

4sight Health Roundup
Should Consumers Pay Their Unpaid Medical Bills?
Podcast Transcript
2/6/24

David Burda: Welcome to the 4sight Health Roundup podcast, 4sight Health podcast series for healthcare revolutionaries, outcomes matter customers, count and value rules. Hello again, everyone. This is Dave Berta, news editor at 4sight Health. It is Thursday, February 6th, in case you missed it. Saturday, February 1st was [00:01:00] National Unclaimed Property Day. It recognizes the billions of dollars in money and personal items people have sitting in various types of accounts, safety, deposit boxes, and storage units that they don't know or forgot about. It's actually a pretty big deal in healthcare. Millions of patients pay copays, deductibles, and bills that they don't really owe. Because of our Byzantine health insurance, medical billing, and revenue cycle [00:01:30] systems, those accidental and double payments are considered unclaimed property under the law in every state. Good luck getting them back. We're gonna talk about medical billing and medical debt on today's show with Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:

Well, Puxatawny Phil saw his shadow on the second, so we've got to dig in for six more weeks of, of winter. So I'm I'm getting ready for that. And just to deal with that, I, I bought some beachfront property in Gaza and got a great deal. <Laugh>

Burda:

<Laugh>. Oh, wonderful. Wonderful. Thanks Dave. Julie, how are you?

Julie Murchinson:

Well I, on the other hand spent end of last week and part of my weekend with the Down East Digital Group led by Edmondo Robinson, and this group's focused on health equity, which I gotta tell you just feeds my soul, this group. And we had a talk er from Advocate had Cody Kinsley, who just stepped down from Mandy Cohen's old role running DHS from North Carolina. And I gotta tell you, if you haven't checked out Cody Kinsley, this guy should be president. I mean, he was fabulous.

Burda:

It's nice to be distracted by real things, isn't it?

Murchinson:

Yeah, it's great.

Burda:

OK, before we talk about medical billing and medical debt, we're gonna talk briefly about your experiences with Unclaimed property. Dave, have you ever tried to get money back from a health plan hospital or doctor's office or otherwise have any found money experiences you'd like to share?

Johnson:

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I'm glad you're not asking us about gift cards. We have a small fortune we've wasted away there.

Burda:
Yeah.

Johnson:
But we routinely get money back from medical practitioners for inaccurate billing. And you're talking to the wrong person in the family about this. My wife, Terry, is an absolute wolverine when it comes to accurate billing and payment for medical services. And she uses all, and I mean all of her legal and management training to get the right results. The files she puts together to chronicle all her conversations are off often get quite large.

Burda:
I could hear her say, and what was your name again?

Johnson:
<Laugh>. I talked to you on March 10th at 6:00 PM

Burda:
Good for her. Julie, how about you? Ever accidentally overpay a health insurance premium or medical bill and try to get the money back? Or have any other found money experiences worth mentioning?

Murchinson:
I'm 100% sure that I have been overcharged, but I should hire Terry because I don't spend a second on my personal healthcare bills. <Laugh>. So I'll say though, that I tripped over missing money.com at some point in the last couple years and found so many unclaimed assets that all add up to be like \$110. But it was really kind of exciting to see <laugh>, a lot of found money.

Burda:
I'll quickly, retail and experience I've written about for our 4sight Health blog, a hospital and medical practice overbilled my mom, after it misclassified her as a self-pay patient when she was clearly on Medicare. And my mom paid her \$300 bill before she realized it was a mistake. And it took me about six months to straighten it out. And only then did they give her a credit on a future copay. And let me tell you, \$300 to an old person is like a gold nugget at Sutter's Mill. Okay. I'm gonna juxtapose two recent developments in medical billing and medical debt and then I'm going to ask you one question. I'm not gonna tell you what the question is just yet. In November, the US Consumer Financial Protection Bureau released its most recent annual report on the Fair Debt Collection Practices Act like previous annual reports. It said the most common consumer complaints about medical bills are they already paid the bill. Another party, like an insurer or financial assistance, should have paid the bill. The bill was for medical services rendered. Years ago, they didn't know a provider referred the bill to collections. The amount they owed was inaccurate. The amount they owed was inflated by additional or more expensive billing codes.

