Physicians' Knowledge of Hospital Costs

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In recent times, hospital costs have become one of the biggest factors in the allocation of medical resources. We have arrived at a time when medical consumers, especially third-party payors and governmental agencies, are demanding accountability for hospital results and for the cost of obtaining these results. In medical practice today, physicians remain the chief initiators of hospital services. As such, they are primarily responsible for the generation of hospital costs. Despite this position, neither a consistent study of physician knowledge of medical costs nor a program for teaching physicians cost accountability has been described. This paper addresses these subjects in a limited way by describing the results of a survey of the medical staff and the family practice residents in a moderate-sized community hospital in Edison, New Jersey.

Materials and Methods

The survey was conducted at a routine quarterly meeting of the medical-dental staff and at a resident's meeting, without prior notice. Variables in the questionnaire included physician specialty, number of years since completion of medical school, and percentage of working hours in hospital and office.

Physicians were given three choices for the dollar cost of each hospital service, with a 30 percent difference between each figure. The survey included 11 diagnostic services and 9 therapeutic services.

Results

As shown in Table 1, physicians correctly identified the hospital cost of less than 50 percent of the 20 survey items. There was no statistically significant difference in correct identification between residents, primary care specialists, or other specialists except the small number of pediatricians, who correctly identified an average of 70 percent of the hospital costs.

Physicians who spent more than 75 percent of their working hours in the hospital, such as pathologists, surgeons, and anesthesiologists, likewise did not identify more than 50 percent of the items correctly. Pathologists, as might be expected, identified every laboratory test correctly, but did not know the costs of other hospital services.

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Table 1. Correct Identification of Hospital Costs

Specialty	Number of Physicians	Percentage Correct	Average Hours in Hospital	Average Hours in Office
Surgery	10	36	75	25
Obstetrics/gynecology	2	40	25	75
Internal medicine	10	45	50	50
Pediatrics	2	70	25	75
Family practice	15	44	25	75
Residents	7	43	50	50
Total	46	42	25	75

Table 2. Comparative Accuracy of Cost Estimates

Services most Frequently Underestimated*
Electrolytes
Echocardiogram
Pacemaker Wires
Services most Frequently Overestimated**
IPPB
Dietary Consult
Thyroid Panel
Pap Smear Reading
Services most Frequently Identified Correctly
ECG
Stress Test
ER Service Charge

*Percentage of test underestimated was 40 percent.
**Percentage of test overestimated was 60 percent.

Examination of Table 2 reveals that of the 60 percent of hospital services misidentified, 30 percent were underestimated in cost. Services most commonly overestimated included: Pap smear, thyroid panel, and intermittent positive pressure breathing treatment, all of which are commonly ordered by a wide range of physicians. Underestimated services included: echocardiograms and pacemaker wires.

In addition, physicians were asked to estimate the length of the average hospital stay for a patient undergoing a routine unilateral inguinal herniorrhaphy and hospital cost of that stay, exclusive of surgeon's fee. The average hospital stay, which is 2.5 days, was overestimated by 60 percent of all surveyed physicians and by 70 percent of the surgeons. Hospital costs were correctly identified by 30 percent of the surveyed physicians and overestimated by 50 percent.

Discussion

This limited survey reveals that the average physician, regardless of training, specialty, or hospital hours has an unacceptable knowledge of the hospital costs being charged patients. While it is true in theory and in ethics that medical costs should not influence the diagnosis or treatment of a given disease, patients and physicians should have a reasonable idea of what services cost. Too many times the terminal event in a patient's illness is receipt of the hospital bill. Much patient dissatisfaction stems from poor cost accountability for treatment rendered, rather than from the quality of treatment itself. More malpractice suits have been initiated from exorbitant costs than from poor medical practice.

Recently, the American Medical Association has recognized the seriousness of this problem and has proposed legislation that would allow physicians to obtain a copy of the hospital bill along with the patient's discharge summary. This is one of many ways to educate physicians on hospital costs. In our residency program, a cost list of every hospital procedure, including laboratory tests, is made available to all residents, and we are also presenting to them a cost analysis in our audit of patient charts. We will continue to test resident knowledge of costs and, it is hoped, improve their knowledge of costs and ways of keeping themselves aware of the inflated price of medical care.