

**Faith and Credit: Forgoing Insurance, Mr. Selby Bargains For His Health Care --- Shopping Around, He Finds Discounts on Treatments; Pay Upfront, Get 30% Off --- A Deal on Gallbladder Surgery**

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TWAIN HARTE, Calif. -- Curtis Selby is one of America's 45 million uninsured, but he's not complaining. He doesn't want health insurance.

Mr. Selby, a 55-year-old cabinetmaker with a long beard, small spectacles, and an affable manner, doesn't believe in health insurance. He has long done without it, though he could afford a policy on what he makes crafting dining tables, kitchen cabinets and bookcases.

Mr. Selby abstains from health coverage because of his religious beliefs. He is a member of the Old German Baptist Brethren Church, a Christian denomination with similarities to the Amish. The Brethren don't believe in war. Most members of his church don't vote, smoke or drink, listen to the radio, watch TV or surf the Internet. And many don't belong to HMOs or other health-insurance plans.

Mr. Selby says he and his fellow Brethren believe God will pull them through any crisis. Brethren members have traditionally paid for their own care. If a church member becomes seriously ill, other Brethren will try to help with bills. This has become more difficult in recent years because of rising health-care costs.

Plagued by a series of ailments -- including a heart attack, cancer, pancreatitis, and a diseased gallbladder -- Mr. Selby has had to shell out tens of thousands of dollars. In the process, he has learned to shop for health care the way other Americans shop for cars. He haggles over prices. He asks for discounts if he pays upfront. He goes to different hospitals, scouting out their best offer, and then pits them against each other.

If he still can't get what he wants, he goes to the top, appealing to hospital executives. "A lot of people in a hospital don't know what to do when someone says they want to pay cash," Mr. Selby says.

Mr. Selby has already done what millions of Americans may soon be doing, as companies shift to "consumer-driven" health-care plans, and health-savings accounts. These plans typically move more health-care costs to consumers, which may encourage them to shop around in order to save money. Advocates of these plans say they will stimulate competition among health-care providers, and make consumers cut back on unnecessary tests and procedures, eventually lowering costs.

Critics counter that it's unrealistic to expect patients to hunt for bargains. "When your child has been injured, do you call and say 'Now, which orthopedist will fix this collarbone the cheapest?' " says Karen Davis, president of the Commonwealth Fund, a private foundation in New York that focuses on health-care policy.

Mr. Selby has found that shopping around for medical care isn't easy. He has experienced first-hand a system that is reluctant to disclose prices. He's seen how hospitals charge uninsured people the full sticker rate, while giving health-insurance companies and the government big breaks off the listed price.

Because he owns his own business and says he is in the middle class, Mr. Selby usually doesn't get offered the indigent discount programs that many hospitals have begun touting in response to criticism over their billing practices.

Mr. Selby says he used to think he had to accept a hospital's prices as set in stone. Then, around the time he had a heart attack 11 years ago, he decided he had to manage his affairs as a patient in a more businesslike manner: By being a tough negotiator, and never accepting an offer as final. "I am in business and I try to survive," he says. "I realize there is a difference between wholesale and retail."

He now approaches **shopping for health** care in much the same way he handles buying lumber for his cabinet shop. His suppliers "want our business and offer special pricing," he says. He finds that he can almost make the same assumption with a hospital. "When I found out the hospitals offered special pricing, if we could kind of shop with them, that made sense," he says.

Mr. Selby has had ample dealings with the medical industry. His latest ordeal began around Christmas in 2002, when he was diagnosed with prostate cancer. He knew he needed to be seen at a large medical center. His town, in the foothills of the Sierra Nevada, is in a rural area of thick woods and winding roads. While there are two local hospitals, Mr. Selby went to the University of California San Francisco Medical Center, a 3 1/2-hour drive from his home.

He was examined by Mack Roach, a specialist on prostate cancer. Dr. Roach determined radiation would be the best treatment to halt Mr. Selby's cancer, which he says was especially virulent. The hospital said the treatment would cost between \$80,000 and \$100,000.

UCSF's renowned cancer center attracts a moneyed clientele from abroad, says Dr. Roach. These VIPs are a lucrative business not only for UCSF but other world-class institutions. "Some of these patients are very wealthy" and "they are able to pay without much difficulty," says Dr. Roach. When uninsured Americans get quoted similar prices, some of them give up, he says.