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That's the first thing. The second thing are the new final regulations from the CFPB that bar unpaid medical bills of any amount from consumer credit reports. The agency said the new regs would erase \$49 billion in unpaid medical bills for about 15 million people. The agency said, quote, medical debts provide little predictive value to lenders about borrower's ability to repay other debts. That's because of all the inaccurate and inflated bills. The new regs are scheduled to take effect on March 17th, but the new administration fired the director of the CFPB Rohit Chopra on February 1st, bringing us full circle back to National Unclean Property Day. I hope Chopra didn't leave anything of value in his office. I don't think he's getting anything back. Dave, here's my one question. If you were a consumer with an unpaid medical bill, would you pay it? Why or why not? Well, I guess it's two questions. What do you think?

Johnson:

Well, I defer to my wife Terry, on getting the right medical bills and, and collecting overpayments or whatever. I'm gonna defer to my nephew who works in revenue cycle; never pay a bill, wait for it to go to collections. Then, if you want to, negotiate <laugh>, the health system's ability to track this stuff and, and make a compelling case as to why you should pay is, is pretty pathetic. You know, it reminds me of that old airplane game. You know, when you're sitting in a, in a plane and you ask everybody around you what they paid for the ticket, and it's always a different price. The same same thing goes in healthcare. Nobody pays the same price for the same procedure delivered in exactly the same way. The clear answer here is moving toward more transparent case rate pricing. And we've got all these regs now that are revealing the actual rates negotiated between commercial payers and, and providers. And that's starting to provide some clarity, but it ought to be a whole lot easier. It ought to be just as easy as when you go to a clinic at CVS and they have a price list for all the routine things they do, and then they do 'em and you pay it. You know, I mentioned last week that I was at the inaugural TransCarent Voyages conference which it focuses on self-insured employers. And what they've done is they've negotiated case rates with rigorously vetted excellent providers for a whole range of services. And if you need one, you get it. The pricing is clear, it's all above board. Yeah, I wouldn't pay it. In fact one thing that Terry always says to do is never pay a bill until you get the explanation of benefits, the EOB and our dentist for a while was making us pay on an estimate and then completely screwing it up. And that took months to, to straighten out. So never pay it, you know, wait for it to go to collections and then negotiate and get the best deal you can. But before I give up the mic I'll talk about another thing; And that's this undue medical debt company that buys medical debt at 1 cent on the dollar and then sends a letter to people saying their debt's been forgiven. And it's a large not-for-profit, national not-for-profit. It's got some very notable philanthropists that support it including McKinsey Scott, they've got very highfalutin language on their website that, that talk about the problems of medical debt, which is a terrible problem. But here's the rub. They only buy back debt that, that health systems and hospitals and maybe doctors are already gonna write off. So you're getting comfort from something that you would never have to pay anyway, that would never go to collections. At some point, I'm gonna write a piece on this called undue duplicity. And the fact that something like this even exists, gets to your bigger point here, Dave, on just how illogical and confounding and annoying medical bills are.

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Burda:

So from a revenue cycle expert, don't pay your medical bill. Wow. Yeah. Thanks. Thanks Dave. Julie, any questions for Dave?

Murchinson:

Okay, so Dave, this head of the CFPB was fired.

Johnson:

Yes.

Murchinson:

Like what, in the last week? Trump, I mean, let's just be clear, Elon is like raising Cain. Do you think this federal regulation is gonna make it through Trump's tornado?

