How to Survive Hospital Costs Without Insurance

by Gregory Allan

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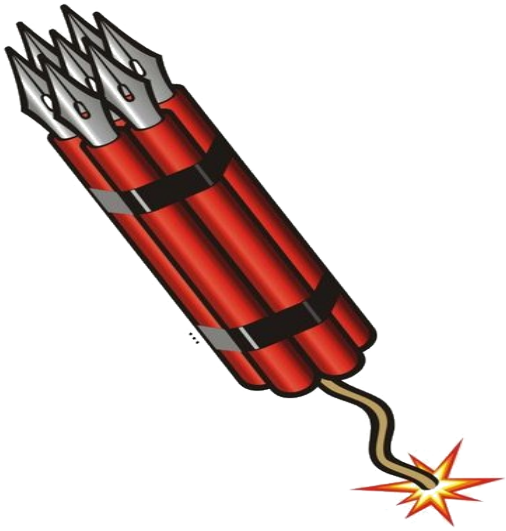

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Notice:

This is an evaluation copy of How to Survive Hospital Costs Without Insurance, by Gregory Allan. As such, it contains only the Introduction, and the thirteen chapters, but neither of the two Appendices. The complete version contains the Appendices. The Table of Contents lists everything included in the complete version. This is so you will know what you're missing.

Obviously, this is a ploy designed to help the author sell more books. The idea is to give you a lot of valuable knowledge for free. You will have an opportunity to see for yourself that my methods are built on sound legal strategy. Then, once you've read the book, you'll realize why you ***need*** the material in the Appendices, and you'll be happy to buy the complete book.

As I write this, the cost for the complete version in PDF format, delivered via Internet, is $49.95 (prices may change without notice). Most people are already facing a big hospital bill when they learn of my book and buy it. Using my procedure they save hundreds, or even thousands of dollars that very first time, and then continue to save for the rest of their lives.

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Thanks for reading.

– Gregory Allan

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For the labourer is worthy of his hire. (Luke 10:7)

Behold, the hire of the labourers who have reaped down your fields, which is of you kept back by fraud, crieth: and the cries of them which have reaped are entered into the ears of the Lord. (James 5:4)

Blessed are they which do hunger and thirst after righteousness: for they shall be filled. (Matthew 5:6)

Thou shalt not steal. (Exodus 20:15)

This book is dedicated
to my wife and children,
for whom it was written,
Without their love and patience,
I never could have finished it.

Table of Contents

Chapter Three, Contracts Make the Law

Before we can get into specific procedures, you'll need to understand a few things about contracts in general, and certain kinds of contracts in particular. In other words, you've got to know how you got in trouble in the first place, before you can get out. That's the topic of this chapter.

Law vs. Contract

The original meaning of the word "law" was the same as "oath," as in: "to give one's law" (Black's Law Dictionary, Sixth Edition).

Today most people believe, without giving it much thought, that everyone is pretty-much subject to the same laws. But once-upon-a-time people commonly recognized that a man was only obligated by those things to which, or people to whom, he had given his oath.

This is one of many principles which make up the foundation of modern commercial law. An oath is a promise, and a contract is a mutual promise between two or more people. The contract makes the law.

From the time we were children, we have learned to get through life by following rules. For example, nearly everyone has either played or watched a game of softball. The game is played all over the world, by many different kinds of people. Softball is played by a set of rules, but if you travel half-way around the world, you may find the rules are not always the same. The locals

have arrived at a set of rules by mutual agreement, which may or may not be the same ones used in your home town.

Most laws are the same way. They are different, depending on which country, state, or municipality you call home.

One important exception is commercial law. There are more similarities in commercial law than other kinds of law. This is because the very nature of commerce has always been trade between different peoples. That means once you learn to correctly apply commercial law in one part of the world, or with certain kinds of transactions, you'll be more likely to get it right in other instances.

One thing you'll find about commercial law that rarely changes, is respect for the terms of a contract. That's why the volume of commercial laws doesn't need to be as large, or as varied as other types of law. With each transaction, the individual parties make their own law when they enter into the contract.

The framers of the U.S. Constitution recognized the importance of respecting commercial law when they wrote the following in Article 1, Section 10:

> "No State shall enter into any Treaty, Alliance, or Confederation... or Law impairing the Obligation of Contracts"

Essence of a Valid Contract

Contracts are agreements, or promises made between two or more people. When people get together and agree on something, particularly if they write it down on paper, it is said that they have "entered into a contract." Each person who made a promise to the other(s) is called a "party" to the contract.

