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ABC NEWS

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BODY:

ANNOUNCER: This is a Nightline Friday Night Special.

TED KOPPEL: [voice-over] Take one 64-year-old retired schoolteacher with a failing heart, add one major metropolitan medical center, throw in a team of cardiologists, add some nurses, sprinkle with electricians, security guards and food servers, multiply by a 10-day hospital visit, and the result? A $64,000 price tag. Tonight, 'The Anatomy of a Hospital Bill.'

ANNOUNCER: This is ABC News Nightline. Reporting from Washington, Ted Koppel.

KOPPEL: If you've ever wondered how and why a hospital bill rises to the astronomic proportions that it does, stick to us tonight. Oh, and for the squeamish among you, there'll be very little blood. While a double bypass and a heart valve replacement is, to the patient who needs it, a priceless application of the surgeon's skill, later on, as we or our family members recover, it does cross our ungrateful minds that 60-some-odd thousand dollars is a whale of a lot of money.

The December copy of Life magazine has devised an intriguing way of showing us why the high cost of medicine is so high. It's the ultimate how-many-people-does-it-take-to-screw-in-a-light-bulb picture, shot at one of the country's premier teaching hospitals, Georgetown Medical Center, here in Washington. The four-page foldout photograph captures the 98 people involved, in one way or another, in a double bypass heart valve replacement performed here last summer. A lot of people involved- priest, housekeepers, plumber, electrician. If you want to understand the high cost of health care, take a look at this picture. As Life magazine prepared to take the shot, Nightline was invited to come along, to document 'The Anatomy of a Hospital Bill.'

WILLIAM WEBB, Heart Patient: My name is Bill Webb. On July 27th of this year, I entered Georgetown University Hospital to have open heart surgery.

'LIFE' MAGAZINE PHOTOGRAPHER: Hello? The last row. We are fine here, this particular area here.

Mr. WEBB: And all the diagnostic tests that they ran didn't really quite indicate how bad it was when they got in there and actually saw it.

'LIFE' MAGAZINE PHOTOGRAPHER: Good. Okay, now stay right there.

Mr. WEBB: They came to the judgment that things were really well blocked-up.

'LIFE' MAGAZINE PHOTOGRAPHER: Come closer. Come closer. Come closer, closer. All the way forward, all the way forward.

Mr. WEBB: So the choice was really, in essence, made for me, not by the doctors, by the facts of the matter, of the case.

'LIFE' MAGAZINE PHOTOGRAPHER: Now we swing the camera over and we do this group.

DAVID DUNCAN, 'Life' Magazine Reporter: When we started, we had no idea how many people were involved. You obviously have surgeons, nurses, medical technicians. As we began to look around, we saw administrators, we saw people in the pharmacy, housekeeping, and our numbers began to grow.

Mr. WEBB: I think that without this procedure back in July, I probably would not be alive today. Just that simple.

'LIFE' MAGAZINE PHOTOGRAPHER: Okay, one, two, three.

1st HOSPITAL STAFF MEMBER: I'm the office nurse where Mr. Webb comes for his cardiac care.

2nd HOSPITAL STAFF MEMBER: I distributed body fluids of Mr. Webb to the proper labs.

Dr. STUART ROSS, Internist: I'm Mr. Webb's primary care physician and internist, and okayed him for surgery.

Mr. DUNCAN: Webb's first stop was to his family physician, a $250 visit for lab tests to determine if he was ready for surgery.

Dr. ROSS: We had several discussions in person and on the phone for doing the procedure, his fears, his worries, how justified were they, and the chances of his dying.

Mr. WEBB: Which, I'll be very honest with you, I had a good life, I've had a good life up to this point, and I enjoyed it, every moment of it, and I'm not a believer in quantity of life if you don't have quality to go with it.

3rd HOSPITAL STAFF MEMBER: I scheduled his cardiac catheterization and his admission to the hospital.

4th HOSPITAL STAFF MEMBER: I supplied the blood products for Mr. Webb's operation.

