

# Understanding Your Medical Bills

**A**fter your doctor's appointment, your doctor's office submits a bill (also called a claim) to your insurance company. A claim lists the services your doctor provided to you. The insurance company uses the information in the claim to pay the doctor for those services.

When the insurance company pays your doctor, it might send you a report called an Explanation of Benefits, or EOB, that shows you what it did. You need to be able to read and understand the EOB to know what your insurance company is paying for, what it's not paying for, and why. An EOB is not a bill.

Your doctor's office might send you a statement. A statement shows how much your doctor's office billed your insurance company for the services you received. If you receive a statement before your insurance company pays your doctor, you do not need to pay the amounts listed at that time. After your insurance company pays your doctor, you may need to pay the doctor any balance due.

Keep in mind that not all insurance companies send EOBs, and not all doctors' offices send statements. You may receive one or the other or both.

The next page shows an EOB and a billing statement with instructions to help you understand them. You should use what you learn to review your EOBs and billing statements carefully. Here are some things to look for:

- If the dates of service and description of services on your EOB and billing statement aren't the same, or if they don't match other records you may have of the visit, contact your doctor's office first.
- If you have questions about why your insurance company did not cover something or about the amount you have to pay, contact your insurance company.
- If more than 60 days have passed and your insurance company still hasn't paid your doctor, contact your insurance company.

Finally, you should keep your EOBs and statements organized (e.g., filed by date) so that you can access them easily should questions arise.

## Note to Medicare beneficiaries

You probably receive a Medicare Summary Notice. The Medicare Summary Notice is like an EOB, but it has its own terms and explanations. You can learn more about how to understand Medicare Summary Notices by visiting the Medicare Web site at [http://www.medicare.gov/Basics/SummaryNotice\\_HowToRead.asp](http://www.medicare.gov/Basics/SummaryNotice_HowToRead.asp).



**American Academy  
of Family Physicians**

TODAY'S FAMILY PHYSICIAN - SPECIALIZING IN ALL OF YOU.

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This handout is provided to you by your family doctor and the American Academy of Family Physicians. Other health-related information is available from the AAFP on the World Wide Web (<http://www.familydoctor.org>).

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# Understanding Your Medical Bills *(continued)*

## Member

The person who has obtained the health insurance. In the case of employer-sponsored health insurance, this is the employee. The Member is sometimes referred to as the Subscriber.

## Claim Number

The number the insurance company has assigned to the claim. You may need this number if you are contacting the health plan with questions about the claim.

## Plan Number

Because Plan Sponsors may offer different kinds of plans, such as an HMO and a PPO, the insurance company may use a number to identify the Member's specific plan.

## Member ID

The number the insurance company uses to identify the Member.

## Date Paid

The date the insurance company sent payment to the Provider.

## Plan Sponsor

Usually the entity that pays for or helps pay for the insurance, such as the Member's employer.


## Patient ID

The number the insurance company uses to identify the Patient.

## Patient

The person who received health care services.

**EXPLANATION OF BENEFITS**



Healthway, Inc.  
P.O. Box 1000  
Metropolis, ST 99999

<b>MEMBER</b> Mary Jones	<b>MEMBER ID</b> 987654321
<b>CLAIM #</b> 01	<b>DATE PAID</b> 02/20/04
<b>PLAN #</b> 02BNAPPO	<b>PLAN SPONSOR</b> Bayview Industries 123 Main Street Anytown, ST 12345

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<b>PATIENT</b> Ann Jones	<b>PATIENT ID</b> 57736
<b>RELATIONSHIP</b> Dependent	

Mary Jones  
555 Oak Street  
Anytown, ST 12345

## Provider Name

The entity that provided services to the patient. This may be the name of the physician or other health care professional, or it may be the name of the physician's practice or hospital.

## Procedure Code

This number identifies the services that were provided. Some EOBs and billing statements also use words to describe the services, such as "Office Visit" or "Laboratory."

## Negotiated Savings

The difference between the Provider's charge and the insurance company's payment. Insurance companies often require Providers to discount their regular fees as part of their contracts.

HEALTHCARE PROVIDER NAME	DATE OF SERVICE	PROCEDURE CODE	TOTAL AMOUNT CHARGED	NEGOTIATED SAVINGS	CHARGES NOT COVERED	REMARK CODE	DEDUCTIBLE, COPAY, COINSURANCE	TOTAL AMOUNT PAYABLE
Ellis J	1/13/04	99213	60.00	10.00	.00		15.00	35.00
		90471	10.00		10.00	NC	0.00	0.00
		90669	90.00		90.00	NC	0.00	0.00
		36415	25.00	5.00	.00		0.00	20.00
<b>COLUMN TOTALS</b>			185.00	15.00	100.00		15.00	55.00
<b>ADJUSTED BECAUSE OF OTHER INSURANCE</b>								.00
<b>NET PAYABLE</b>								55.00
<b>CHECKS ISSUED</b>								
PAYEE NAME	CHECK NUMBER	TOTAL PAYABLE	CHECK AMOUNT	MEMBER RESPONSIBILITY				
Family Care Assoc	00105083	55.00	55.00	115.00				

## Relationship

The relationship of the Patient to the Member.

## Remark Code

The reason the insurance company refused to cover certain charges. One common reason is that the service is not covered under the Member's plan. These codes are usually explained on the back of the EOB.

