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## Overcoming Barriers to Discussing Out-of-Pocket Costs With Patients

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**Increased cost sharing**, in the forms of higher co-payments, deductibles, and yearly maximums, has been advocated to encourage patients to become smarter consumers and thus to reduce the overall cost of medical care. High out-of-pocket costs, however, can cause care to be delayed or foregone and can lead to financial distress and even bankruptcy. Some argue that physicians should be more cognizant of their patients' out-of-pocket costs, not for the sake of society but for the sake of the patient.<sup>1</sup> In our view, physicians have an ethical duty, at a minimum, to discuss out-of-pocket costs with patients in the same way that they would discuss the adverse effects of a treatment.<sup>2</sup> But when physicians actually begin to consider out-of-pocket costs as part of clinical decision making, the challenges can seem overwhelming. We examine potential barriers to discussing out-of-pocket costs with patients and provide guidance on how physicians can overcome these barriers.

### Potential Barriers to Discussing Out-of-Pocket Costs

#### Trading Off Less Benefit for Lower Cost

To some physicians, choosing anything less than the most effective care for their patients, particularly for cost reasons, is beyond consideration. Medical ethics has traditionally held that the physician should not withhold beneficial treatments because of cost.<sup>3</sup> However, this ethical prohibition has typically been raised when physicians deny care to conserve societal resources. When physicians consider a patient's out-of-pocket costs and conserve resources to reduce the patient's financial burden, this ethical objection is no longer relevant.<sup>4</sup> An ethical physician, however, should not practice below a moral standard of care. For example, a physician should not agree to send a patient with bacterial meningitis home with oral antibiotics because the patient wants to save the expense of a hospitalization. A useful rule

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of thumb is to consider a trade-off related to the cost of care reasonable if the physician would endorse the same trade-off in response to a strong patient preference that was not related to out-of-pocket costs.

### **Uncertainty About Prices**

In the United States, price transparency in health care is increasing but is not yet the norm. Physicians often do not know the prices of medical services that they are prescribing or the out-of-pocket costs to their patients.<sup>5</sup> One reason is that there are often numerous prices for the same service. Patients without health insurance are expected to pay the list price. Typically, patients with Medicare or Medicaid insurance pay (different) set prices determined by the government, and patients with private insurance pay a discounted price negotiated by their insurer. Another reason is that prices vary widely among locations and among hospitals.<sup>6</sup>

### **Uncertainty About Cost-Sharing Arrangements**

Even when physicians can determine the price of a specific medical intervention—for example, the Medicare or private insurance reimbursement rate for a specific procedure—patients may still have varying out-of-pocket costs depending on the details of their insurance coverage. Most Medicare enrollees have some supplemental insurance coverage, which may affect their out-of-pocket expenses. Patients with private insurance may have varying levels of cost sharing depending on whether their yearly deductible has been met.

### **Uncertainty About Future Medical Costs**

The course of medical care is often unpredictable; a clinical decision often affects a patient's future medical spending. For example, a patient with abdominal pain and a questionable indication for a computed tomographic scan might consider forgoing that low-value test to save money. However, if the scan were to detect a case of appendicitis that could be treated before the appendix ruptures, the scan would likely save medical costs as compared with the typical cost of caring for a patient with a ruptured appendix. Thus, attempting to minimize out-of-pocket costs for the patient can sometimes have the opposite effect. Of course, computed tomographic scans may detect incidental findings, not a serious ailment that requires immediate treatment. Considerable costs can be incurred in following up incidental findings, such as additional imaging studies or surgery.

## **Overcoming Barriers to Discussing Out-of-Pocket Costs**

### **Engage the Patient**

Patients vary, but most are unlikely to initiate a conversation about their out-of-pocket costs. Thus, physicians should take the initiative in discussing the financial burden of care with their patients. Asking whether patients have had or anticipate having difficulty paying medical bills can be a good question with which to start. Physicians should ask about a patient's health insurance, as well as their cost-sharing arrangements, such as co-payments and deductibles. However, just because a patient can afford to pay their medical bills does not mean that their out-of-pocket costs should be ignored. Many patients, including those

who do not struggle to pay bills, prefer not to spend money on potentially low-value, marginally beneficial medical services.

### **Give the Patient Options (Even Without Knowing Specific Prices)**

Not knowing the exact price of particular services need not preclude considering costs in clinical decision making. Especially in cases in which several courses of action are reasonable, physicians can offer their patients options. The physician will generally have a good idea about which course is likely to be more expensive, and the patient may as well. For example, if a medication is being prescribed, is there a generic alternative to a brand-name drug? If a diagnostic test is being considered, is the test result likely to change management and is there a good chance that symptoms will resolve if the test is delayed? If chronic disease is being monitored (with laboratory tests or imaging studies), can the interval between tests or studies be lengthened? In all of these instances, physicians and patients can consider out-of-pocket costs without knowing exact prices.

### **Seek Better Price Information**

When available, specific information about the cost of medical care, including the patient's share, is always desirable. For example, Massachusetts has a medical price transparency law that requires physicians and hospitals to provide cost information for procedures and services.<sup>7</sup> Other states are considering similar legislation. Websites can be excellent sources of price information. [Healthcarebluebook.com](http://Healthcarebluebook.com) offers fair-market prices for physician services and diagnostic tests according to geographic region. [Pricinghealthcare.com](http://Pricinghealthcare.com) uses medical bills collected from real patients to compile data on prices of a wide variety of medical services. Physicians should learn how to obtain price information and can direct patients to these or other information sources.

Price information can be programmed into computerized physician order entry systems, an approach that may also help to reduce the overall utilization of services.<sup>8</sup> This approach, although technically more complex and requiring additional expenditures to enter and update the data, can provide physicians with real-time price information to discuss with patients during their visits. Social workers or financial case managers can also help; case managers can review care plans with patients with regard to insurance coverage and affordability.

### **Conclusions**

If the United States had a better and simpler health care system, with universal insurance coverage and lower overall costs of medical care, high out-of-pocket costs might be less of a problem for many patients. But the reality is that cost sharing is increasing and high out-of-pocket costs are an everyday problem for both physicians and patients. Every treatment decision may have implications for a patient's financial situation, as well as his or her health. By helping patients navigate trade-offs related to their out-of-pocket costs, physicians can help to ensure that their patients achieve the best outcome, both financially and medically.

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