5th HOSPITAL STAFF MEMBER: I did the hematology and coagulation studies for Mr. Webb's operation.

Dr. ALAN WEINTRAUB, Cardiologist: He had two reasons that he might have died suddenly. One was aortic stenosis, and the other was coronary artery disease.

Dr. RICHARD RUBIN, Cardiologist: And there was no question that the proper course of treatment would be a double bypass operation, as well as an aortic valve replacement. Without that operation, the prognosis for patients such as Mr. Webb would be only a 50 percent chance of surviving two years or more.

Mr. DUNCAN: This room is where Mr. Webb came to get what's called a catheterization. This is a picture cardiologists take to determine whether surgery is required. They then give this picture to the surgeon, who uses it as a road map during the operation. For Mr. Webb, the bill came, in this room, to about $4,000.

6th HOSPITAL STAFF MEMBER: I visited and prayed with Mr. Webb before and after surgery.

7th HOSPITAL STAFF MEMBER: I purchased some of the supplies for Mr. Webb's heart surgery.

8th HOSPITAL STAFF MEMBER: I was a scrub nurse in the operating room for Mr. Webb's surgery.

Dr. ROBERT WALLACE, Chairman of Surgery: The operation itself involved removing a damaged valve, a valve that was both obstructive and leaking, and replacing that with an artificial valve, and then using an artery that runs under the breastbone to bypass an obstruction in one of the coronary arteries that supplies the heart muscle.

Mr. DUNCAN: Webb's operation took six hours. Total charges: $36,000.

Dr. WALLACE: Our fees are really determined by what goes on by insurance companies. We don't say that this operation is worth so much and put a figure on it and expect to collect that. That may have been possible or was done in the past, but certainly isn't reasonable today.

9th HOSPITAL STAFF MEMBER: I made sure Mr. Webb had clean sheets and blankets.

10th HOSPITAL STAFF MEMBER; I was responsible for keeping Mr. Webb well-ventilated and oxygenated after his open heart surgery.

11th HOSPITAL STAFF MEMBER: I helped distribute cardiac medications to Mr. Webb.

Mr. DUNCAN: Mary-Michael Brown coordinated the nursing in the intensive care unit, where Mr. Webb came for the nine days of his recovery after surgery. Here he was, attended by 12 nurses around the clock. In the room, a heart monitor, cost $23,000; a ventilator, $29,000 and a bedside defibrillator for $7,000.

MARY-MICHAEL BROWN, Nursing Coordinator: Is all the machinery in this room necessary? I think so. It used to be in the olden days, before we had infusion pumps, we would have to take our watches out, place them next to a drip chamber, and time the amount of fluid we wanted to get in, based on our- based on the sweep hand, the second hand of our watch. That is not a very reliable method.

Mr. DUNCAN: Mr. Webb was billed an average of $1,200 a day for his intensive care room. Embedded in this room charge and throughout the hospital bill were the hospital's overhead costs. These included things like preparing patient meals, security, electricity, as well as the cost of covering uninsured patients, malpractice insurance, and the cost of running what is a teaching hospital.

Mr. WEBB: Oh, thank you, dear, so much. Good.

For my daily ritual here, some days they're up to what, eight or nine of them. One of these days, hopefully, they'll take away half of this.

I'll tell you, yesterday was the best little exercise for me that I've had since I got out of the hospital. I had that old treadmill going, you know. I had never done that before.

There's no question in my mind that the procedure has definitely, you know, improved in every way the quality of my life. I think that basically I'm much more interested in things, because for one thing, the energy is there. I think the blood is getting to places it hasn't gotten to in a long time, to just state it simply.

12th HOSPITAL STAFF MEMBER: I'm the nurse that discharged Mr. Webb from the hospital.

13th HOSPITAL STAFF MEMBER: I was responsible for properly submitting Mr. Webb's bill to Blue Cross.

14th HOSPITAL STAFF MEMBER: I made sure Mr. Webb's bill got paid.

