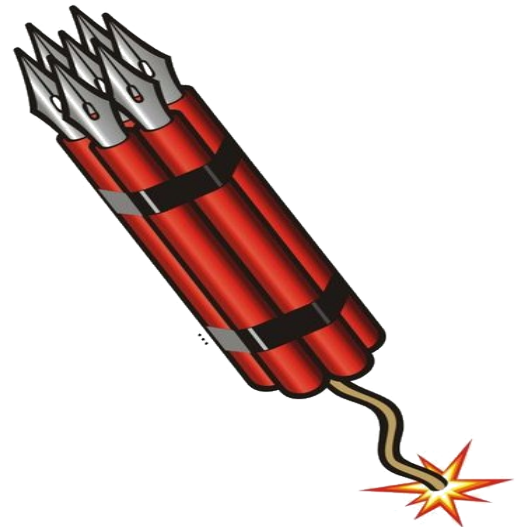




# How to Survive Hospital Costs Without Insurance

by Gregory Allan

**EVALUATION  
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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.

Please feel free to redistribute this EVALUATION COPY, provided you do so without modification. If you are ready to buy the full version and start saving money, you'll find it at <http://www.lawfulpath.com>

Thanks for reading.

– Gregory Allan

### **How to Survive Hospital Costs Without Insurance, by 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

Introduction	.....5
Chapter One	The Basics.....11
Chapter Two	The Reception Desk.....17
Chapter Three	Contracts Make the Law.....27
Chapter Four	Understanding Admission Forms.....35
Chapter Five	Contracts You Can Live With.....42
Chapter Six	Discounting Existing Bills.....51
Chapter Seven	Stopping the Phone Calls.....54
Chapter Eight	Records.....59
Chapter Nine	Responding to the Bill.....65
Chapter Ten	Hospital Responses.....71
Chapter Eleven	Tightening the Noose.....79
Chapter Twelve	Collection Agencies Run Like Frightened Puppies.....84
Chapter Thirteen	Summary.....93
Appendix A	Hospital Flow Chart.....98
	1. Notice of UAC.....99
	2. Notice of Void Contract.....101
	3. Durable Grant of Limited Powers of Attorney, Medical.....103
	4. Certificate of True-Copy.....104
	5. Phone Script.....105
	6. Notice of Good Faith Presumption.....106
	7. Fast Settlement.....107
	8. Conditional Draft.....110
	9. Reasonable Delay.....111
	10. Overcome Misdirection.....113
	11. Non-responsive Bill (reply).....115
	12. Counteroffer.....116
	13. Satisfaction.....118
	14. Notice of Fault.....119
	15. Notice of Default.....122
Appendix B	Collection Agent Flow Chart.....124
	1. Capacity.....125
	2. Fault Without Capacity.....127
	3. Notice of Invalid Claim.....128
	4. Notice of Duty to Perform.....130
	5. Default Without Capacity.....132
Final Note	New Letters.....133
	Opportunity.....133

# Introduction

The work you are about to read is the result of the Author's work and experience over the past eighteen years.

