



## CHARGEMASTER FAQs

### WHAT IS A CHARGEMASTER?

A chargemaster is a comprehensive list of charges for each inpatient and outpatient service or item provided by a hospital – each test, exam, surgical procedure, room charge, etc. Given the many services provided by hospitals 24 hours a day, seven days a week, a chargemaster contains thousands of services and related charges.

The chargemaster amounts are billed to an insurance company, Medicare, or Medicaid, and those insurers then apply their contracted rates to the services that are billed. In situations where a patient does not have insurance, a hospital has financial assistance policies that apply appropriate discounts to the amounts charged. More information on the

hospital's financial assistance policies can be found at <http://www.vmh.org/content/financial-assistance-program>.

Health insurance companies contract with hospitals to care for their customers. Hospitals are paid the insurance company's contract rate, which can be significantly less than the amount listed on the chargemaster. The insurance company's contract rate, not the chargemaster, can be the basis for determining the patient's actual out of pocket costs.

As an example, a hospital may charge \$1,000 for a particular service, while the insurer's contract rate may be \$700. If the patient's insurance plan indicates the patient is responsible for 20 percent of the contract rate, the patient would owe \$140 ( $\$700 \times 20$  percent).

### ARE CHARGES THE SAME FOR EVERY PATIENT?

The list of charges is the same for all patients. However, the total charges for an individual patient often vary from one patient to another for a number of reasons, including:

- How long it takes to perform the service or how long it takes the patient to recover in the hospital
- Whether the service or procedure the patient receives is more or less difficult than expected
- What kinds of medication the patient requires
- Whether the patient experiences complications and needs additional treatment
- Other health conditions the patient may have that may affect the patient's care



## IS THE CHARGE THE SAME AS WHAT A PATIENT PAYS?

Chargemaster information is not particularly helpful for patients to estimate what health care services are going to cost them out of their own pocket.

If a patient has health insurance, the amount the patient will be billed and expected to pay for the patient's services depends on the patient's specific health insurance coverage and the patient's insurance company's contract with the hospital.

If the patient does not have health insurance, the patient may be eligible for reduced costs under the hospital's financial assistance policy, or the patient may be eligible for Medicaid coverage.

## WHAT IS NOT INCLUDED IN THE CHARGEMASTER LIST?

The hospital's chargemaster does not include charges for services provided by the doctor (or doctors) who treat the patient while the patient is at the hospital. The patient may receive separate bills from the hospital and the doctors involved in providing the care.

Here is a partial list of health care providers who may bill the patient separately:

- The patient's personal doctor, if he/she sees the patient in the hospital
- The surgeon who performs the patient's procedure
- The anesthesiologist who works with the surgeon
- The radiologist who reads x-rays or other imaging
- Other doctors who may be consulted by the patient's doctor during the patient's time in the hospital
- Laboratory testing

## WHERE CAN I FIND MORE INFORMATION ABOUT HOSPITAL COSTS?

If a patient would like more information about the chargemaster, what the patient's care will cost or the hospital's financial assistance policy, a patient can contact the hospital. A patient can also use the PricePoint website at <http://wipricepoint.org/Home.aspx>. A patient can consult with his or her insurance provider to understand the patient's insurance coverage, which charges will be covered, how much will be billed, information on deductibles and expected out-of-pocket responsibility.

Source: Wisconsin Hospital Association (WHA) Member Resources Regarding Compliance with the Updated Federal Guidelines on Posting Standard Charges. [<https://www.wha.org/WisconsinHospitalAssociation/media/WHACCommon/Health%20Care/PDFs/WHA-member-resources-regarding-compliance-updated-federal-guidelines-on-posting-standard-charges11-29-18.pdf>]