We don't know for sure, but we suspect it's because the regulation of collection activity isn't as robust in Switzerland as it is in the US, or the UK for that matter.

US hospitals in particular use two Swiss companies and the majority of the cases we see from them are from one hospital group in Florida.



If you have been treated at one of the hospitals within their group within Florida, you will almost certainly receive communication from one of the Swiss collections agencies at some point, maybe in the weeks or months after your treatment, maybe even years after your treatment.

We believe the use by US hospitals of overseas collection agencies is objectionable, because correspondence from these collection agencies can cause policyholders distress and inconvenience. Many of our affected customers have described feeling anxious, harassed or hounded after receiving letters from collection agencies.

“If the hospital or doctor knows that the customer has valid insurance in place they should liaise with the insurer as regards reasonable payment of medical bills. Instead, collection agencies are appointed by the hospitals to chase policyholders directly, with the aim of putting pressure on the policyholder (and the insurer) to pay the bills in full.”

In some instances, the threats made to policyholders include alarming them into thinking that they will have bailiffs turn up to their house or will be refused entry into a country due to the alleged ‘debt’ owed to the hospital (these threats have no credibility).

How do we protect you?

The vast majority of people purchase travel insurance to cover them in the event of a medical emergency abroad. This is our time to shine and do what we do best to protect you from unscrupulous practices however we can.

Firstly you’ll receive a letter from us that tells you not to worry, that if cover applies you will not have to pay anything, that we will handle all correspondence with medical facilities and collection agencies, and that all you need to do is forward anything you receive from either on to us.

If there’s a collection agency involved, you’ll also get a call from our expert team to answer any questions you might have. We’ll also send you some FAQs with the most common concerns and why you don’t have to worry.

You’ll also receive further letters reiterating the reassurance we give you in our first letter.

We provide you with email, fax and phone contact details for our expert team so that you can contact them with any questions or concerns.

We’ll be transparent about our investigations into medical bills and share with you the amounts involved - including where appropriate the hospital’s own cost data, how much the hospital is paid by other insurers for specific treatments, how much the Government rate is and how much we’ve paid the hospital.

We will liaise with the hospitals or their agents to try and reach a fair settlement, or propose that the dispute be submitted to an independent arbitration.

“Remember, there’s no lawful action that anybody can take which we can’t step in and handle on your behalf”.

“We ask you to partner with us to help stop abusive overcharging, change bad behaviour and make sure travel insurance premiums stay affordable for all”.



And lastly:

We typically check the costs we pay to the medical facilities against the average payment they receive for the same treatment from other insurers, and we usually find that we pay more than the average that the hospital receives.

Also, it's worth noting that one small 'not for profit' American hospital which is regularly challenged in relation to excessive billing made a 'profit' in 2019 of \$169million ...whilst avoiding full taxation due to its 'non-profit' status..

We genuinely hope that we have been able to explain to you what we do and perhaps more importantly why we choose to do it. Our objective is to ensure we protect policyholders and help to make travel insurance accessible and available to all travellers, regardless of their circumstances and where they wish to travel.

If you would like any further information on what we do, or why we do it, please do not hesitate to get in touch. We are passionate about what we do and welcome the opportunity to talk about it.



What policyholders say:

Need a little more convincing? Take a look at just some of the comments we've had from policyholders who have been through the process with us.

"Thank you for your email concerning the correspondence I received from the USA. I agree with you that you have to take a stand against this abusive charging. Thank you for what you have done."

"First of all, thank you very much for this very clear and lucid explanation. It has completely reassured both myself and my wife. I would simply add that I too thought the charges were



utterly ludicrous given the treatment received. Once again thank you for your excellent attention.”

“Thank you for your kind offer of £100 compensation. I am absolutely delighted with the service that you provide, and strongly agree with your stance on paying (or not paying) the American health providers. The American health system is corrupt, and the amounts are absurd - I guess partly because the insurance system is perceived as being free money, because the patients don't pay directly.

“I very much appreciated your phone call this morning, which once again provided superb reassurance. Finally, I would like to turn down your offer of £100. I feel that I should pay you £100 for the excellent service! Seriously, there is no need; and I am very happy to continue to work with you and support your approach to the issue by forwarding any correspondence.”