



6 Ways to Negotiate Lower Healthcare Bills



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Medical bills are the biggest threat to your nest egg and the number one cause of bankruptcy and debt in the U.S. Receiving a large medical bill is stressful, regardless of insurance status. Even having insurance doesn't fully protect you from medical debt due to high deductibles and unforeseen out-of-pocket costs. The stress of medical bills is even linked with poorer [mental](#) and physical health and [higher mortality](#) rates!

Luckily there are some steps you can take, both proactively and reactively, to minimize healthcare bills. Keep reading to learn about 6 strategies you can use to negotiate lower medical bills, whether you're insured, underinsured, or uninsured.

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1

Before You Receive Healthcare Services —Be Proactive

Shop Before You Buy

State and federal laws on price transparency (posting clear prices up front), such as the [No Surprises Act](#), may help you obtain price estimates from hospitals and other providers before getting services. You can shop before you buy whether you are insured, uninsured, or underinsured.

Are you using health insurance to help cover the cost of the needed medical services?

Yes

No

Advance Explanation of Benefits

If using insurance, you can request an Advance Explanation of Benefits (AEOB) from your insurance company.

Your AEOB should include:

- Network status of the provider and facility
- Contracted rate for the item or service
- Estimate from the provider(s) and facility
- Estimate of amount covered plus any cost-sharing information
- Estimate of the amount you have incurred towards meeting deductibles and out-of-pocket maximums as of the date of the AEOB
- Other information or disclaimers from your insurance plan

Good Faith Estimates

If uninsured or paying cash, request a [good faith estimate](#) from the provider and the facility at least three days before your scheduled procedure.

Your estimate should include:

- Expected charges
- Any reasonably anticipated ancillary items or services, including those provided by another provider or facility
- Expected billing and diagnostic codes for these items or services

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Continued

Before You Receive Healthcare Services —Be Proactive

Shop Before You Buy

Online Price Comparisons

To be a savvy shopper, you will need to become familiar with looking up billing codes, sometimes listed as CPT, DRG, or HCPCS codes. These are the codes attached to every medical procedure, service, and item. Each code has a corresponding description and price, kind of like a bar code. With the codes in hand, you can use various apps, pricing websites, and healthcare provider websites to compare prices.



Match the Price of Another Local Provider

Before receiving services, you may be able to use this pricing information to ask your provider to match the lowest rate. In addition to estimating costs, this pricing information comes in handy when it's time to settle the bill.

2

Never Pay Full Price

Hospital systems and medical providers keep a comprehensive list of charges for all items and services that patients receive. The original price for healthcare services is a marked-up, retail rate.

In practice, it usually contains highly inflated prices at several times that of actual costs and serves as a starting point for price negotiations.

It is usually the initial price you are quoted before any discounts, such as an insurance network discount, are applied. Whether you are insured or not, there is no reason to pay the original full rate.

Medicare Rate

If the provider takes Medicare, you can ask to pay the Medicare rate if it's less than the cost you were given. The Medicare rate is usually the lowest rate for medical services and/or items. You can google the Medicare rate or go to

<https://www.medicare.gov/procedure-price-lookup/>.

You can also use the Medicare rate for negotiating medical bills you already owe.

Large Down Payment in Exchange for a Big Discount

Another strategy is asking for a sizable discount in exchange for a big down payment, especially for a very expensive upcoming procedure or surgery that isn't fully covered by insurance. Since it is in the best interest of both the patient and provider to get medical bills paid in a short time period, it never hurts to ask.



Never Pay Full Price



Cash is King!

One popular strategy is offering to pay cash up front with no insurance involvement in exchange for a lower price. “Cash” does not mean you have to use paper bills and coins. It simply means that you are directly paying doctors or other providers the whole fee yourself, usually at the time of service, versus having them file an insurance claim and you pay later what an insurance company says you owe. A small but growing number of providers cater to cash-paying patients to avoid the insurance administrative paperwork and post their prices up front, while others may not post prices but are willing to negotiate a lower cash rate instead of dealing with insurance hassles.

If you have insurance and need a procedure with multiple components like surgery, then you probably want to go ahead and use your insurance, in case there are complications and since it may be difficult anyway to get an actual complete cost ahead of time. Using insurance is also preferable if you are likely to or have already met your deductible, since cash payments most likely won’t be credited towards your deductible.

But there may be other instances, like getting an MRI or other imaging scan, where it may make more sense to compare prices including cash prices. Insured people may also want to visit an out-of-network provider, in which case they may choose to pay cash since it probably won’t be covered by their insurance.

3

Get Help Paying Your Medical Bills

Look into Financial Assistance Policies

Most medical facilities have financial assistance policies (FAPs), which are legally required of nonprofit hospitals. FAPs can take many forms and each hospital has its own eligibility requirements, which can normally be found on their websites. Additionally, they must give you a copy of the FAP and an application for free if requested. You can apply for financial assistance before upcoming medical procedures or afterwards when you receive a bill.

See if You Qualify for Charity Care

FAPs often include charity care or income-based discounted medically necessary care. You must ask about or apply specifically for charity care, as it will reduce your bill more than any other type of financial assistance if you qualify. A quick and free way to see if you may qualify for charity care before going through the entire application process is to use [DollarFor.org](https://dollarfor.org).



Other Financial Assistance Programs

Other financial assistance includes options such as payment plans and medical credit cards. Ask for an interest-free payment plan and be wary of low-interest medical credit cards, or “care cards.” They often carry high interest after an introductory period. Additionally, medical credit cards turn medical debt into consumer debt, which can more easily damage your credit score.

