

Suits send hospitals down tobacco road

Hospital administrators concede their billing system is sick. But they don't think the way to treat it is by a trial lawyer administering the legal equivalent of an eyes-wide-open colonoscopy. Gary Jackson has sued Carolinas Medical Center in Charlotte, Duke University Medical Center in Durham, North Carolina Baptist Hospital in Winston-Salem, NorthEast Medical Center in Concord and Rowan Memorial Hospital in Salisbury on behalf of uninsured patients whom he contends were overcharged.

And the Charlotte lawyer says more lawsuits could be on the way. His cases follow a national attack on hospital billing launched by Mississippi lawyer Richard Scruggs, who initiated cases that led to the master tobacco settlement, in which cigarette makers agreed to reimburse states billions of dollars for years of Medicaid and Medicare costs associated with smoking. In the past year, he has filed about 40 hospital lawsuits in 20 states, contending that their billing systems are unfair.

Jackson, who is not affiliated with Scruggs, is filing similar actions, usually involving emergency care for uninsured patients. The suits contend patients are prevented from negotiating payments and denied pricing information. "If Blue Cross is getting charged \$3,000 for an appendectomy, Medicare \$4,000, and uninsured patients are being billed \$20,000, that's not reasonable."

Don Dalton, spokesman for the North Carolina Hospital Association, agrees with the diagnosis but not the treatment. "The system is broken — it's absolutely broken. But for uninsured people who came and got care in a hospital then to sue because they don't like the reimbursement system is not a solution."

Dalton blames Medicare and Medicaid, government programs for the elderly and the poor. Hospital administrators have long complained that the government pays less than the cost of treatment. That means, he says, that fees for other patients must be set high enough for hospitals to recoup those losses.

Critics claim that the main reason uninsured patients get hit with higher charges is that it helps hospitals offset discounts to managed-care plans. But Dalton defends discounts, comparing hospitals to auto dealerships that give them to volume buyers. "Negotiated rates are part of business."

Furthermore, he says, most hospitals will negotiate with patients who have trouble paying. "But no good deed goes unpunished. Hospitals are trying to change the way they're doing business, and what we get from the trial-lawyer community is a bunch of lawsuits."

— Arthur O. Murray

Dead-end drugs show side effects

GlaxoSmithKline might have thought it was immune. The drug maker recently played bystander as several Research Triangle Park neighbors took a licking. First, tests indicated Inspire Pharmaceuticals'

WHAT THEY'RE READING



Mike Coltrane, CEO, CT Communications
Undaunted Courage: Meriwether Lewis, Thomas Jefferson and the Opening of the American West by Stephen A. Ambrose

The Lewis and Clark expedition made such an impact on the direction of the country during the 19th century. It's a time in history I would like to learn more about.



Art Pope, president, Variety Wholesalers
Breach of Trust: How Washington Turns Outsiders into Insiders by Tom A. Coburn and John Hart

Written by a dentist who was a congressman in the class of '94, it's about how those who seek to improve government, whether liberal or conservative, encounter the roadblocks of institutional and political self-interests.



Andy Warlick, CEO, Parkdale Mills
The Coming Collapse of China by Gordon Chang

It's interesting because it talks about China's structural problems. It's about the meshing of a communist system with a free market. It's about the rise of a new superpower and all the pitfalls. I've traveled there a lot and it's a great book. A lawyer who lived in Shanghai for 25 years wrote it.