

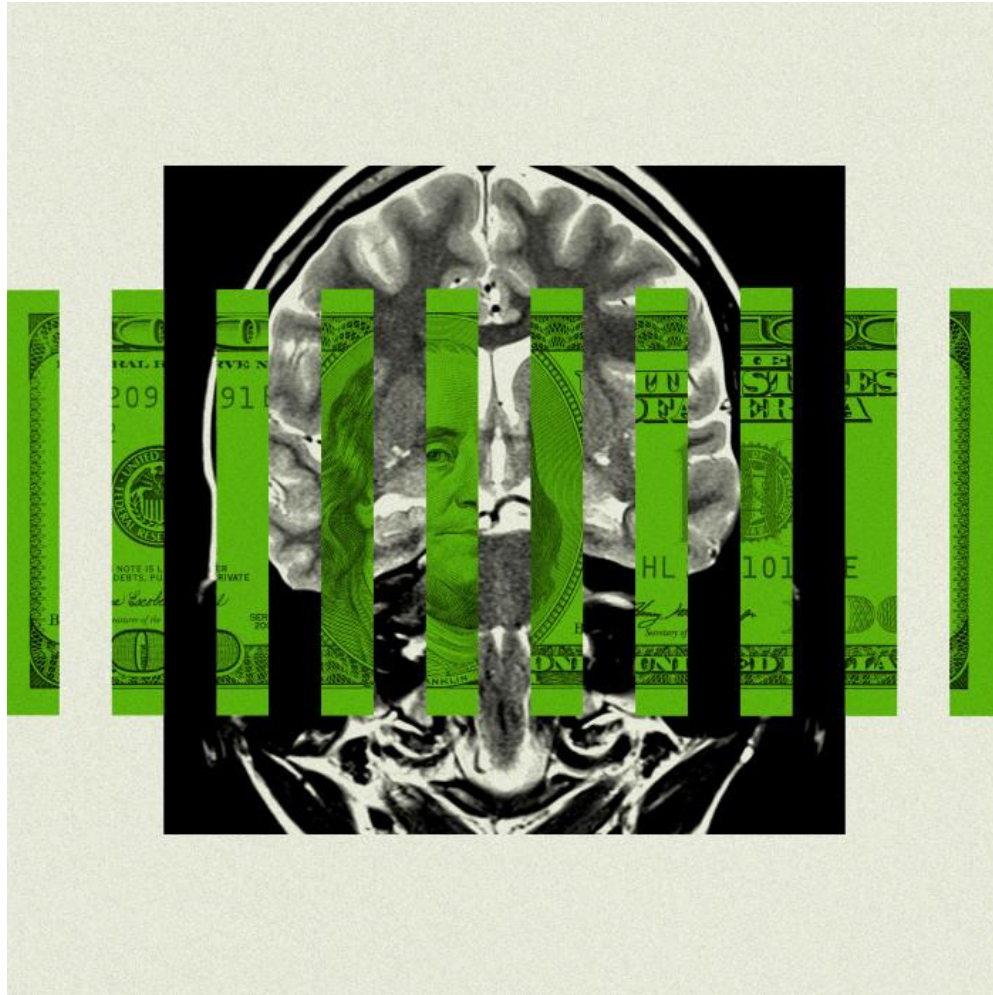
Why More Hospitals and Doctors Are Asking Patients to Pay First

Hospitals and doctor's offices are increasingly asking patients to foot the bill ahead of medical procedures

By

Peter Loftus – The Wall Street Journal

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DAISY KORPICS/WSJ, GETTY, ISTOCK

- About 92% of U.S. health providers now encourage or require prepayment or collect a payment method on file during the medical estimate process. [View more](#)

Have a costly medical procedure coming up? Odds are, you're going to be asked to pay ahead of time.

This year, about 92% of U.S. health providers either encourage prepayment, require it or collect a payment method on file during the estimate process, according to a survey

conducted by PayZen, a patient payment service provider, and the Healthcare Financial Management Association. Last year, it was 81%.