Johnson:

This federal regulation came on the heels of the three major credit bureaus for all intents and purposes, eliminating medical debt from your, your credit score from your FICO score. And there's, there's some schizophrenia in the in the Republican you know, governing party right now. And I'm gonna call 'em the Elon Musk wing and the, the Steve Bannon wing. Steve Bannon did this fascinating interview in the New York Times with Ross Doutho, their conservative columnist. Bannon said that if he had if he'd had his druthers Leah Khan would've stayed at the FTC to to fight mergers and the consolidation of corporate power. He was against the tax cuts in the first Trump administration. He's against extending them in this one. His governing principle is that the average citizen in this country is the one that makes the country great. And that's the one we always call upon to bail us out when we get into trouble. So there was a bailout during the financial crisis for the banks, but not for all of the people who lost their houses because of it. And so, to the extent that that wing of the party has something to say about it, keeping this regulation in place is absolutely consistent with, with their values. And, you know, giving the regular American a break you know, what Elon Musk is up to is different. In fact, I just read that he's setting his sights on Medicare and Medicaid fraud. So he is gonna have his high school kids running through that, see where that goes. But you know, there's a lot...

Burda:

Good luck understanding the false Claims Act,

Johnson:

<Laugh>. Exactly.

Burda:

I've been writing about it for 40 years. I still don't get it. Good luck, <laugh>.

Johnson:

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Yeah, well,

Burda:

I just learned how to spell Key™, took years.

Johnson:

Yeah, high school education helps. You don't overcomplicate it. Julie, I think it's gonna stay in place. You asked me my opinion, I think Steve Bannon's got it right on this one.

Burda:

Well, let's see. Okay, Julie, it is your turn. If I'm a consumer with an unpaid medical bill, should I pay it knowing it's probably wrong and it won't affect my credit score one way or the other, why or why not?

Murchinson:

Well, I'm a broken record on this, but you know how I feel about removing medical debt like this, right? It feels good in the short term. It's like quarterly earnings on Wall Street, but it just makes all of our long term problems worse, which I, Dave and I have probably said hundreds of times in the last few years. And, you know, low and middle income adults are, and obviously those without insurance are more likely to have medical debt, which is just like, professor Galley would call this like the massive shifting of wealth from the people to the big dogs. So, you know, on so many levels I don't like the models that are making it easier for consumers, even though, you know, I get it. <Laugh>. So back to your question, Dave, would I make it the first bill I pay <laugh>? No, definitely not. Will I pay it if I have to find my checkbook or <laugh> write in my visa number or find a stamp? Hell no, <laugh> not a chance. Will I pay it on time? Absolutely not. I don't think I've paid a medical bill on time and I can't even remember the last time. Will I pay it online? Yes. Every single time. And if not that, then my dentist, who I think lives in the dark ages and is the only one who doesn't have some sort of online billing, I only pay it when I go in that office. And she just has to deal with that. 'cause She won't, she won't please her patients. And will I negotiate it? Yes, I would negotiate it, but I don't negotiate it, but everything's negotiable. So I should negotiate. That's what I should really spend my time on that versus, you know, thinking about healthcare's problems. But, you know, a couple things that I, I think are kind of interesting about collections in general. Like, first of all, you know, hospitals are recovering less and less every year. I think the last analysis I saw showed that patient collection rates are on the decline from 54.8% in 21 to 47.8%, and 22 and 23. So, you know, if a hospital sees you likely to pay something, then get 'em on, right? But it's pretty immaterial to them. Like despite the massive amounts of medical debt patient debt makes up something like 0.03% of the annual hospital revenue for most hospitals, 0.03%. So I come from a CPA background, I don't really share that very often, but that is what we used to call immaterial. Nobody looks at it. The only reason an accountant ever looks at that is to make sure it's being treated properly by accounting law, right? No one looks at the number. So I don't know, I just, the whole thing is just so messed up. So in the end, will I ultimately pay it? Yeah, I'm gonna pay it. Sometimes it's, I'm paying collections, but not very often. That's really when I've really just

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been ignoring all those bills. But I am legally liable for the service. So in the end, I received a service. And despite the fact that I don't wanna pay that much for the service, you know, I have good insurance, so I pay it.

Burda:

That's a long tale for you. Thanks Julie. Dave, any questions for Julie?

