It may look scary, but stay calm!

How to Read and Respond to Your Medical Bills

Receiving a bill for healthcare services can be incredibly anxiety provoking. These bills are often confusing, and the fees for medical services can be high. The following steps can make medical bills more manageable.

Don't Ignore the Bill! Unpaid medical bills are eventually sent to collections agencies, which means an unpaid bill can hurt your credit score.

Look the Bill Over! Your bill should show the date of service, the provider and the total charge. If it doesn't, ask for an itemized bill. Check for duplications or for charges that don't make sense. If you don't understand a charge, call your provider's billing department. Bills typically show a number of different costs. First, there's the total charge for the services or procedure. Then there's the amount your insurance has paid. Insurance companies negotiate these costs with providers. Then there's the money you've already paid (typically your co-pay and/or deductible). And finally, there's the amount that the provider is asking you to pay. That amount is influenced by your deductible (the amount of money you must pay before your insurance will cover expenses), and your coinsurance (the portion of total costs you must pay). It's important for you to know that you can dispute errors or exorbitant charges.

- You should also receive a statement from your insurance company called an Explanation of Benefits (EOB). The dates, provider, services and total charges should match the bill you've received from your provider. If not, call your insurance company for clarification. Review the benefit amount, depending on your policy, that is applied to the covered charge. For instance, your policy may specify that your plan will pay 80% of covered charges and you pay 20% (your co-insurance). Also review your deductible and your maximum out-of-pocket amount.

Research Average Costs! Part of what makes medical bills so alarming and confusing is that the cost for the same procedure can vary widely from doctor to doctor or hospital to hospital. Healthcare Blue Book provides average costs for procedures in your geographic area. Researching these costs gives you leverage in working with your provider.

Ask for a Discount! Medical providers would rather not spend time and money collecting fees. Some providers will negotiate discounts if you're willing to pay up-front or within 30 days. It doesn't hurt to ask. Once you've got your bill, use the information you've found about average costs to negotiate a more reasonable rate for services that were billed at an exorbitant rate.

Negotiate a Payment Plan! Take a look at your budget and figure out how much you can realistically pay each month. Then talk with your provider's billing department and let them know that you'd like to pay your bill, but can't pay the full amount at one time. Tell them how much you're able to pay and work out a payment plan with them. If your circumstances change down the road, be sure to be in contact with them, as you may be able to renegotiate your payment plan.

Keep all Records! Keep a file with all bills and documentation of contact with billing departments, etc. File things in chronological order so they are easier to find when you need them.

Get a Receipt! Once you've paid your bill, get a receipt that says "Paid In Full" and file it with all of your other documentation.

Negotiating a medical bill can be time-consuming and labor-intensive. But it is possible. Approach the process in a systematic way, and make sure that you're taking care of yourself and managing your stress in an effective way.

The Wellness Resource Center