Here, in part, is the definition from Black's Law Dictionary:

> "Contract. An agreement between two or more persons which creates an obligation to do or not to do a particular thing... [A contract] is a promise or a set of promises for the breach of which the law gives a remedy, or the performance of which the law in some way recognizes as a duty."

Another word for promise is "oath." Most oaths can be said to be contracts, since an oath is rarely given by one man, except in exchange of some duty or obligation promised by another man. Oaths can be made orally, or in writing. An oral contract is just as valid as a written one, especially if there are witnesses. In fact the written contract is really nothing more than a witness of what the parties have agreed.

The important thing to realize about contracts is that they obligate people to certain duties. When all the parties perform their duties as agreed, the contract is said to be satisfied. If one party breaks his promise, and does not perform his promised duties, he is said to be in breach of contract.

When most people think of contracts, they are thinking of express contracts. An express contract is one in which the parties knowingly made promises. It is best described as a meeting of the minds. In fact, before an express contract can be valid, it must contain all of the following elements-- if any one is missing, then the contract is considered voidable:

Knowingly. Each party must be aware that he entered into the contract; he took a positive action.

Intelligently. Each party understood all the terms of the contract at the time of entering into it.

Voluntarily. Each party entered into the contract of his own free will.

Many otherwise knowledgeable people believe that some contracts, such as land deeds for instance, must be notarized to be valid. This is not true. Documents are said to be notarized when they are signed by a person called a Notary Public (often shortened to Notary). A Notary Public is merely someone appointed by the courts to be an official witness.

Government records offices may require that contracts be notarized before they can be recorded within their records system. However, recording a contract is merely another form of witness, and has no bearing on whether or not a contract is valid.

There is one more important group of contracts we should touch on, before we continue: the implied contract.

You almost never hear about implied contracts, except when a court judgment is involved. An implied contract is something a judge will sometimes declare was in existence between two or more people, when at least one of them acted in such a way that (in the judge's opinion) placed a reasonable expectation of a duty on one of the parties.

Here's a lame, but useful example off the top of my head, just so you get the general idea:

Let's say you walk up to where a shoeshine boy has been shining shoes regularly. He's not there at the moment, so you sit down in his chair. A few minutes later he comes back, and without a word exchanged between either of you, he shines your shoes. When he's done, he asks for payment. You refuse, on the basis there was no contract.

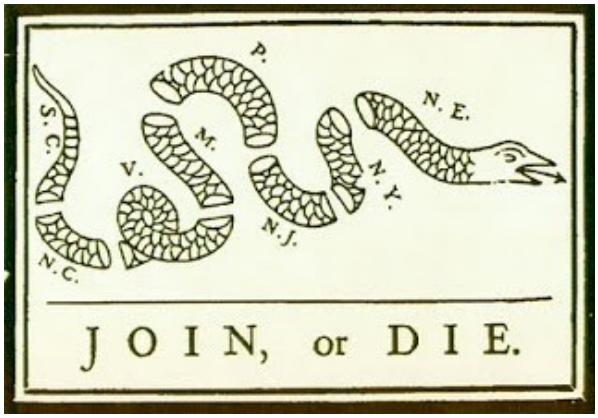
He sues, and the judge agrees you are obligated to pay because there was an implied contract. The judge does this out of a principle called equity, because shining shoes is the boy's business, and any reasonable man would have known that he expected to be paid for his labor.

The key to recognizing an implied contract is that it does not rely on an agreement between the parties, but instead on a judge's opinion. For purposes of dealing with hospitals, you probably would only come across implied contracts if you (or someone you know) was in an accident, taken while unconscious to a hospital, and treated without anyone's consent.

You would deal with this in the same manner as when I show readers how to handle bills that

you incurred prior to having read this report. We'll touch on this topic in a later chapter.

How Obligations Begin



The example I gave above, of an implied contract, shows one way in which an obligation can be taken on-- one person provides a service, with a reasonable expectation of being paid; the other person receives that service, and knows or should know that the service comes with strings attached. More commonly though, obligations are taken on through express contracts. In other words, actual, conscious agreements.

You've already learned that oral contracts are valid. That means you can become obligated to perform a duty because you made a verbal promise. But oral contracts are usually not a very good idea. There is an old saying that bears repeating:

> The palest ink is stronger than the sharpest memory.

It's amazing how easy it is to become a party to an express contract. Here's an example of a contract that doesn't require anyone to sign:

> Notice: I am not an attorney, and this work is not to be construed as legal advice. You, and you alone, are responsible for any and all of your actions. If you read any further into this book you must agree to hold me, the author, harmless from any liability resulting therefrom. This material contains the opinions of the author, and is offered without any warranty of any kind.