Mr. DUNCAN: William Webb's final bill from Georgetown University Medical Center was $63,589.

Mr. WEBB: The only comment, really, I can make on this is that I realize it's very expensive. In some ways, you know, you almost kind of feel guilty about it, really, but thank God the procedure was there, the people were there, the care was there, the caring people were there, and- 'cause I wouldn't be here today.

It was a beautiful, beautiful day.

KOPPEL: When we come back, we will be joined in the operating room of Georgetown Medical Center by the surgeon who performed the bypass operation on William Webb, by the hospital's chief operating officer, and by an executive of Mr. Webb's insurer.

[Commercial break]

15th HOSPITAL STAFF MEMBER: I was the circulating nurse in the operating room for Mr. Webb's surgery.

16th HOSPITAL STAFF MEMBER: I assisted the pharmacist who was dispensing Mr. Webb's medication.

17th HOSPITAL STAFF MEMBER: I was the anesthesiology resident involved in the care of William Webb during his surgery.

KOPPEL: We are in one of the operating rooms at the Georgetown Medical Center. Let me begin by introducing my guests. To my immediate left, Dr. Robert Wallace is chief of surgery who performed the bypass and valve replacement on William Webb. Next to him is Nelson Ford, the hospital's chief operating officer, and next to him is Steven Sieverts, vice president of health care finance for Blue Cross/Blue Shield, Mr. Webb's insurer.

And why don't I begin with you. Sixty-three-thousand dollars, roughly, give or take a little bit of change, was what was submitted to you. How much did Blue Cross/Blue Shield pay?

STEVEN SIEVERTS, Vice President, Blue Cross/Blue Shield: The doctors charged approximately $18,000; we paid approximately $10,000.

KOPPEL: Right.

Mr. SIEVERTS: The hospital charged approximately $41,000; we paid approximately $23,000.

KOPPEL: Thirty-three thousand out of $63,000. We now have, at least in my head, a mysterious floating figure of 30,000 missing dollars. You billed for them, you itemized where all that money came from, you submitted that $63,000 bill to Blue Cross/Blue Shield. They paid back $33,000. What happened to that other $30,000?

NELSON FORD, Chief Operating Officer: Let me give you an example. If you go into a car dealer and you say, 'I want to buy a new car,' do you pay the sticker price? Essentially, the charge which we submitted is the sticker price for the services, and what various payers have done is said, 'We don't- we are- we buy a lot of cars. We don't want to pay sticker price for every car. What we want to pay is a discounted price.' And we'll figure out different ways- some of them, we'll do it based on your costs, others we'll do it fixed fee, for other groups we'll simply pick a number of patients and you'll take care of all of them for a flat fee. And so all this really is, is the difference between the sticker price of the hospital services and what is actually paid for those services.

KOPPEL: But why go through the charade?

Mr. FORD: You might ask the auto dealers why they go through the charade.

KOPPEL: I do, frequently.

Mr. FORD: There are a small number of-

KOPPEL: Suckers.

Mr. FORD: -there are a small number of people who do not have the market power to negotiate a better deal.

KOPPEL: Does anybody pay full sticker price?

Mr. FORD: There are probably some few people who do, yes.

KOPPEL: All right. If I was one of those few people who did, and I listened to this program tonight and I heard about these deals that you make for better customers, I'd say, 'Why in heaven- Why should I have to pay? Go ahead, take me to court.' That's a case I'd like to see in court. I'd like you to make the

legal argument that says you, Koppel, have got to pay the full price because Blue Cross/Blue Shield is too smart to pay that inflated price.

Mr. FORD: Well, Medicare brings us 30 percent of our business. Blue Cross brings us 20 percent of our business. They are in a position to negotiate very effectively with us, and I'd have to say that over time our relationships are getting less collegial, as we negotiate harder and harder over what the payments are going to be. I think that anybody who goes into a car dealership or buys anything at retail faces this issue. We have the same published prices for every patient, and some pay more and some pay less.

