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Why Medical Providers No Longer Want to Serve Medicare Patients

A Special Medicare Payments Study
by Barbara Brabec
August, 2013

THIS REPORT IS A SUPPLEMENT to my report, ["Breast Cancer Returns After Twenty Years,"](#) which is an update to my 1993 Report, ["What You Need to Know About Breast Cancer."](#)

Given my concerns in 2012 about [how Obamacare was likely to affect Medicare patients in the future,](#) I was curious to know how much Medicare actually paid my medical providers for expenses related to the recurrence of my breast cancer this year. Because I have a good Medigap insurance policy, all of the medical procedures detailed on the next page were covered by Medicare and my supplement insurance.

I studied all of Medicare's explanations for various procedures discussed in the above referenced report on my site, along with the payment forms I received from my supplemental insurance provider. In looking at the figures on the next page, one can easily understand why many doctors have stopped taking Medicare patients in recent years, and why more of them will be doing this once Obamacare kicks in next year and their payments are further reduced by Medicare's "allowable payment formulas."

Once Medicare gets a provider's bill, they use some formula they have to determine how much of an amount for this or that procedure they will "allow," and then they actually pay only a certain percentage of that allowed amount, with the balance showing up on the patient's statement as "Maximum You May Be Billed." Any Medicare patient without a Medigap/supplemental insurance policy would thus be liable for those charges. I haven't shown the "allowed amount" on my financial breakdown, but you can get an idea of this by what Medicare actually paid each provider. You'll also see what I would have had to pay if I didn't have a supplemental insurance policy.

Breakdown of Medical Charges and Payments to Providers

Amounts have been rounded to the nearest dollar. (No amount is shown for the first charge here because I was finishing up my deductible for the year on this procedure.)

	Charged	Paid by Medicare	Paid by Supp. Ins.
4/9 - annual mammogram	\$ 424	\$ 160	\$ N/A
4/12 - 2 nd mammogram	\$ 600	\$ 240	\$ 74
4/19 - biopsy and clip insertion	\$ 2,682	\$ 1,161	\$ 232
4/19 - pathology report	\$ 155	\$ 65	\$ 16
5/2 - Surgeon consult	\$ 225	\$ 137	\$ 35
5/7 - EKG before surgery	\$ 294	\$ 21	\$ 5
5/7 - EKG report	\$ 84	\$ 6	\$ 2
5/8: <u>Day of Surgery</u> mammogram, radiology, needle insertion and related expenses	\$ 776	\$ 82	\$ 12
hospital bill (total)	\$10,377*	\$ 2,546	\$ 465
Surgeon's bill	\$ 1,000	\$ 398	\$ 102
anesthesiologist	\$ 960	\$ 114	\$ 29
5/16 - follow up with surgeon	\$ 125	\$ 77	\$ 15
5/24 - oncologist consult & blood draw	\$ 139	\$ 128	\$ none due
7/8 - Breast MRI	\$ 5,484	\$ 1013	\$ 203
TOTALS	\$23,325	\$ 6,148	\$ 1,190

Total received by providers:

\$7,738

(About 31% of what was charged)

* **Re hospital bill:** The \$776 number listed above the hospital bill was listed on the total hospital bill on the claims form, but Medicare paid this separately and then completely disallowed \$7,100 of the total bill for reasons not explained on my claims report. However, some of the forms for hospital-related expenses included footnotes stating, "Approved amount is based on a special payment method," and "After your coinsurance was applied, the amount Medicare paid was reduced due to federal state and local rules."

A question to contemplate: If all of us in business had a group of clients who we knew would only be paying us 31% of what we were charging them, how long do you think we could afford to keep those clients? (If you see your doctor eyeing you differently some day, this thought may well be in his or her mind.)

*This little study has also prompted me to wonder how long the doctors and hospitals we use now are going to continue to "accept assignment" (meaning they take whatever Medicare decides to give them)? If any doctor decides NOT to "accept assignment" somewhere along the way, then a patient would be responsible for whatever was not paid by Medicare and their supplemental insurance. **THUS:** When you see a new doctor, ask if they accept assignment, because not all do. ([See this article!](#))*