In the spring of 2003, Mr. Selby, his wife and the youngest of his six children made their way to UCSF. They wore the traditional dress favored by the Brethren -- Mrs. Selby in a handmade, floor-length dress and a white cap, her husband wearing a broad-brimmed hat, pants with suspenders and a shirt and vest. They were determined to get Mr. Selby's care there, which made an impression on the doctor and staff. But it quickly became apparent that Mr. Selby -- uninsured and not independently wealthy -- wouldn't be able to afford the full cost.

UCSF sometimes negotiates discounts for uninsured patients' treatment, but until recently it hadn't always immediately volunteered that information, Dr. Roach says. Mr. Selby was unusual, he says, because "he asked."

The hospital scrutinized Mr. Selby's finances, asking about his income, expenses, and the size of his family, then weighing those factors against the expected cost of his cancer treatment. They determined he would likely be eligible for a number of government programs, including California's Medicaid, as well as Medicare. Though he owned a business, he was supporting his wife and three children still living at home.

But Mr. Selby threw a monkey wrench into the hospital's financial-aid apparatus by refusing to apply for Medicaid or Medicare, citing his religious principles. While his church doesn't forbid accepting Medicaid, Mr. Selby says that "individual convictions based on scriptures," guide him and others on health-care issues.

That was a big problem for UCSF. According to the hospital's policy, UCSF can write off some medical care as charity, but only if the person has been turned down for Medicaid or Medicare.

Mr. Selby and his wife went to meet UCSF's admissions director, Myriam Cabello. She decided to invoke a religious exception to the hospital's policy. She cited the fact that Mr. Selby couldn't apply to government health-care programs because of his beliefs, as a way to get around the rule. She also dipped into a private, philanthropic fund the hospital maintains to help cancer patients. The fund now stands at \$213,000. Mr. Selby wasn't opposed to private charity.

The decision to decline health insurance is left to individuals, says Kenneth Landes, 72, a church elder. The Old German Baptist Brethren isn't a hierarchical organization. The estimated 6,000 to 7,000 members have local councils, and a standing committee of a dozen elders who meet once a year. Mr. Landes, who has served on the standing committee, says he has steered clear of commercial insurance out of a sense of community. "I felt that

it is probably better that we would take care of ourselves and each other," he says.

In and around his community of Eldorado, Ohio, church members are assessed money each month for an "assurance" program to help pay medical bills of members who also haven't bought into health plans or HMOs. Some Brethren do purchase commercial insurance, Mr. Landes notes. He and others accept Medicare, he says, because they have paid into the system with their taxes. Others decline government health care.

Mr. Selby says UCSF delicately tried to determine what he could afford to pay for his cancer treatment. The figure \$25,000 was suggested by a staffer at the cancer center, he says. He thought that was fair. He told them he would try to come up with that amount of cash.

At the same time, he was checking out other options. Months earlier, he had contacted Loma Linda University Medical Center in Loma Linda, Calif., which is well-known for its prostate-cancer treatment. The institution first quoted him an \$80,000 treatment plan, he says.

After several phone discussions with officials at Loma Linda, the price came down dramatically, Mr. Selby says -- to between \$36,000 and \$38,000.

Cindy Schmidt, executive director of the patient-business office at Loma Linda said while they have a record of Mr. Selby's calls, they don't have records of any negotiations and can't comment. She added: "We make every effort to ensure that cash patients do not pay more than what an insurance company would pay."

Still, Mr. Selby was hoping that UCSF could work out a financial package for him. It did -- agreeing to do the treatment for one-fourth the cost of its initial estimate. Ms. Cabello approved the \$25,000 price tag in late June 2003.

Mr. Selby's first radiation treatment began in July. At times, Mr. Selby would lug bins of sweet corn, tomatoes, and other fresh fruits and vegetables to the hospital -- and distribute them to therapists, the receptionist, office secretaries, and Dr. Roach, the physician recalls.

The UCSF hospital lost money treating Mr. Selby, says Ms. Cabello. Based on the hospital's list prices, his treatment cost \$88,652. He came up with \$25,000, and the philanthropic fund chipped in \$34,000 -- for a total of \$59,000. The rest will be written off as charity care.

(MORE)

Ms. Cabello declined to say how much private insurers would have been charged for such treatment. Insurance companies usually negotiate prices that are significantly lower than the full rate. Medicare, she estimates, would have paid somewhat more than Mr. Selby, \$34,000. Medicaid would have paid less: about \$20,000.

Like other institutions, UCSF provides charity care, both out of a sense of mission and because that is important in order to keep its not-for-profit tax status. There are no "rigid" requirements to maintain that status, says Kenneth Jones, the UCSF medical center's chief financial officer. He says UCSF provided \$22 million in uncompensated care in the 2003 fiscal year, about 2% of its revenue of \$950 million. In addition, UCSF lost \$47 million treating Medicaid patients, Mr. Jones says.