Johnson:

There have been so many attempts to create consumer friendly billing systems with clear and accurate information, timely delivery, and quick responses to customer questions. Yet, if anything, the overall billing and payment experience is more confusing and confounding for consumers, for customers than ever. Give us some hope. Julie <laugh>, tell us about [a] company that's getting it right.

Murchinson:

Wow, Dave. I'd love to do that. <Laugh>, when I find one, I'll, I'll let you know. I mean, you know, R one and other RCM companies have turned into payment companies, right? Cedar Waste, R upfront, et cetera. Companies like Health Bridge that, you know, are sort of similar to the not-for-profit model you were just talking about, except they find creative ways to buy the debt and, you know, make, make the hospital happy, make the consumer happy. It's all arbitrage. Like, there's some interesting models out there for sure. You know, whether it's, you know, a health ridge, a rev spraying, a sift, Illumina I don't know anyone who's really solved it. I love the companies like a good old fashioned InstaMed that JP Morgan bought. That just makes it easier. But no one's, no one's solving this issue in a way that actually is sustainable and in a way that doesn't just perpetuate the problem. So, I don't know. I'm with you, Dave. Like price transparency is where it's at. And you know why health systems are not really focused on competing on price? I'm not surprised by it, but I do somehow, in my pollyanna way, expect health systems to compete on price someday, because at the end of the day, they're having to collect more data these days or report more data these days, and someday they're gonna figure out how to use it. But I don't know that we're gonna see that day anytime soon.

Burda:

Well, I'll just say what I tell all my friends and family, and that's a don't pay any medical bill immediately. Throw them in a box and wait for six months. By that time, everyone will have talked to everyone else, and your final bill will be a fraction of the original. And at that point, I don't mind putting on a stamp. And that's how you manage unclaimed property in healthcare. You hold the property, right? Okay, let's talk about other big healthcare news that happened this past week. It wasn't all bad, was it? Or maybe it was Julie, what else happened that we should know about?

Murchinson:

I have the feeling Dave's gonna beat me with something really great. I'm just so mired in whether our, the whole RfK situation, honestly. But I did see one interesting headline that the top cause

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of death in the US remains the same. And that to me was kind of a sad headline with everything that we do. Not that the top cause should change, but that we're at status quo in so many ways in healthcare. So on that, you know, upbeat note, Dave, how about you? <Laugh>

Burda:

And that's what heart disease, right? Is it <laugh>? Yeah, yeah, yeah. By far and away, yeah.

Johnson:

Yeah. I was pulling for cancer, but you know, heart disease hung in there. Well, our friend Hal Andrews had a commentary on the national health expenditure numbers. And it was called down the Rabbit Hole and through the Looking Glass. And Hal was just trying to come to terms with the fact that expenditures were up 7.5%. And the statement in the report from CMS faster growth in 2023 was driven by non-price factors, which include the use and intensity of services with an increased number of hospital discharges and increased Medicare outpatient hospital utilization. But then he actually went into the report and it turns out that Medicare discharges actually declined from 7.56 million to 7.45 million. And then he just goes deep <laugh>, I mean, and through the methodology and so on, what you find are soft survey data, latent benchmarks, no use amazingly of cost report data to validate any of this. It really feels like a garbage in, garbage out analysis. And yet all of us, including the three of us use these CMS forecasts as something to, to bank on in understanding you know, how much healthcare actually costs in this country and how it's divvied up. I guess I'll, you know, after reading Hal's report, and I encourage everybody to do it, it's, it's not only well written, it's pretty funny with lots of good quotes in from media and movies and so on. But it's, we know it costs a lot of money, but don't ask us to get precise <laugh>.

Burda:

So we end up, nobody really knows

Johnson:

Exactly. <Laugh>.

Burda:

Yeah. <laugh>. That's great. Thanks Dave. And thanks, Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website@4sighthealth.com. You also can subscribe to the roundup on Spotify, Apple Podcast, YouTube, or wherever you listen to your favorite podcasts. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.