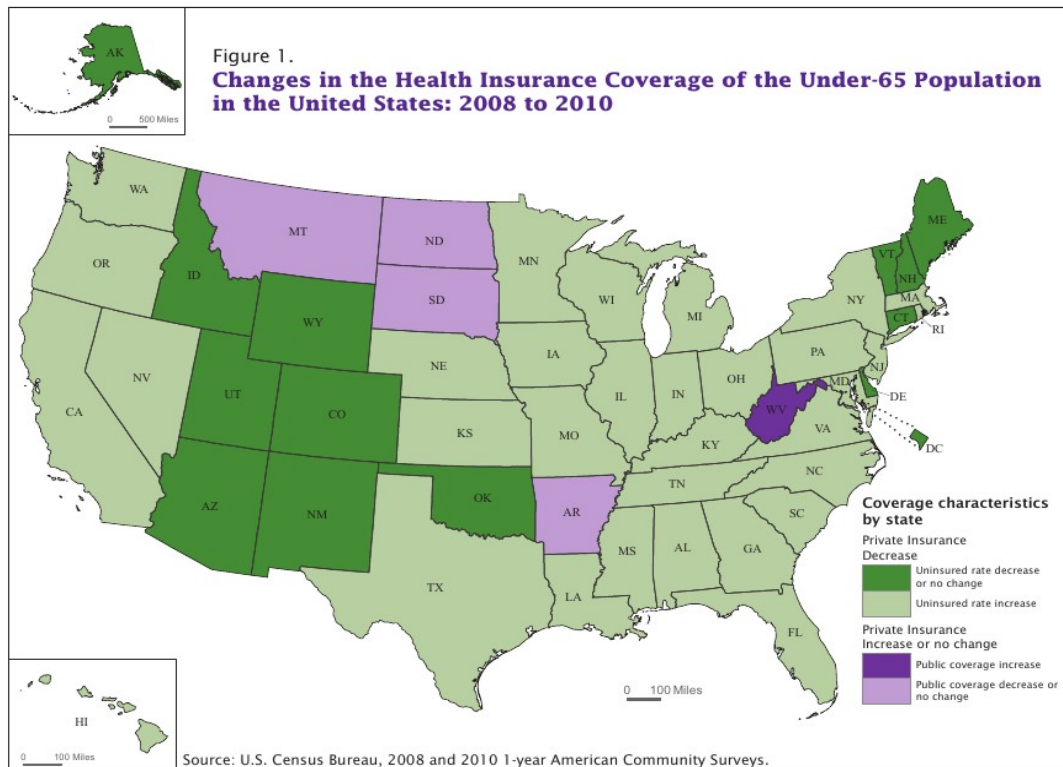
This report is divided into thirteen chapters, and two Appendices. The first part is offered free through the website: <http://www.lawfulpath.com>. The file you are viewing is the evaluation copy. **The complete report is not free.** It is available directly from the Author, in fair exchange of a small fee.

Further information can be obtained from the Author, by contacting him at: gregory@lawfulpath.com. Thank you for respecting the Author's copyright.

## What is this Report All About?

This report is written to provide desperately needed relief for people without health insurance.

If you have no health insurance, you are not alone. In September, 2003 the U. S. Census Bureau estimated that 43.6 million Americans were uninsured, and it continues to get worse. (source: <http://www.census.gov/Press-Release/www/2003/cb03-154.html>). The following chart shows the States which experienced increases in uninsured between the years 2008 and 2010:



According to their statistics, the estimated population in the United States for the year 2010 was just over 313 million. Of those, the Census Bureau estimates at least 17.7% were uninsured; leaving approximately **55 million Americans without any health insurance**.

Insurance companies are really just gamblers, after all, and they tell us that some people are uninsurable, due to prior existing health problems. If you're not a good risk, you can forget it.

Many can't afford the high rates, and I know from my own experience. I waited until I was thirty to start a family, and I was making above-average money. I bought top-notch health insurance from Blue Cross Blue Shield. All at once the bottom dropped out of my business. Along with losing a lot of other things, I suddenly had no health insurance. That's what prompted me to learn for myself the knowledge I'm about to pass on to you.

Now my business is back on track. I could afford insurance again, if I wanted it. But with the secrets I've learned and perfected, I'm money ahead to pay for my medical care as and when I need it.

This report teaches step-by-step instructions on how to do all of the following:

- Get medical care, even without insurance.
- Negotiate discounts on existing medical bills, without ever speaking to a single person.
- Pay half-price or **less** for future medical expenses.
- Stop collection agents dead in their tracks.
- Do all of the above without ruining your credit rating.



You will learn how, on the average, I have cut my family's medical expenses by more than half. When you apply my methods, you can expect to start putting at least two out of every three dollars you are billed by hospitals back into your own pocket, for the rest of your life. The same is true for doctor charges. Often you may save as much as eighty-five percent.

You say you have health insurance? Have you ever had a medical procedure done which you thought would be covered by insurance, only to find that your insurance company disallowed all or part of the final bill? At today's prices, even a single such procedure can drive you straight into bankruptcy. I'm about to teach you how to save big money on any disallowed charges. When you see how easy this is to do, you might cancel your health insurance altogether.

My methods are perfectly legal. In most cases you will remain on good terms with the hospitals and doctors. You will only be asking them to do the same thing they already do for insurance companies, every day. I'll show you why it's an offer they can't refuse.

## Is this For Real?

Yes. Absolutely. Everything you will read about in this report has been successfully done in the real world, not just once or twice, but thousands of times. My methods are a result of more than

eighteen years of my own trial and error dealing with hospitals and doctors in private practice. In the beginning, I was doing this for myself and my family. As I became successful, I started helping extended family, and friends.