It is causing sticker shock for patients, and headaches for patients who overpay and then try to collect refunds. Then there are the cases where a patient pays several thousand dollars, only to learn they owe thousands more.

Days before Mark Thompson, 55, got hernia-repair surgery, a hospital billing agent told him his share of the cost under his insurance plan would be more than \$3,500—and that he'd owe it before the surgery.



Mark Thompson

The Albuquerque, N.M., real-estate investor paid it upfront, got the surgery, and thought that would be the end of it. Yet in the ensuing months, Thompson was told he owed thousands of dollars more, not just to the hospital but also to the surgeon and anesthesiologist.

Thompson spent months asking for clarity about the added charges—and disputing some—and eventually wound up paying about \$6,000 out of pocket.

“It dragged on for a long time and the frustration grew because I had spent so much time and money on it,” he said of the ordeal.

This growing practice is the result of insurers shifting more costs to patients, which leaves hospitals in the lurch when bills go unpaid, said Molly Smith, vice president at the American Hospital Association. Roughly half of patients’ shares of the bills remain unpaid one year after a healthcare service, according to a study published in JAMA Health Forum last year.

Federal law doesn’t bar hospital requests for prepayments of nonemergency services, but some states are trying to address aspects of the trend. Last year, Maryland enacted a law to bar hospitals from steering patients into prepayment plans solely to avoid offering financial assistance. Florida last year started requiring health providers to promptly issue refunds of overpayments to patients.

Hospitals aren’t allowed to refuse emergency care based on payment status. But there is a wide berth of procedures between emergency and truly elective, leaving people in need of things like ACL tear repairs or minimally invasive heart procedures, where delaying could pose health risks.

“It’s kind of heartbreaking because if you don’t have the funds at that time, you have to put it off, and that could really have consequences,” said Phyllis Bass, who lives in Cypress, Texas, and volunteers for a nonprofit patient-assistance group, Patient Advocate Foundation. Bass said she has postponed injections for rheumatoid arthritis and an MRI scan because she didn’t have enough to pay the estimate in advance.



Phyllis Bass

Hospitals have found that it is more difficult to collect from patients after a procedure is done.

“Deductibles have gotten bigger,” said Matthew Fiedler, a senior fellow at the Brookings Institution’s Center on Health Policy. So providers “want to collect at a point of more leverage, before the care is provided.”

After a procedure or service has been scheduled, many hospitals now contact the patient with an estimate of what the patient’s share of the cost will be. Some require advance payment of this share, while others ask for it. Some offer discounts for advance payments.

Patients don’t necessarily have to acquiesce.

“They can push back and say, ‘I’m not going to pay upfront until we figure out what insurance covers,” said Evan Farr, an elder law attorney in Fairfax, Va. In most states, however, providers can refuse to do a nonemergency procedure if a person doesn’t pay ahead of time.

If they can’t avoid prepayments altogether, patients can ask about paying a portion of what is due and setting up a payment plan for the rest.

Prepayments have been climbing over the past few years and now nearly 20% of patient's bills are paid ahead of time, according to Kodiak Solutions, a provider of technology and data services to hospitals.

Some providers are being more flexible due to concerns that aggressive pre-service collections could deter patients from getting necessary procedures. Among the 17% of organizations that officially require prepayments, 68% ultimately proceed with care even if the requirement isn't met, according to PayZen.

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"There's certainly an apprehension to asking for some sort of unreasonable payment ahead of surgery," said Matt Szaflarski, a vice president at Kodiak. "The last thing they want to do is scare a patient away from having a procedure they actually need."

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[Peter Loftus](#) is a reporter for The Wall Street Journal in Philadelphia covering the pharmaceutical and medical-device industries. He has written about Covid-19 vaccines, advances in cancer treatments, drug shortages and the use of mobile devices in healthcare. Peter is the author of "The Messenger: