



Why is U.S. Health Care So Expensive For Ship Owners?

Medical care for crewmembers in U.S. ports is extremely expensive. This article briefly explains some of the key factors behind the high cost of healthcare in the U.S.

U.S. Hospitals Set Their Own Prices

Medical care in the U.S. is more expensive than in any other country in the world. This is because U.S. health care pricing is not set by the government. In fact, in most cases, hospitals and doctors in the U.S. are allowed to charge ANY amount they wish for their services. As most U.S. hospitals and doctors are private enterprises, they charge higher pricing to maximize profits.

Because hospitals and doctors set their own pricing, situations exist where hospital charges for identical medical services, may differ substantially from port to port. In fact, port-to-port cost variation can be 10 x or more. An appendectomy may cost \$300,000 in New York, while the same surgery may cost \$30,000 in Washington State.

Emergency Rooms are Unnecessarily Used

Because of vessel scheduling, sick and injured crewmembers are often sent to U.S. Hospital Emergency Rooms for medical care. However, medical clinics provide the same services for routine illnesses and injuries as Emergency Rooms. The advantage of medical clinics is that their medical services are typically 10 to 20 times less expensive than the same services provided at Emergency Rooms.



However, many medical clinics don't take walk-in patients. Other medical clinics are unwilling to treat crewmembers due to slow payments from Ship Owners or their agents. As a result, often the only option is for crewmembers to receive expensive medical treatment at Emergency Rooms.

Overtreatment

Overtreatment occurs when doctors order unnecessary tests and procedures or when unnecessary therapies or medications are used. Overtreatment often occurs in emergency rooms, and always leads to increased costs.

Sometimes overtreatment occurs because doctors believe a crewman will not receive care in their home country or at the next port. This type of over treatment is based on the incorrect assumption that medical care in countries like the Philippines is not available. Overtreatment also occurs because physicians are concerned with the liability of a crewmember being at sea when a possible complication occurs. Therefore, doctors may be overly aggressive about running medical tests.

Laws That Put Ship Owners at a Disadvantage

U.S. law is unique for both domestic and foreign crewmembers when it comes to medical care. In many cases, liability for medical care is unlimited and medical bills are NOT subject to any insurance adjustments. In fact, U.S. courts have ordered vessel owners to pay 100% of medical invoices. Therefore, even in the event of overtreatment ships owners may be required to pay the full invoice amount.

Use of Medical Brokers

Medical brokers are companies that make money by contracting with local hospitals to care for ships' crews. Some medical brokers have arrangements to pay hospitals pennies on the dollar but still charge ship owners in full for hospital bills. Use of such dishonest brokers (especially in Gulf of Mexico ports) can create a situation where a ship owner will pay \$1,000 for a test or procedure that only costs the broker 300 - 400 hundred dollars.

Lack of Case Management

Another contributing factor to high medical costs is lack of true case management. Medical case management is the practice of using a qualified medical professional to work with local doctors to manage outcome of care for crewmembers. Case Management saves money, and facilitates the best and most appropriate care.

However, ship's agents usually do not have case medical expertise. Additionally, even when good hospital-based case managers are involved, they often lack the expertise to manage maritime issues such as repatriation, immigration, and follow-up care.

Conclusion

The U.S. healthcare system is the most expensive in the world. There are various, complicated factors that can lead to extremely high health care costs for crew members. The best way to avoid such high costs is to have a deep understanding of the U.S. healthcare system and fully understand how to mitigate those cost factors.

*If you have questions
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