### **Here are some of my early success stories:**

When my wife gave birth to our son, the combined bill for the hospital and doctor came to just over \$5,400. This happened when I was just discovering the principles taught here.

I spent almost nine months corresponding by mail with the hospital and doctor's office (my wife compared it to having another baby). At one point the bill was turned over to a collection agency. In the end, the collection agency handed it back to the hospital, which settled the whole matter for \$1,700.00. No black marks appeared on my credit record. Since then, I've learned through experience how to settle most matters much more quickly.

For example, a few years ago my wife was suffering severe stomach cramps. We had recently moved 700 miles from home, and hadn't found a family doctor yet, so we went to the local hospital's emergency room. After waiting for over an hour, a doctor breezed in for less than three minutes, wrote a prescription, and left. We received a bill the following week, for \$508.34. After receiving three letters from me over the next eight weeks, the hospital settled for exactly fifty bucks.

Around the same time some friends of ours were about to have their first baby. They had no insurance, and didn't have much money, and so planned a home birth. But when the time came there were complications. They went to the hospital, but the wife suffered a miscarriage. It was a very sad and stressful time for them. Not only had they lost a child, but the hospital billed them nearly \$8,000 which they could not have paid. Nothing could bring back their lost child, but I helped them get the bill knocked down to \$1,800. They now have three healthy children. They're no longer afraid to go to the hospital, since they know the prices will be within their reach.



The first version of this book was published in the year 2000. Since then I've fielded feedback from thousands of readers, honed my methods down to a sharp edge, and produced what you are reading now.

When my wife and I were going to have another baby, I looked on this as an opportunity for research and testing. So I did the opposite of what most people would do, I went to the courthouse and searched the public records for liens filed by hospitals. I wanted to find a hospital with the most aggressive collection policy possible.

We chose one which obviously had their collection procedures down-pat; literally hundreds of people in this small county and four surrounding counties have liens filed against their property as a result of judgments the hospital has gotten against them. I figured if anything would be a rock-solid test, this would be it.

I applied my methods with them, and sure enough, they were tough. They ignored all my letters, and refused to negotiate at all! But in the end, I prevailed. This hospital, which normally handles all their own collections, turned my account over to a collection agency. The collection agency sent a few letters, to which I responded using the same methods you will find here. The agency had to give up in defeat. They couldn't even blacken my credit. No one ever tried to sue me. They didn't dare, because they knew they'd lose.

The hospital's hard-headed refusal to settle the bill when they had the chance, resulted in them finally having to forfeit the entire amount. We call her our "hundred dollar baby," because that's exactly how much we paid the hospital.

These experiences, along with the feedback I've had from many of my readers, has helped me to greatly improve my procedures. Here's what a few of them have to say:

"I just finished reading your book. I wish I would have had this info 20 years ago."

--Larry; Utica, Nebraska

"I have just completed my study of your Survive! material that I purchased about a month ago... I am self-employed and have no medical insurance. I have tried to negotiate with the hospital to no avail. Wishing that I had your material before this happened, I have been sharing my story, and your website, with others so they won't have to be uninformed like I was."

--Gary; Miami Beach, Florida



"The hospital bill for my wife's surgery came to \$22,563.78, and the doctor's bill was \$1,545.00 on top of that. We didn't have insurance. Our credit was stretched to the limit. Bill collectors were calling every day. I thought we were going to lose our home. After reading your book, I settled the bill for only \$6,500 total. And I was able to pay that in installments! Thanks, Gregory."

--David; Baltimore, Maryland

"I have successfully forced two hospitals to accept 30% to 50% of their original bills to me by using the commercial code against them; a series of letters progressively herds them into a position where they are forced to settle on my terms. I learned this and much more by paying \$50 for a brilliant report. I earn nothing by recommending this, but it's the best \$50 I've ever spent. Even the FREE portion of the report is priceless."

--John; Ferndale, Michigan

"A great resource. Also home to the absolute best writeup I have ever seen on how to deal with hospitals when you have no insurance... and how to save money even if you do. Highly recommended."

--<http://libertyunchained.hubpages.com>



You can do the same thing, easily, by following my step-by-step instructions. My methods do not require any special skills in negotiating, and cost almost nothing to use. Your only costs will be a small amount of paper, ink, postage, and a bit of your time.

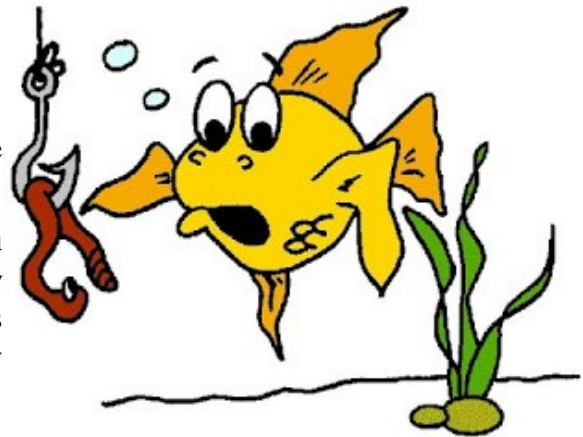
When you're finished reading, you may see my methods as a way to "screw" doctors and hospitals, or "get away" with something. A few chapters, such as the one on how to stop collection agencies might be especially easy to abuse. It's true-- my methods will even work for some people who just want to skip out on some of their bills.

Collection agents will hang up on you, and never call back. But that's not my purpose. I believe most people will behave honestly. This report is written for all those strange but honorable people who, like me, want to carry their own weight in life.

## What's the Catch?

This sounds too good to be true. So what's the catch?

Once you've read the last of these free reports, you will know how to save yourself and your family many thousands of dollars over your lifetime. This is valuable information. Why am I giving it away free?



When I wrote the first version of this book, everyone who read it agreed it was worth easily ten times the price. I thought all the millions of people who have no health insurance would beat a path to my door. What I discovered was that it didn't matter how I advertised-- most people who saw the ad figured my claims were too good to be true. Very few were willing to risk good money without first knowing more.

Obviously, I'd like to sell a lot of books, so this first plan wasn't working out. I had to find a way to prove to potential customers that my information was worth the money. So I re-wrote the book, and split it into two distinct parts. One of these parts I am giving away absolutely free. The other is packaged together into the complete report, which is the paid version.

The free version contains a lot of valuable information. It explains in detail how and why my methods work. You will learn how to check into any hospital in such a way that they will be legally obligated to give you deep discounts on all your future medical expenses. You'll even learn how to protect yourself against charges disallowed by your insurance company, if you're one of the lucky ones who has health insurance.

The problem is that even though they are legally obligated, every hospital will resist honoring the discount prices.

After they receive two or three letters written according to my methods, most hospitals will come around. Some will turn the account over to collection. After two or three of my letters to a

collection agency, most will stop all attempts at collection. Some will turn the account back over to the hospital. In the end, the hospital will either settle for the discount, or they will get nothing. When done correctly, the patient's credit is not damaged.

What the free version does NOT contain, is any of my actual letters to hospitals or collection agencies, or any of my tips on how to avoid collection and make a hospital honor its legal obligations. You won't get my Phone Script that tells you exactly what to say, and not say, to a collection agent who calls you on the phone. And you won't get the chapters that show you how to get discounts on already existing medical bills. All that comes with the paid version.

You will learn all the theory behind my methods, absolutely free. You might learn enough to figure out how to do all those other things yourself, without any further help. But getting it right will require trial and error, the same as I've done over the years. I'm betting you'll decide it's cheaper in the long run, and a lot less trouble, to buy my complete book and use the tried and true materials it provides.

I've written this information in plain language that anyone can understand. In contrast, my letters are written in precise legal language that collection attorneys will understand. My methods don't require any negotiation. You don't have to talk to anyone. All you'll have to do is send a few letters. I've already written every letter you'll probably ever need, and then some. Even more important is that I've tested them. I know exactly what works, and what doesn't.

The good news is, you don't have to decide now. You can learn all about my methods, without paying a cent. You will find out in advance whether my strategy makes sense for you. Please accept the free material, with my compliments.

In the next chapter, I jump right into the basis behind my whole process. Chapter One, "The Basics," exposes the major flaw in every hospital contract in America. This is a secret you won't want to miss.



# Chapter One, The Basics

In this chapter, I reveal the big secret underlying all my research and work on hospitals and insurance. I'll also give you a little background on myself, so you'll know how I happened upon this information. This is where it all begins.

## Background

For many years I ran my own business, as a Petroleum Land Agent. My clients were oil companies, who wanted to drill wells for oil, or natural gas. My main job was to negotiate drilling rights with landowners. After the landowners signed up, it was also my job to research the title on the land. If any problems popped up, it was up to me to fix them.

The oil business, as you can imagine, depends heavily on all kinds of contracts. I was required to draft contracts, easements, and every kind of affidavit. They had to be letter-perfect and, whenever possible, slanted toward the oil companies' best interest.

Most of the people who do this kind of work are attorneys. I'm not an attorney, but I dealt with them daily. I made it my business to understand every part of every contract, or applicable law, better than the attorneys I went up against.

My first discoveries about insurance and health care happened while I was paying for some of the most expensive health insurance available-- Blue Cross Blue Shield (BCBS). They are expensive because they're one of the best.

BCBS is a popular and widely-used insurance provider; accepted by nearly every hospital and doctor in America. Throughout this report I will refer often to BCBS, which is a registered trade-name. I do not intend any infringement upon that trade-name, or any prejudice toward that company. Any other insurance company may be substituted for BCBS and the meaning and usage will be the same.

Years ago, I had an 80/20 contract with BCBS. That means for any medical expenses I or my family incurred, BCBS would pay 80%, and I'd pay the remaining 20%.

Since I ran my own business, I was both the "payor" and the "service recipient" or beneficiary. As I found out, the payor often gets a more detailed billing statement than mere beneficiaries-- those who receive their insurance as an employee benefit.

We were usually pretty healthy. I'd been paying BCBS's high rates for several years without a claim, when my wife had some minor medical problems. When the bill arrived, there were a lot of figures and notices. The bottom-line went something like this (I've rounded off the figures for the purpose of this illustration):



Hospital Billed:	\$2,500.00
BCBS allowable:	1,500.00
BCBS paid:	1,200.00
Patient owes:	300.00

What a deal! I only had to pay \$300 on a bill that had started out at \$2,500. But something was confusing to me. The figures didn't look right. So I sat down with a calculator, and did the math:

I had an 80/20 contract, and the original hospital bill was \$2,500. Twenty-percent of \$2,500 is \$500. So why was my bill only \$300, instead of \$500?

What happened? How did I save an additional two-hundred bucks? What percentage did I pay? My fingers punched it out on the calculator--- 300 divided by 2500 equals. . . 12%!! Why did I only have to pay 12%, instead of 20%? Do you know the answer?

Take another look at the above example. The figures plainly show that BCBS only had to pay \$1,500.00 instead of \$2,500. That's 40% off full price! The insurance company had already saved \$1,000.00 before they even sent me a bill. As an insurance buyer I saved an additional \$200.00 due to the insurance company's discount. If only I could be the insurance company. Look how much I'd save!

"Sweet!" I thought, "If only I could get the same deal BCBS had, I could probably afford to cancel my insurance!"

Of course a few months later my premiums went up. It was the first raise in three years. Probably it was just a coincidence that it was also the first time in three years I'd had a claim.

On the rare occasion I had a claim, BCBS was saving me a lot of money. But wow, was their insurance EXPENSIVE. Even so, it took more than money to spur me into figuring out their game. It took necessity.

It was much later that my business suffered a major downturn. I could no longer afford those stiff premiums, and found myself with no health insurance for me or my family. I gave it as little thought as possible-- I had enough problems on my hands. Ignoring this one was easier than dealing with it, and I just hoped I'd never have to face it.

Until one day I had to take a sick child to the emergency room. There, out of necessity, I had an inspiration which eventually led to you reading these words. Since then, I've spent another eighteen years improving, testing, and perfecting my ideas.

## A Double Standard

Obviously, the hospital in the above example used a double standard. They have one pricelist for the public to see, and another pricelist for BCBS. In my experience, this is true for every hospital. Insurance companies pay much less for healthcare than individual patients.



Hospitals routinely inflate their prices by as much as 300% to 800% for uninsured patients!

Hospitals don't just decide one day to “accept” an insurance company. There has to be a contract.

Note: Throughout this report I will usually use the word “hospital” to refer to the health care provider. Please keep in mind that unless I specifically say differently, this term will apply equally to hospitals, doctors, dentists, and anyone else with a private practice.

In the above example, BCBS clearly had a contract with the hospital. In that contract, the hospital and BCBS had already agreed on a price for all the services we received. **Although the hospital billed BCBS for more than the amount agreed in the contract, BCBS was only required to pay the contract amount.**

In fact most (if not all) insurance companies, and even Medicaid and Medicare do this. They set up schedules which include every conceivable service a doctor or hospital can provide, and then set a price they are willing to pay for each. If the hospital wants to accept Medicaid patients, they must agree to Medicaid's schedule of fees. Same for BCBS, or any other insurance company.

