



# Tips For Keeping U.S. Medical Costs Low

In its previous article, SphereMD presented some of the reasons behind the high cost of crew member medical care in the U.S. In this article, we share tips for keeping crew member medical costs low.

Everyone agrees that the larger the discount one receives, the better. Who wouldn't prefer a 50% over a 30% discount? This type of thinking is often used when approaching medical care in the U.S. Individuals and companies alike try to find a hospital or service that will give the largest discount.

While it is clear that a larger discount on a hospital bill is in the best interest of the ship owner, SphereMD's view is that avoiding medical charges in the first place should be the primary focus of reducing medical expenses in the U.S. To that end, we have compiled a short list of strategies to reduce medical charges and expenses.

## Instructions for Use of a Specific Medical Service Provider

Ship owners' and ship management companies' voyage instructions to shipping agents should specify which medical service provider is to be contacted for all crew medical care. Such specific instructions help to eliminate brokers, hidden commissions, and non-transparent behaviors.



## Medical Case Management

Medical case management is the concept whereby a social worker, doctor, or nurse provides medical control or direction for a crew member's medical services. Cost savings are achieved because the people managing medical services are simultaneously looking out for the ship owner's and the patient's interests. In this way, smaller bills are generated while assuring quality care of the crew.

Medical case managers have the ability to comply with the orders of a local doctor for a lower cost than can be delivered by an Emergency Room. A couple of examples illustrate this:

Example 1 (without medical case management): A patient seen in a clinic is sent to a hospital emergency room because the patient is thought to have appendicitis. The emergency room performs laboratory tests and a CT Scan, and determines that the patient does not have appendicitis. The total bill from the hospital, before discount is \$6,600.00

Example 2 (with medical case management): A patient is seen at a clinic and need for further care is discussed with the medical case manager. The medical case manager arranges for the patient to receive lab tests and a CT scan as an outpatient, without going to a hospital. Lab tests and CT Scan determine that the patient does not have appendicitis. The total bill from the clinic, lab, and CT Scan are \$2,100.00, plus an additional \$500.00 for the medical case manager.

If a 30% discount was negotiated for medical bills in the above situations, the net charges for Example 1 would be \$4,620.00. On the other hand, the net charges for Example 2 would be \$1,470 for medical bills, plus \$500 for the medical case management fee – i.e., a total of \$1,970.00. Savings from use of an effective medical case manager on larger cases can be tens of thousands of dollars.

## Avoidance of Medical Brokers

Medical brokers are individuals who have little or no medical training who, in essence, broker medical services. These individuals are paid more as medical bills rise. Given this, medical brokers do not have the expertise, incentive or desire to reduce medical bills. Medical brokers are often appointed by shipping agents who sometimes get kick-back commissions from the brokers. Also, medical brokers sometimes use questionable billing practices to keep medical services and costs from being transparent.

It can be difficult to know if a medical service provider is a medical broker or medical manager. It is important to ask shipping agents the following questions when requiring crew member medical service: 1) Do any doctors work at the same address as the medical service provider? If there are no doctors working at the medical service provider, it may be a medical broker; 2) Are any monies paid to the agent for referring to the medical service provider? If the answer is yes, the medical service provider may be a broker; 3) Will the medical service provider share a copy of the canceled check that is used to pay the hospital? If the answer is no, the medical service provider is likely a broker.

## Avoidance of Emergency Rooms

One of the best ways to reduce medical expenses is to avoid emergency rooms for medical care. Emergency rooms cost 10 to 20 times more for services than clinics and outpatient services. For instance, and complex chemistry blood test (very routine) can be over \$900 in an emergency room, but is typically \$65 dollars in an outpatient facility. Given this, it is best start medical care in clinics when possible.

## Separation of Medical expenses in Disbursement Accounts

For some ship owners, medical costs are buried in shipping agents' Disbursement Accounts, and thus ship owners do not have a way to separate out medical costs. However it is extremely important to separate out medical costs by port, to raise alerts of any patterns of medical care abuse that may exist. This type of accounting also helps owners know which ports require extra scrutiny and attention when ordering medical services.

## Summary

Medical care in the US is expensive and complicated. Shipping Agents do not have the expertise or time to manage medical care in many cases. It is helpful to focus cost reduction efforts on NOT generating medical costs in the first place, instead of on trying to receive medical bill discounts. Fortunately, there are a number of strategies that can be employed to prevent medical costs from rising.