I'm not kidding. You've just been given notice. You're not obligated to anything yet, but if you read any further, you've entered into a contract. Keep that in mind as (or if) you continue reading. My "Notice" contains an offer. If you are still reading this, you accepted that offer. That means you are a party to an express contract, and you didn't sign anything!

Most express contracts are made in writing. They have specific terms and conditions which have been set down on paper. Usually all the parties sign their names to the contract, as a form of witness, to indicate they have agreed to all the terms. When all the parties sign, the contract is said to be "bilateral."

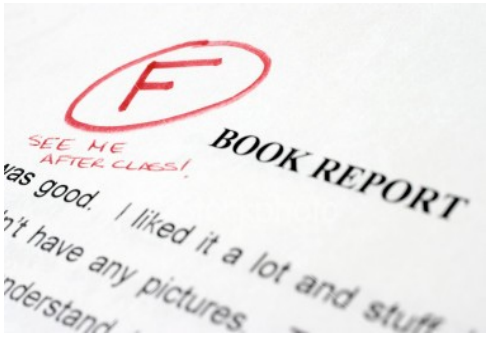
However, it is not necessary to sign a contract, even a written contract, to become an obligated party. There are many common contracts in which only one party signs. This is called "unilateral." Black's Law Dictionary describes unilateral contracts pretty plainly:

> "...Essence of a unilateral contract is that neither party is bound until the promisee accepts the offer by performing the proposed act."

A common example of a unilateral contract is the hospital admission form. Only the patient (promisor) signs this form; the hospital (promisee) never signs. However the contract is just as valid without the hospital's signature.

The important thing to notice here, is that the form does not become a valid contract right away, but only after the hospital performs some sort of service for you. The performance of a service, after you have signed their form, is evidence that they have accepted the contract. Then, and only then, is it binding on either party.

A nurse weighs you, or takes your blood pressure, and you know the form has become a contract. It may seem I'm belaboring the point, but I want to make it absolutely clear that both parties, the patient and the hospital, are parties to the contract. Both have duties and rights, according to the contract, and according to recognized law.



Why Hospital Contracts Fail the Test

From all outward appearances, the hospital admission form, once signed and duly accepted, seems to be a valid contract. That is, until you stop looking at the form, and look instead at the substance of the contract.

Here's where my experience with oil and gas contracts gives me an edge. I've learned that things are not always what they seem. For instance, just because a real estate deed says "Warranty Deed" in large bold letters at the top of the paper, doesn't mean anything. If the person who prepares the deed crosses out the warranty clause, it becomes a quit claim deed, despite what the title says. Courts have consistently maintained that,

"A thing *is* what it *does*, not what it's *called*."

In most parts of the world, it is common and accepted to haggle over the price for everything. Not so, in the United States. Americans buy their toaster-ovens at Walmart, and their washing machines at Sears. We're taught, for the most part, that whatever price is marked on the shelf is what the item will cost. If you don't like the price, don't buy it; any negotiation is pointless. Most of the time that's not so bad. It makes life easier for everyone.

Also more expensive, but we don't care about that. Americans are rich, right?

I know for a fact it's possible to negotiate prices with Sears and Walmart-- I've done it. Hardly anyone ever will, and I'm not saying you should. My point is simply that negotiating prices is not a bad thing, or even uncommon.

There's one thing you can count on with most any business in America, from department stores, to restaurants; from barbers, to dry cleaners: all their prices are clearly marked. If you walk into

McDonalds or Burger King, there's a big board right over the counter listing the price of everything they sell. In America, you always know how much it will cost before you buy. Right?

Think for a moment about these questions:

> Would you agree to buy a washing machine from Sears, if you had no idea in advance what the price would be?
>
> Would you pay for a pair of bluejeans at Walmart, with a blank check?
>
> Would you play softball against a team from Bangladesh or Uganda, without first agreeing on the rules?

Of course not. Doing any of those things would be ridiculous.

Consider this: When was the last time you went into a hospital, and saw a pricelist, clearly posted, for all their services? Did anyone offer you a menu, with prices listed? Are there price-tags on the X-ray machines, the pills, or syringes? Did the doctor mention how much per-hour he was going to charge you?

The admission form clearly says you are obligated to pay, but does it anywhere tell you how much? How is signing such a contract any different from writing a blank check? Is there anything in the contract which holds the hospital to any kind of standard whatsoever? No. I've seen a lot of hospital forms, and I've never seen one which does.