In addition to financial assistance policies from your medical facility, there may also be state or local social resources, community and low-income clinics, and nonprofits that help people with their medical bills and access to medical care. A good starting point is 211.org, which can tell you about local resources in your area and how to apply. Additionally, [patient advocates](#) can help you navigate the healthcare system and get access to medical care.

4

What to Do After You Get The Bill

Review Your Itemized Medical Bills

It is estimated that as high as 80% of medical bills contain errors. These errors could be data entry mistakes, wrong codes, duplicate charges, services not received, etc. By carefully examining your itemized medical bills, you may be able to quickly decrease the amount of money you owe.

Get Itemized Bills with Billing Codes

When you get a medical bill, make sure it is an itemized bill with billing codes (CPT, DRG, and HCPCS codes) to understand specific charges. If you don't ask for an itemized bill with these billing codes, per your right under HIPAA, they may send you a summary bill that won't provide you with enough information to check for accuracy.

When you receive the itemized final bill, examine each code for accuracy and pricing.

DO THESE STEPS

If you discover billing errors, you should call your provider to resolve the errors. If you find items or services on your bill that should have been covered by insurance, go to #5 on our list. Additionally, when disputing any errors on bills already in collections, be sure to notify the credit bureaus and collectors that your bill is "in dispute" and ask them to pause collection activities during the dispute process.

When you receive the itemized bill:

- ☒ Look up each billing code to see if the services for the code match the services you received
- ☒ Research pricing for the code
- ☒ Contact the provider's billing department for clarification or to dispute any items on the bill

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What to Do After You Get The Bill If You Have Insurance

Check Your Explanation of Benefits

Compare your itemized bills with the Explanation of Benefits (EOB) document you get from your insurance company after receiving services. If you find items you think should have been paid for by insurance but were instead charged to you, you will need to appeal these claims. The process of appealing insurance denials should be explained on your EOB. You can either call your health plan or write a letter explaining why you don't agree with their decisions. You can ask your health plan first why your claim was denied and/or check its website to make sure the service is covered and to see if you've met your deductible yet.

If your claim was denied because of "medical necessity" (the health plan did not think the service was medically necessary or clinically appropriate), make sure to gather supporting documentation from your doctor to support the medical necessity of the service being unfairly denied.

Your Health Insurance Company

John Snow
1234 The Wall Blvd.
Austin, TX 78704

Patient Name: John Snow
Place of Service: Outpatient
Austin, TX 78704
Date Received: 05/06/2024

**EXPLANATION OF BENEFITS
THIS IS NOT A BILL**

Subscriber Information
Member ID: 555555
Group ID: 44431
Group Name: Overpriced Healthcare

Claim Number: 55555544431
Type of Service: Medical
Date Processed 05/08/2024

Provider: ER & Hospital
Payment to: ER & Hospital

Service Detail	Total Charges	Allowed Amount	Your Plan Paid	Copayment	Deductible	Coinsurance	Total Patient Responsibility
Dr. Wilson 05/06/2024 Medical Care	\$875.00	\$600.00	\$0	\$0	\$600.00	\$0	\$600.00
Dr. Wilson 05/06/2024 Laboratory	\$50.00	\$0	\$0	\$0	\$0	\$0	\$50.00
Claim Total	\$925.00	\$600.00	\$0	\$0	\$600	\$0	\$650.00



TIP

When it Comes Time to Settle the Bill

Get All Agreements in Writing

Negotiate the Accurate Bill

If you have applied some of the strategies listed up to this point, you have reduced your medical bills significantly. You have also researched the fair market rate for services in your area. Now that the bill is lower, more accurate, and any insurance or third-party payors have paid their part, it's time to negotiate the final bill.

Discounted Lump Sum

Since medical debt is an administrative burden to medical providers, it's sold for pennies on the dollar to debt collection companies. This puts you in a position to negotiate, as both parties want to clear the debt. The older the debt, the more leverage you have with debt collectors. You may have the option to settle a large debt by offering a discounted lump sum settlement. For example, ask them if you can pay a percent of the debt in exchange for writing off the balance as "paid in full."

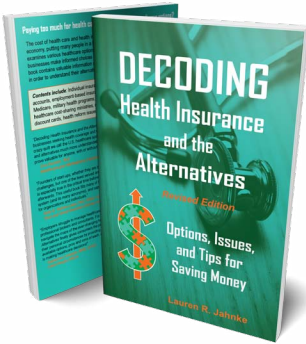
Whichever strategy you use, always get the agreement in writing and stick to the agreement.

Get it in Writing!

6

Don't Forget Your Best Weapon

Prevention!



Health Insurance Literacy

Crucial to minimizing medical debt is health insurance literacy. This means learning all you can about health insurance and understanding your options. *Decoding Health Insurance and the Alternatives: Options, Issues, and Tips for Saving Money* is your guide to understanding healthcare coverage options and issues. With it, you can gain the basics of choosing and using health coverage, minimizing out-of-pocket expenses, and accessing medical care whether you have insurance or not.



Healthy Lifestyle Choices

Although we have just explored ways to negotiate reduced medical bills, the best advice to save money is to adopt and maintain healthy lifestyle choices. Healthy choices can prevent you from needing more medical services and acquiring more medical bills in the first place. This includes eating a healthy diet, exercising regularly, getting enough restful sleep, socializing, not smoking, and more.



Prioritize Preventive Care

Finally, you should keep an eye on your blood sugar, blood pressure, and cholesterol levels and get regular checkups. Prioritizing wellness and preventive care will keep small issues from developing into more serious, more expensive health problems to treat.

Sources and Further Reading

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