Calculating Your Medical Costs

How Do I Know What I Owe?

The Medical Billing Process

When you receive a medical service:

You will be checked in and be required to fill in information such as identification and coverage details. You will usually pay your copay before or directly after receiving the medical service (referred to as payment at point-of-service) You will then later receive a bill from your insurance telling you the full amount you owe for your treatment.
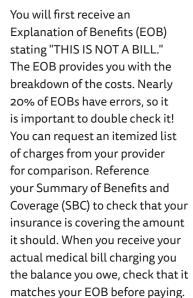
After your visit:

The medical provider will send the list of services you received to a claims processor at your insurance company, who interprets the bill to determine how much the insurance covers vs. how much you pay of the cost. After this information is collected, the coder will make it into a claim.

Receiving EOB and claim/bill:

You will first receive an Explanation of Benefits (EOB) stating "THIS IS NOT A BILL." The EOB provides you with the breakdown of the costs. Nearly 20% of EOBs have errors, so it is important to double check it! You can request an itemized list of charges from your provider for comparison. Reference your Summary of Benefits and Coverage (SBC) to check that your insurance is covering the amount it should. When you receive your actual medical bill charging you the balance you owe, check that it matches your EOB before paying.

If you find billing errors:

If you find an issue with the charges, try calling your provider who can resubmit the claim. If you find an issue with how much your insurance is covering, try calling your insurer. Be aware that there may be a deadline to pay your bill so if you have a dispute, notify the billing office who can freeze the account.

Reading Your Medical Bill

❋ Check that any payments you already made were included in the Patient Payments and that all information matches your EOB.

Note: This is only an example. Your bill may look different, but try looking for a similar-looking section on yours

Code	Date of Service	Service	Amount
2384	04/15/2022	PHARMACY	$930.00
9340	04/15/2022	LABORATORY-CBC	$440.00
3859	04/15/2022	CT SCAN	$620.00

Account Summary

Ⓐ Total Charges		$2000.00
Ⓑ Adjustments		-$430.00
Ⓒ Insurance Payments		$840.00
Ⓓ Patient Payment		$70.00
Ⓔ Balance Due		$660.00

Ⓐ Total Charges
Sum of the full costs of services that your provider charges.

Ⓑ Adjustments
Amount discount that your insurance negotiated. Sometimes bill instead lists "Adjusted Charges", calculated from total charges minus adjustments.

Ⓒ Insurance Payments
The amount your insurance covers and has already paid.

Ⓓ Patient Payments
The amount you have already paid (such as copays at point-of-service).

Ⓔ Balance Due
The amount you still owe the healthcare provider. This should equal the Total Charge minus the sum of the Adjustments, Insurance Payments, and Patient Payment.

Sources:
1 "Your Simple Guide to Understanding the Health Insurance Claims Process", Anthem
2 "Save Money: 8 Common Medical Billing Errors that Can Cost You", Think Health

Double Checking With Your EOB: The Three Components

Date of Service	Code	A Provider Charges	B Allowed Charges	C Covered by Plan	D Deductible	E Copay	F Coinsurance	Balance Due
04/15/2022	2384	$600.00	$400.00	$0.00	$400.00	$0.00	$0.00	$400.00
04/15/2022	9340	$400.00	$320.00	$200.00	$100.00	$20.00	$0.00	$120.00
04/15/2022	3859	$1000.00	$850.00	$640.00	$0.00	$50.00	$160.00	$210.00
	Total	$2000.00	$1570.00	$840.00	$500.00	$70.00	$160.00	$730.00 G

Reviewing Line Items

A Provider Charges
The full costs of services that your provider charges.

B Allowed Charges
The amount provider will actually be paid based on discounts negotiated with insurance. Sometimes EOB instead lists Discount Amount.

C Covered by Plan
The amount your insurance paid of Allowed Charges.

D Deductible
The amount you have to cover on your own because you haven't reached your deductible.

E Copay
The flat fee you owe for this type of service.

F Coinsurance
The amount of the Allowed Charges remaining (after deducting copays and deductibles) that you are responsible for.

G Total Owed
The amount you owe (sum of deductibles, copays, and coinsurances). You may have already paid part of this (like copays).

Interpreting EOB

Let's say you have a $500 deductible.

Service 2384
The provider charged $600 for this service but the insurance has previously negotiated that only $400 will be paid. Before this payment period, you had $0 towards your deductible. Since you haven't met your deductible, the amount you owe is the full $400 of Allowed Charges.

Service 9340
The allowed charge is $320. You must first pay $100 to finish meeting your $500 deductible. Now, your insurance begins to cover some of the remaining $220 cost for this service. According to your SBC, for this type of service you only have to pay a $20 copay and the insurance covers the rest of the $200.

Service 3859
Since your deductible is met, according to your SBC, for this type of service, you now pay a $50 copay and 20% coinsurance. After deducting the $50 copay from the $850 of Allowed Charges, the balance is $800. You cover 20% of this $800, which is $160, while your insurance covers the remaining $640.

Common Billing Errors

Check that charges are as expected and that your deductible, copay, and coinsurance amounts were calculated correctly based on your plan coverage as stated by your SBC.

Common billing errors include:

Typos
Service codes should match between EOB and itemized bill given by provider, insurance plan number should be correct

Incorrect Charges
For cancelled, duplicate, or unreceived services.

Incorrect Dates
Make sure you are not paying for both your admission and discharge date, length of stay should be correct.

Unexpected Physicians
Make sure you are not being paying for incorrect physicians who may be out-of-network or surprise bills.

Operating Room Time
Billed time should not exceed actual time.

Incorrect Room Charges
Ensure you are charged for correct hospital room.

Health Insurance Literacy Initiative

www.HealthInsuranceLiteracy.org