

Got Health Insurance? Why You May Want To Pay Cash Anyway

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Morris Pineda of Alameda, Calif., says that learning it was cheaper for him to pay out-of-pocket for his prescription medications instead of putting in a claim with his insurance company came as a "slap in the face."

Pineda, an auto insurance claims adjuster, actually didn't believe it when his doctor advised him to fill his seven prescriptions at Costco and "don't tell them you have insurance." Heck, he pays \$330 a month for that insurance and he's entitled to some reimbursement for a covered expense, he thought. But by ignoring the coverage he pays for, his drugs now cost him less than \$100 a year instead of the \$420 his insurance charged in co-pays for the seven generic drugs.

How does he feel about paying an annual premium of \$4,290 a year for the privilege of being charged more? Pretty angry. "You have to trust somebody," he began. "You buy insurance because you assume it is the best deal. You act in good faith. And instead you wind up getting ripped off by the people you pay money to for insurance coverage." Pineda is insured through his employer's group policy. They deduct \$165 every pay period; 26 times a year. But his policy carries an annual \$500 per person deductible and each of his generic prescriptions covered by the plan has a minimum co-pay of \$5.

Overpaying on prescriptions is just the tip of the iceberg, said Dr. David Belk, an internist who treats Pineda and who is the one who sent him to Costco. There's a much larger problem, Belk explained: The lack of transparency in what medical care and goods actually cost. [Belk runs a website](#) devoted to the problem.

By keeping patients -- and doctors -- in the dark, insurance companies essentially have been given a carte blanche to rip people off, he argued. Many medical services -- blood work, MRIs, CAT scans, Pap tests -- also wind up costing insured patients less if they pay out of pocket rather than submit a claim to their insurance companies, said Belk. It happens frequently in the instances when people carry high deductibles on their coverage plans. The insurance won't pay for services until the annual deductible is met. Healthy patients who don't see doctors frequently rarely kick into that post-deductible period so they wind up paying out of pocket.

Insurers negotiate a contract with labs and determine what they will pay for each procedure. The patient, filing claims with the insurer, is responsible for a co-pay, a deductible, and -- depending on their plan -- 20 percent or more of the total cost. That often winds up being more than what the lab or doctor would collect from you if you didn't have insurance and paid for the services directly.

Belk's website offers an example of a patient he sent for simple blood panel screening being billed \$414 by her insurer, United HealthCare, for her share of the test. She could have gone to [First Choice Labs USA](#) -- with 2,000 sites nationwide -- a private lab set up to service the uninsured or those with high-deductible insurance plans. The same blood work he ordered would have cost \$95 at First Choice.

"The lab your doctor sends you to takes your insurance card and you assume that's that -- it's all covered. But it isn't always," Belk said.

He offers another example, of a doctor friend who needed an MRI of his knee. Billing for MRIs are generally in the \$2,000 range, he said. "Why on earth should it be that much? Imaging centers will do it as low as \$350. But they'll bill \$800 knowing Medicare pays about \$500. All it is is a fancy picture." The maintenance contract on the MRI machine is the real expense -- \$50,000 to \$100,000 a year. Most companies that make the machines make the real money off the maintenance contract, he said.

Dr. Belk has made a personal crusade out of educating the public that using health insurance for medical coverage may not be the cheapest route to take. But his goal is much broader: The preponderance of goods and services in health care aren't really all that expensive, he said, and he takes issue with the widespread idea that health care costs have skyrocketed. The real problem is that the health care insurance system is so shrouded in secrecy that it's pretty much impossible for the consumer to know what they are paying for. Not even doctors know, he said.

Belk regularly makes calls for his patients to prove to them that walking into a discount store and not telling them you have insurance will wind up costing you less out-of-pocket for your medicines than if you volunteer you have coverage.

"It's crazy," he said. The pharmacy may get paid more by putting your claim through to your insurer, but it is hardly providing a customer service to you if you have to reach deeper into your wallet to pay for your medications.

"How outrageous is it," he asked, "that you are buying this coverage and in the end you wind up paying more for the medications than it would otherwise cost?" He adds that despite the Sunday circular ads for Target listing \$4 and \$10 generics, "This is news to every patient who ever walks into my office, save a couple."

How strongly does he feel about it? "Buying insurance to cover generic meds is like buying insurance to cover the air you breath," he said.

What about the argument that doctors need a lot of insurance to protect themselves from lawsuits in our litigious society? "What do you think malpractice insurance actually costs a doctor?" he asked. Most people say tens of thousands of dollars. His own malpractice insurance bill: \$2,900.48 a year. "People are just fed this misinformation and there is no way they can ever check it," he added. "It isn't malpractice insurance that has pushed the cost of health care up. It's the lack of transparency and greed."

According to a [story in the Los Angeles Times](#), the California Hospital Association says that discounted cash prices are intended for the uninsured, not those who have coverage. A spokesperson told the paper that most hospitals offer a separate discount to insured patients who are willing to pay their portion upfront: "If you have insurance, you are under that insurance plan's negotiated rate with the hospital," she said.

To which Dr. Belk responded: "So you are being punished for having insurance?"