[Commercial break]

18th HOSPITAL STAFF MEMBER: I was called in during Mr. Webb's surgery to rectify a monitoring problem.

19th HOSPITAL STAFF MEMBER: I set up the monitoring equipment and troubleshooted during Mr. Webb's surgery.

20th HOSPITAL STAFF MEMBER: I was on duty doing patrol during Mr. Webb's stay.

KOPPEL: And we are back once again in one of the operating rooms of the Georgetown Medical Center. Mr. Sieverts, you've come up with a good answer, you say, for the question of why what I depict as the sucker should pay full price.

Mr. SIEVERTS: Well, the question, it seems to me, is why would any employer choose a health insurance that simply pays the doctors and the hospitals whatever they charge? That's going to be reflected in the premium that your employer is paying. The obvious answer for any employer dumb enough to do that is to change health plans, 'cause there's lots of competing health plans out there that have- that manage the benefits effectively and that have contracts with doctors and hospitals that provide the kind of savings we're talking about here.

Dr. ROBERT WALLACE, Chairman of Surgery: The pressures today are really moving in a direction for everybody in the hospital to reduce to a minimum the costs, without sacrificing the quality of the care that we provide.

Mr. SIEVERTS: We're currently paying for about a third less hospital days than we did six or seven years ago, corrected for a population change that they're- the pressures that we and others put on the hospitals to squeeze out wasteful utilization and to squeeze out waste just in costs has been very strong.

KOPPEL: We began this program with a gigantic Life photograph of 98 people. Let me ask each of you whether, from your perspective, each of those 98 people is going to be necessary if we come back in five years and take that same picture. Without getting into specifics, how many people do you think we'll be photographing?

Dr. WALLACE: I suspect the number won't change very much.

KOPPEL: Because?

Dr. WALLACE: I think that most everyone that was pictured in that photo has a very definite role in providing the care for a patient like Mr. Webb.

Mr. FORD: I think we may lose a billing clerk or two. I think we may have, as technology gets more effective, fewer technicians. But I think the basic number is going to be about the same.

KOPPEL: Mr. Sieverts?

Mr. SIEVERTS: I think it's the wrong question. I think the real question is, how many people in the course of, say, a year, will that team be able to take care of? The issue, in that sense, is a productivity issue. I think a lot of the overspending that we do in this country is that we simply have too much capacity to serve the needs that we're serving.

KOPPEL: Mr. Ford, you were nodding your head all the way through that.

Mr. FORD: I think that's right. I don't think I have much to add to that.

KOPPEL: All right. Dr. Wallace?

Dr. WALLACE: No, I would agree that the more we can use the resources that we require for an operation like this, the more cost-effective we're going to be.

KOPPEL: Gentlemen, I thank you all very much.

We'll be back to meet the patient in this much-discussed piece of surgical procedure in a moment.

[Commercial break]

21st HOSPITAL STAFF MEMBER: I admitted Mr. Webb in the unit and toured him around, prepared him before surgery.

22nd HOSPITAL STAFF MEMBER: I was responsible for operative and post-operative care during Mr. Webb's hospital stay.

23rd HOSPITAL STAFF MEMBER: I prepared Mr. Webb's room for his first-day of admission, and always keep it clean till the day he was discharged.

KOPPEL: I'm joined now by Mr. Webb, who is dressed someone differently than he was the last time he was in here. And you look very well-

Mr. WEBB: Thank you.

KOPPEL: -so obviously the surgery was successful.

Mr. WEBB: Oh, yes.

KOPPEL: Worth every penny of $63,000?

Mr. WEBB: Oh, I can't believe that, but you know, I do, I do.

KOPPEL: Do you have any idea what the discrepancy is between what the hospital billed and what Blue Cross paid?

Mr. WEBB: I think I've gotten an idea of that, yes, and it's quite a differential.

KOPPEL: Yeah. I mean, they billed $63,000, they get reimbursed $30,000.

Mr. WEBB: Is that right?

