



Understanding Price Information and Hospital Standard Charges

It often is difficult for consumers seeking price information to navigate the complex terminology associated with hospital billing and charge data. Standard hospital charge data made available to the public pursuant to the Affordable Care Act are the standard charges for diagnosis-related groups (DRGs), a system of classifying any inpatient stay into groups for payment purposes.

Actual charges can vary by patient due to a number of factors including: the patient's medical condition, necessary equipment, supplies or medication, complications during the procedure or due to additional treatment ordered by the physician. The following definitions are helpful in understanding publicly available price information:

Charge. The dollar amount a provider sets for services rendered before negotiating any discounts. The charge in most instances is different than the amount paid.

Cost. The definition of cost varies by the party incurring the expense.

- To the patient, cost is the amount payable out of pocket for healthcare services.
- To the provider, cost is the expense (direct and indirect) incurred to deliver healthcare services to patients.
- To the insurer, cost is the amount payable to the provider (or reimbursable to the patient) for services rendered.
- To the employer, cost is the expense related to providing health benefits (premiums or claims paid).

Price. The total amount a provider expects to be paid by payers and patients for healthcare services.

Out-of-pocket expenses. The portion of total payment for medical services and treatment for which the patient is responsible, including copayments, coinsurance and deductibles.

Insured patients should directly contact their health insurer to determine their specific financial obligations related to specific treatment or services. Uninsured patients should refer to the hospital's financial assistance policy for additional guidance on whether reduced or free care is available to them. Additionally, patients can contact Patient Financial Services at 201-291-6080 to obtain additional information on available financial assistance.

To search hospital charges by DRG in New Jersey, patients also can access the NJ Hospital Price Compare Website at <http://njhospitalpricecompare.com>. Another helpful document for hospital price information is the Healthcare Financial Management Association's *Understanding Healthcare Prices: A Consumer Guide*, available at <http://www.hfma.org/consumerguide/>.

Source: [New Jersey Hospital Association](#)