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### U.S. hospitals charge uninsured more, study says

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By Kim Dixon

CHICAGO (Reuters) - U.S. hospitals are charging uninsured patients about two-and-a-half times more than those with health insurance, a mark-up that has been steadily rising despite pressure to level prices, a study released on Tuesday found.

In 2004, the most recent year for which data was available, hospital patients without health insurance and others who pay for medical care out of their own pockets were charged an average 2.57 times more than those with health insurance, according to the study published in the May-June issue of the journal Health Affairs.

That number has been rising steadily since 1984, but has jumped more quickly since 2000, the analysis of government data said.

Hospitals in the United States have come under fire from patient groups and lawmakers for marking up prices for those lacking the negotiating clout of a health insurer. But the price discrepancies are steadily worsening despite some reform efforts, the article said.

"The mark-up on hospital care for these individuals, especially for those who can afford it least, is unjustifiable," said Gerard Anderson, director of the center for hospital finance and management at Johns Hopkins University's school of public health, and study author.

The American Hospital Association (AHA), which represents most of the nation's 5,000 or so hospitals, said the report was out-of-date and methodologically flawed.

The group said it is misleading because the study predates U.S. Centers for Medicare and Medicaid guidance, which hospitals say they needed before they could give discounts to uninsured patients.

"Before that, there was a lack of clarity as to whether hospitals could charge differentially," AHA policy analyst Carmela Coyle said.

Hospitals set rates based on a list called the chargemaster, which is generally believed to inflate prices substantially, in the belief that prices will come down during a negotiation process.

For-profit hospitals had the highest discrepancy between costs estimated by Medicare and prices charged, the study

found.

## UNINSURED WEIGH

But patients without health insurance, about 45 million people in the U.S., lack the ability to negotiate. As it stands, hospitals only collect about 10 cents on the dollar charged to uninsured patients, Anderson said.

"When a hospital presents a bill that has charges on it, those charges are the same for everyone. What is different is how much insurers may negotiate in terms of discounts with hospitals," Coyle said.

More than 60 class-action lawsuits have been filed against U.S. hospitals over the issue. Anderson has been an adviser on some of them. About a year ago, the American Hospital Association enacted a voluntary policy for poor and uninsured patients.

But that policy has yet to show an impact and it is unclear how many hospitals are abiding by the price suggestions, Anderson said.

Anderson recommends pursuing the ongoing class-action lawsuits and having the government set a maximum amount that hospitals can charge as prescriptions to remedy the problem.

Several states are exploring the issue, including Illinois and Ohio, Anderson said.

There is one element in the debate in which Anderson and Coyle agree. Both say efforts to provide health insurance to greater numbers of people would ease the problem.

"The real problem of course, is that we live in a country where we don't guarantee coverage for everybody," Coyle said.

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