So to determine what kind of contract an admission form *is*, we have to look at what it *does*.

What are the typical circumstances of the parties before they enter into the contract? What is their relationship afterward?

Let's have a look:

A patient typically walks into a hospital because he's sick. Or maybe his child is sick. He may be bleeding; have broken bones; or worse. If it wasn't serious, he probably wouldn't go to the hospital, so we can assume he is under some amount of stress.

The patient is presented with a form to sign. He is given the impression (maybe even told outright) that if he doesn't sign the form, as-is, take it or leave it, then he won't be given treatment.

Unlike a normal commercial transaction, negotiation seems out of the question. So the patient signs, even though the form contains terms and conditions he wouldn't normally agree to (such as the effective blank check mentioned above).

The hospital accepts the form, and creates a contract by its acceptance. Hospital staff treats the patient, and then even though they know he is not as wealthy as a big insurance company (they collected financial information on the form), they charge him three to eight times as much for their services as they accept every day from the wealthy insurance company.

If we judge this contract by what it *does*, instead of what it seems to be, it's not so hard to tell what we're dealing with. Black's Law Dictionary gives us the following definitions. Let's see if they look familiar:

> "Adhesion contract. Standardized contract form offered to consumers of goods and services on essentially 'take it or leave it' basis without affording consumer realistic opportunity to bargain and under such conditions that consumer cannot obtain desired product or services except by acquiescing in form contract. Distinctive feature of adhesion contract is that weaker party has no realistic choice as to its terms."

> "Unconscionable contract. One which no sensible man not under delusion, duress, or in distress would make, and such as no honest and fair man would accept. A contract the terms of which are excessively unreasonable, overreaching and one-sided."

It's almost as though hospitals used these two definitions as a step-by-step guide on how to conduct business!

As I see it, the most important phrase is the part which states "... and such as no honest and fair man would accept."

In this instance, that phrase refers to the hospital. What it's saying is that if the hospital were honest, if it were acting in "good faith," then it would not have asked you to sign such a contract in the first place. Black's defines "good faith" in part, as follows:

> "...it encompasses, among other things, an honest belief, the absence of malice and the absence of design to defraud or seek an unconscionable advantage..."

The bottom line is simply this: Hospitals take advantage of a typical condition of duress on the part of their customers. They construct an unconscionable adhesion contract, and present it to their customers in such a way and at such a time that they cannot reasonably refuse. The hospital is possibly bordering on fraud, but definitely acting in bad faith.

Here's something you'll find even more interesting. Black's continues it's definition of "adhesion contract" with this comment:

> “Recognizing that these contracts are not the result of traditionally 'bargained' contracts, the trend is to relieve parties from onerous conditions imposed by such contracts.”

Imposing such contracts on the unsuspecting public, can easily lead to a hospital's contracts becoming “voidable.”

However, I want to make a very important distinction here. Dozens of people have said to me over the years, something to the effect of "fraud vitiates everything." By which they mean, if someone commits fraud against you then any contract you may have had with them is automatically void, and you have no further obligation. These people say this phrase, as though it is some sort of religious mantra which can't possibly be questioned. They are just plain wrong.

If you've ever believed or repeated such a phrase, or even if you haven't, may I suggest that you go out right now and spend fifty, or even one-hundred dollars on a good law dictionary? You will always be happy you did.

Here, in part, are the definitions for void and voidable from Black's Law Dictionary:

> “Voidable contract. A contract that is valid, but which may be legally voided at the option of one of the parties. ...One which can be avoided (canceled) by one party because right of rescission exists as a result of some defect or illegality (e.g., fraud or incompetence)."
>
> "Void contract. A contract that does not exist at law; a contract having no legal force or binding effect."

Do you see the difference? It tells you right in the definition that fraud makes a contract voidable, not void. A contract which is voidable may be *made* void, but only by some positive action taken by the wronged party. Otherwise, a voidable contract is valid.

So we see that if a knowledgeable patient handles himself properly and takes the right actions, he may make almost any hospital's contract void. Certainly, if handled properly, a patient's obligations under such a contract can be made less “onerous.” That means your bill may be reasonably reduced.

Always try to keep in mind though, that your goal should be to create and maintain a good working relationship with your local hospital. Canceling their contracts, while often possible, is not the best way to make friends. Remember, you will want them to be friendly if you ever need them in an emergency. But when you know it's possible, and the hospital knows that you know, it puts you in a better bargaining position.

In the next chapter we'll take a closer look at an actual hospital admission form.

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