

# Understanding a Hospital Bill



The mission of each Kansas hospital is to serve the health care needs of the people in its community twenty-four hours a day, seven days a week. According to the [American Hospital Association](#), a hospital's work is made difficult by the fragmented health care system – a system that leaves millions of people unable to access the health care services they need.

Hospitals deal with more than 1,300 insurance plans, each with many different plan options. For instance, in the Federally Facilitated Marketplace program specifically, there are approximately 120 unique insurance plans offering more than 75,000 health plan options. This leads to multiple coverage, authorization and billing requirements for hospital bills. Decades of added government regulations have made a complex billing system even more complex.

The following is an explanation of hospital charges versus payments and how to read a hospital bill.

## Charges vs. Payments

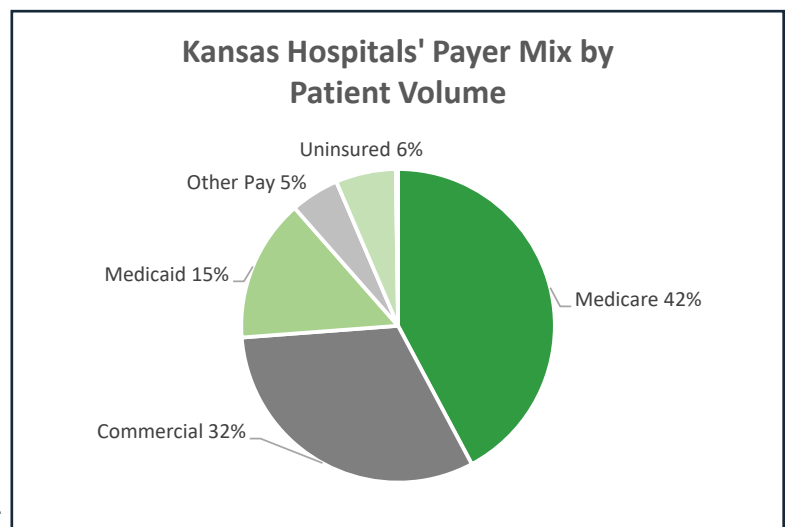
Federal laws and regulations require hospitals to maintain uniform charge structures, so a hospital will charge each insurance payer the same amount for the same service. Payments, however, do not correspond to those charges. What a hospital actually receives in payment for care is very different depending on the insurance payer. The percentage of each payer will be different for each hospital as it depends on the population a hospital serves.

## Financial Assistance

Tax-exempt hospitals are prohibited from billing gross charges for those eligible for financial assistance. Under the Affordable Care Act, tax-exempt hospitals are required to have a written financial assistance policy. Care can be provided for free or charges can be drastically reduced based on family income levels compared to poverty guidelines. Reach out to your hospital to understand their financial assistance options.

## Understand Your Insurance

It's easier to prevent claim denials than to deal with them after the fact. It's particularly important to understand what a patient's health plan does and doesn't cover, which physicians, hospitals, labs and pharmacies are in-network with the insurance plan, and whether a service requires a prior authorization. It is important to understand the cost-sharing requirements of the insurance plan, so the patient is not surprised by the amount they have to pay.



## Ask Questions

If you do not understand a charge on your bill, many hospitals have financial counselors to help you with your bill. They can help explain the bill in clear language. If you have questions, ask the billing department for clarification. Keep a record of the date and the time you called, the name of the person you spoke to, and what you were told.

## Reading the Hospital Bill - *Sample bill at right*

For most patients, the codes, descriptions and prices listed in their bills can seem confusing.

The following example explains each element of the bill. It is important not to get the medical bill confused with the Explanation of Benefits which is an insurance report.

**Statement Date:** The date the hospital printed the bill.

**Total Charges:** The full price of services or supplies the patient received before insurance.

**Service Date:** The bill includes a column listing the dates the patient received medical service.

**Type of Service:** A phrase that explains the service or supplies the patient received.

**Account Number:** Number assigned by the hospital. The patient needs this number when calling the hospital about the bill or balance.

**Billed Charges:** The total amount charged directly to the patient or insurance provider.

**Adjustments:** The amount the hospital negotiated to write-off with the insurance provider and agreed not to charge the patient.

**Insurance Payments:** The amount the health insurance provider has paid the hospital.

**Patient Payment:** The amount the patient paid before services started.

**Balance Due:** The amount the patient owes after insurance and upfront payments have been made.



**Sunflower  
Hill  
Hospital**

Sunflower Hill Hospital  
1234 Sunflower Hill  
Prairie Town, KS 12345  
Phone (555) 555-5555

Bill for:  
Jane Doe  
1234 Purple Coneflower Lane  
Prairie Town, KS 12345

**Statement Date: June 30, 2024**

### SUMMARY OF PATIENT SERVICES

Radiology	\$764.00
Therapy Services	\$754.00
<b>TOTAL CHARGES</b>	<b>\$1,518.00</b>

### ACCOUNT SUMMARY

Service Date	5/1/24 to 5/2/24
Type of Service	Womens Serve IP
Account #	01-2345678
Billed Charges	\$1,518.00
Adjustments	-\$568.00
Insurance Payments	\$700.00
Patient Payments	\$100.00
Balance Due	\$150.00