KOPPEL: You'd almost think they'd be coming after you for the other 30 grand.

Mr. WEBB: That's what I was afraid of.

KOPPEL: Yeah. But they don't.

Mr. WEBB: No, they don't.

KOPPEL: How much have you had to pay of that bill?

Mr. WEBB: Actually, about- something close to about $400.

KOPPEL: Four hundred dollars.

Mr. WEBB: Yeah.

KOPPEL: Tell me, just very quickly, if you would, what you have learned about the anatomy of a bill.

Mr. WEBB: Things are incredibly high, I think, when I looked at some of the items on there. But I think I understand the reason for that, and I realize the hospital has to pick up on a lot of people who come in who do not have insurance - they're under- or not insured at all - and so the hospital has to pick that up.

KOPPEL: What would you think of someone who actually had to come into a hospital and pay the bill?

Mr. WEBB: I think very few people could do it. You know, would, in fact, come into a hospital. But that leaves a lot of other unanswered questions, what would happen to them without this care?

KOPPEL: Have you seen the photograph of all 98 people?

Mr. WEBB: Oh, yes, I have. I have. I couldn't believe it when I was sitting there, much less looking at it in a photograph. I just couldn't believe so many people were involved. But I think it's an eye-opener, in terms of the sheer, you know, numbers of people, the labor-intensiveness of it, in addition to the costs of the technology.

KOPPEL: And as far as you're concerned, there's probably no one on that team, from the people who swept up after you to the man who opened you up, that you would leave out of there?

Mr. WEBB: No, I don't believe I could. No, I really wouldn't. I thought about that afterward. I thought, would some costcutter come through here and say, you know, 'Well, let's wipe out that part or this one.' But I mean, all those people are very intimately involved in the care of the patient, either directly or indirectly.

KOPPEL: Mr. Webb, I thank you very much. And again, as I say, it's a delight to see you looking so well.

Mr. WEBB: Well, thank you so much. Vry nice to be here.

KOPPEL: Enjoyed it.

And that's our report for tonight. I'm Ted Koppel at the Georgetown Medical Center. For all of us here at ABC News, good night.

24th HOSPITAL STAFF MEMBER: I was the staff anesthesiologist for Mr. William Webb's cardiac operation.

25th HOSPITAL STAFF MEMBER: I'm acting director of pharmacy and was responsible for providing medications during Mr. Webb's hospital stay.

26th HOSPITAL STAFF MEMBER: I supervise and coordinate the daily operations in the billing department.

27th HOSPITAL STAFF MEMBER: I'm divisional coordinator of the cardiovascular surgery division and I helped arrange Mr. Webb's admission to the hospital.

28th HOSPITAL STAFF MEMBER: I'm a registered nurse, and I took care of Mr. Webb postoperatively on the cardiovascular surgical unit.

29th HOSPITAL STAFF MEMBER: I distributed Mr. Webb's bills to the proper account representatives.

30th HOSPITAL STAFF MEMBER: I'm a nurse in the cardiac cath lab and I monitored Mr. Webb's heart rate and pressures during the catheterization.

31st HOSPITAL STAFF MEMBER: I reviewed Mr. Webb's chart to ensure that his hospitalization would be covered by the insurance carrier.

32nd HOSPITAL STAFF MEMBER: I'm a nurse of the cardiovascular surgical special care unit. I took care of Mr. Webb immediately following his surgery.

33rd HOSPITAL STAFF MEMBER: I'm a nurse in the cardiovascular surgical care unit, and I admitted Mr. Webb before his surgery.

34th HOSPITAL STAFF MEMBER: I oversaw the lab operation for the procedures that was done for Mr. Webb.

35th HOSPITAL STAFF MEMBER: I'm a clinical pharmacologist and I help make sure that drug therapy is appropriate in patients like Mr. Webb.

The preceding text has been professionally transcribed. However, although the text has been checked against an audio track, in order to meet rigid distribution and transmission deadlines, it has not yet been proofread against videotape.

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