After completing cancer treatment in September 2003, Mr. Selby became seriously ill a few weeks later, this time with pancreatitis, an inflammation of the pancreas. Rushed to the local hospital, Sonora Regional Medical Center, he was admitted and treated. He knew the routine from years of experience: Uninsured patients can get as much as 30% off list prices -- but typically only if they pay at the time.

He brought his credit card and charged \$5,900 for his treatment, representing a 30% discount off his full bill of \$8,400.

While he was in the hospital, doctors determined he would also need to soon have his gallbladder removed. The price: \$12,000.

That meant it was time to go shopping again. Mr. Selby tried another tactic he has learned: He asked a doctor friend to intervene on his behalf, in hopes of getting him a better deal. The doctor called an administrator at a different hospital. As a favor to the doctor, and sympathetic to Mr. Selby's plight, the administrator agreed to do the operation for only \$3,000.

Mr. Selby went back to Sonora and was offered the standard 30% discount for prompt payment. "Could you do any better?" he recalls asking Dave Larsen, a senior vice president for finance. He told Mr. Selby about the \$3,000 offer he had from another hospital.

Mr. Larsen says he agreed to knock the price for the gallbladder operation down to \$3,500. He also agreed to erase an additional bill of a few thousand dollars related to Mr. Selby's pancreatitis. So Mr. Selby had the operation there.

Sonora Regional Medical Center officials say they are prepared to offer discounts to anyone who comes and negotiates as Mr. Selby did. "We exist to serve the community," says Mr. Larsen. "We gave Curtis a discount because he needed services and he came to us basically saying, that he was paying out of pocket, that he had 'choices,' but he 'would prefer to get the services here.' "

Mr. Selby has been feeling better in recent months. But when he went back to Sonora Regional for checkups and blood tests, he was shocked at a bill: about \$400 for a couple of blood tests. One was a PSA test, which checks the level of prostate-specific antigen, a key indicator of prostate cancer. It cost \$170 at the hospital. "I am thinking this is ridiculous," he says. Mr. Selby received a discount of about 30% on that bill, the hospital says.

Months later at a health fair in his community, Mr. Selby took the PSA blood test again. The charge was only \$10.

A spokeswoman for Sonora Regional said hospitals have to build labor and technology costs into the price of basic procedures. It's "unfair," Mr. Larsen says, to compare the price of a blood test at the hospital with one offered at a health fair. The spokeswoman noted the fair was staffed by volunteers and the blood tests were processed in bulk. She added that her hospital was one of the sponsors of the fair, helping subsidize the tests and providing volunteers.

Mr. Selby's recent experiences have made him reflect about how the system treats the middle-class uninsured, a group that tends to get neglected even by health advocates, who focus their energies on the needy and indigent.

"I don't have these big reserves," Mr. Selby says. "I have a family business. I have machinery that I could liquidate. I have a couple of vehicles that I can go out and pawn. But it would seem that hospitals would be considerate."

A salesman did come by his shop, trying to persuade him to buy health insurance last year. So far, the answer is still "no."

Some Brethren have taken a different path, including members of Mr. Selby's own family. Mr. Selby's eldest son, Simon, 29, bought a state-subsidized Blue Cross of California policy for his wife when she became pregnant for the first time two years ago. He is glad he did. His daughter, Sadie, who was covered by the policy, had pneumonia shortly after she was born. She had to be transferred to Doctors Medical Center in Modesto, a unit of Tenet Healthcare Corp., a for-profit system. The bill for her care in the neo-natal intensive-care unit came to more than \$100,000, the younger Mr. Selby says. The insurance company settled with the hospital for about \$2,400, according to the paperwork he received.

Doctors Medical Center won't comment on the gap between what it charges and what it accepts from insurance companies. Catherine Larsen, a spokeswoman for the hospital, says it would certainly have tried to work with Simon Selby if his family were uninsured. Even so, she adds, "I think that it was good he had insurance."

Simon Selby knows that he could have been stuck with the full bill had he been uninsured. "It is totally unreal," he says. Now that his wife is pregnant again, he has coverage for his wife and children, but, like his dad, not for himself.

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Without a Net

The 45 million uninsured people in the U.S., by household income level

|                    |     |
|--------------------|-----|
| Less than \$25,000 | 34% |
| \$25,000-49,999    | 33% |
| \$75,000 or more   | 17% |
| \$50,000-74,999    | 16% |

Source: U.S. Census Bureau, current population survey, March 2004

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