



*Understand*

The True Cost  
of Health Care



South Carolina

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15006 (10/08)

*A* As the cost of health care continues to escalate, it is the collective responsibility of many to hold down expenditures and find a solution to health care inflation. You can help control rising costs with smart lifestyle choices.



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# Understand



The dramatic rise of health care costs is a national problem. It affects everyone. The Centers for Medicare and Medicaid Services project health care spending will double over the next 10 years. As medical fees continue to soar, so does the cost of providing the health benefits needed to cover those expenses. *For consumers, the best action is to understand there is no “villain” to blame. Rather, there are multiple factors responsible for the increase. Some of the most notable include:*

**Prescription Drugs** The amount Americans spend on prescription drugs increases nearly 15 percent every year. Drug costs represent more than one quarter of each dollar spent on health care. New drugs enhance the quality of life and are essential in advancing medicine. But they come at a high price. Increased use of generic drugs could save billions of dollars annually.

**New Technologies** Medical technology impacts all aspects of medicine. Laser surgery, MRI and CT scans, organ transplants, miracle drugs — the medical advances of recent years have changed health care today. These advances have great positive impact, but are costly. The challenge is to match the most appropriate use of technology with the needs of the patient.

**Liability Costs** Liability risks for health care professionals are greater than ever. Malpractice premiums paid by doctors have increased dramatically. These higher premiums factor into the costs consumers pay for services.

**The Aging Population** The average American spends about 75 percent of his or her lifetime health care expenditures after age 50. As the workforce ages, we can expect a greater increase in health care spending. Roughly 80 million Americans will turn 50 over the next 10 years. With more people wanting medical services, we need new ways to keep health care costs down.

**New Legislation** State and federal mandates, aimed at protecting insured people, may also increase costs. The mandates are laws that require specific benefits be added to all health insurance plans. Implementing the benefits may create new administrative costs for health professionals and health plans. These additional expenses may factor into the costs consumers pay for services.

**Quality** We pay a huge price for poor quality. Administrative inefficiencies and the overuse, under use and misuse of medical services waste millions of dollars annually.

## The True Cost of Health Care Is Often Disguised

Because we have insurance benefits to help pay for our health care, most of us never know the full cost of medical procedures, treatments and drugs. This creates a mindset that “someone else” is paying the bill. But really, it’s your money! When costs increase, you pay more in higher premiums, copayments, coinsurance and deductibles.

As consumers, Americans are demanding more medical services than ever before. And the cost of these services is going up. Health insurance companies project future premiums by studying the amounts members have paid for past claims. When insurance companies receive less in premiums than they pay out in claims, they pass higher costs on to employers. To manage the impact, employers may have to reduce the services offered, or pass the expenses on to you.

## Consider the Following:

- Copayments and deductibles have not kept up with medical cost inflation, making you less aware of the actual costs. Did you know coronary bypass surgery could easily cost \$70,000 or more? The care of a premature baby can exceed \$500,000.
- You may pay a \$15 or \$20 copayment for a drug that costs \$150 or more.
- A routine visit to the doctor could cost as much as \$200 in fees and lab work, yet you pay a much lower amount.
- A visit to the emergency room can cost between \$400-\$500. But you pay a fraction of that cost.

*It will take everyone working together to bring health care costs under control. One way you can help is to make your purchasing decisions as if you are spending your own money.*

## Here Are Some Tips for Becoming a Cost-Conscious Health Care Consumer:

1. Make responsible health care decisions. Know what services you are getting, how much they will cost and how you will benefit.
2. Carefully review your health care bills. Watch for duplicate charges; inaccurate dates of service; and charges for supplies, medications or tests you did not receive.
3. If you change doctors, don’t waste time and money on tests you’ve already had. Have your previous doctor forward your records to the new doctor.
4. Don’t expect a prescription every time you visit your doctor. Sometimes an illness needs to run its course. This doesn’t mean you shouldn’t see your doctor when you are sick, but you shouldn’t always expect to leave with a prescription in hand.
5. Save the emergency room for true emergencies.
6. Understand the impact of unhealthy lifestyle choices and make positive changes.



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