## Total Payable

The amount the insurance company has agreed to pay the Provider. It should equal the Providers' Charges minus any Negotiated Savings and Deductible, Co-payment and Coinsurance amounts.

## Deductible, Co-payment and Coinsurance

The amount that the insurance company makes the Member pay. For example, the Member might have to pay the first \$100 in allowed charges for the calendar year. This is called a Deductible. The Member may also have to pay a set amount or set percentage each time they go to the doctor's office. This is called a Co-payment.

## Member Responsibility

The amount the Member must pay the Provider.

## Date of Service

The date the Patient received services from the Provider.

## Total Amount Charged

The amount the Provider charged the insurance company for the service.

## Charges Not Covered

The amount that the insurance company refused to cover. These may become the Member's responsibility.

## Check Amount

The amount of the insurance company's check to the Provider. This should be the same as the Total Amount Payable.

## An example

On Jan. 13, 2004, Mary Jones took her daughter Ann to see James Ellis, MD, at his office. In addition to the office visit, Dr. Ellis's practice provided Ann with an immunization and a blood draw. The sample EOB (on the previous page) shows how the Jones' insurance company, Healthway, handled the claim submitted by Dr. Ellis's office.

Mrs. Jones has obtained her insurance through her employer, Bayview Industries, so she is the Member, and her employer is the Plan Sponsor. Ann is the Patient, since it is she, not Mrs. Jones, who received the services from Dr. Ellis. The Plan, O2BNAPPO, indicates Mrs. Jones is in the Preferred Provider plan. This is Claim 01.

Dr. Ellis is listed as the Provider, and Jan. 13 is listed as the date of service, since this is the date that he saw Ann. Dr. Ellis charged the insurance company \$60 for the office visit, \$10 for administering the immunization, \$90 for the vaccine itself and \$25 for the blood draw.

The Negotiated Savings shows that Dr. Ellis has agreed to accept \$50 for the office visit (i.e., \$60 charge minus \$10 negotiated savings) and \$20 for the blood draw (i.e., \$25 charge minus \$5 negotiated savings).

The insurance company does not cover immunizations, so those related charges (\$10 and \$90) are listed under Charges Not Covered with a Remark Code to this effect. Both the office visit and blood draw are covered, so the amount listed under Charges Not Covered is \$0 for both of those.

Mrs. Jones's plan requires a \$15 co-payment for all office visits, so the EOB shows that she owes \$15 for the office visit.


The Total Payable column shows that the insurance company owes Dr. Ellis \$55: \$35 for the office visit (\$50 - \$15) and \$20 for the blood draw. A check in this amount was issued to Dr. Ellis on Feb. 20. Mrs. Jones owes \$115 (the \$15 co-pay for the office visit plus \$10 for the noncovered immunization administration plus \$90 for the vaccine).

The statement shown above from Dr. Ellis's office to Mrs. Jones dated Jan. 31 shows the same dates of service, a slightly different description of services, and corresponding charges of \$185. It shows that Mrs.

## BILLING STATEMENT

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**MAKE CHECKS PAYABLE TO**



Family Care Associates  
105 Elm Street  
Anytown, ST 12345  
(111) 222-3333

PLEASE CHECK METHOD OF PAYMENT

MasterCard  VISA  Discover  CHECK

CARD NUMBER	AMOUNT
SIGNATURE	EXPIRATION DATE
STATEMENT DATE	ACCOUNT NO.
1/31/2004	57735
SHOW AMOUNT PAID HERE	\$

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**ADDRESSEE**

Mary Jones  
555 Oak Street  
Anytown, ST 12345

**REMIT TO**

Family Care Associates  
105 Elm Street  
Anytown, ST 12345

**Previous Statement Balance**  
The total of unpaid charges for services listed on a statement you received before this one.

**Statement Date**  
The date the doctor's office printed this statement.

DATE	PATIENT NAME	DESCRIPTION	CHARGE	PAYMENT	ADJUSTMENT	PAYMENT
		PREVIOUS STATEMENT BALANCE				.00
1/13*	ANN	EST PT/LEVEL 3	60.00			60.00
1/13*	ANN	IMMUNZ ADMIN	10.00			10.00
1/13*	ANN	PNEUM CONJ VACCINE	90.00			90.00
1/13*	ANN	BLOOD DRAW	25.00			25.00
1/13	ANN	PYMNT CASH		-15.00		170.00
1/31		ACCOUNT BALANCE				170.00

\* Insurance filed

**Description**  
The services that the doctor's office provided are listed here. On the EOB, they are described with code numbers.

**Account Balance**  
This is the balance due on your account. If your insurance company hasn't paid your doctor yet, you probably don't owe this full amount.

Jones paid the co-payment (\$15) at the time of service. It shows that the account balance is \$170, but the insurance company payment hasn't been posted yet, so there is no amount due from Mrs. Jones at this time.

Mrs. Jones will receive another statement from Dr. Ellis's office after the insurance company makes a payment. This second statement will show the \$55 payment received from Healthway on Feb. 25, and it will show the Negotiated Savings amount of \$15 (from the EOB) in the Adjustment column. It also will show the balance of \$100, which will then be due from Mrs. Jones.

Dr. Ellis sent Ann's blood to a lab to be tested. The lab will send a claim for the test to Mrs. Jones's insurance company. The lab will also send a bill to Mrs. Jones. After the insurance company pays the lab, Mrs. Jones may need to pay the lab any remaining balance.