BCBS is one of the largest, most widely-accepted insurance companies. Because of their size, they have a lot of clout. And of course they can afford very good lawyers to negotiate the best prices. The hospitals play ball.

This double standard is most obvious in cases where an insured patient undergoes treatment and some, but not all of the procedures are disallowed. A typical example might look something like this:

Subtotal of charges:	\$10,000.00
Procedures covered by BCBS:	6,000.00
BCBS allowable for covered procedures:	3,600.00
Total of procedures disallowed by BCBS:	4,000.00
Patient owes hospital:	\$4,000.00
Patient owes BCBS (20% co-pay):	720.00
Total cost to patient:	\$4,720.00

You can easily see something is fishy here. The insurance company gets a 40% discount on the portion of the bill they choose to pay. As for the procedures the insurance company disallows, the patient pays full price. When major surgery or cancer treatments are involved, a single disallowed procedure could bankrupt you!

What would this same table look like, if the patient got the same discount as BCBS?

Subtotal of charges:	\$10,000.00
Procedures covered by BCBS:	6,000.00
BCBS allowable for covered procedures:	3,600.00
Total of procedures disallowed by BCBS:	4,000.00
Patient allowable at BCBS rate:	2,400.00
Patient owes hospital:	\$2,400.00
Patient owes BCBS (20% co-pay):	720.00
Total cost to patient:	\$3,120.00

When my methods are used, the patient still gets the discount, even on disallowed procedures. You save \$1,600.00.

This is how you may save many thousands of dollars with this information, even if you decide to continue buying insurance. It does not matter whether or not you have insurance. The techniques will work regardless of whether your insurance company allows or disallows any particular treatment.

## Cooperation or Conspiracy?

It's easy to see that the hospitals and insurance companies are in bed together, but are the motives necessarily evil?

The word "conspiracy" has a negative connotation, while the word "cooperation" is warm and fuzzy. Where do we draw the line? By definition, conspiracies are usually kept secret. Here are some things to consider:

- Is it general knowledge that insurance companies get price breaks?
- Do either hospitals or insurance companies admit their discount policies if asked?
- Will either of them disclose to the public the details of their contracts?



The answer to all these questions is an emphatic **No!** You might think that keeping a secret this big just isn't possible. People would talk. The six-o'clock news would report it! Think so? Has the medical industry ever done anything like this before?



The average yearly income of a homeopathic doctor in A.D. 1846, was \$4,000. Allopathic doctors made on-average less than \$1,000 per year. People had a choice, and they voted with their feet.

The American Medical Association was founded in 1847, by doctors of allopathy, for the sole purpose of raising the wages and social standing of doctors in their industry.

Their principle competition, homeopathy, enjoyed prestige and high profits. The A.M.A. set out to change all that, by pushing for government licensing which would exclude homeopathic forms of medicine. They established trade schools over which they still maintain an iron grip, limiting the number of doctors

to keep the supply of doctors artificially low (thereby keeping prices high).

Homeopathic medicine is far from dead today, but the doctors we commonly visit at hospitals are all allopaths.

The allopaths did not achieve their lofted positions through superior skill or knowledge, but by lobbying, scheming, and blatant anti-trust practices. A free market would force healthcare prices down to a level where most people could afford a hospital's services. The medical industry, founded on price fixing, discovered the insurance industry to be a natural ally.

It is in the insurance industry's best interest that prices for healthcare services remain high. This generates fear in the public, and creates a huge incentive to buy insurance. Likewise it's in the hospitals' best interest if prices are high, because higher prices mean higher profits.

This works for both groups, at the expense of the healthcare consumer. But problems arise in the economic model, when prices rise so high that insurance companies can no longer stay in the game. Granting huge discounts to insurance companies is the obvious answer. Thus both industries survive, and work together to fleece the public to the maximum possible degree.

Now you know the dirty secret of the health insurance business. They charge you an arm and a leg for your premiums. When it comes time to pay the bill, they only have to pay a fraction of what uninsured patients are charged. They catch you coming and going. Like the owner of a dump truck who gets paid to haul away unwanted dirt, and then is paid by someone who wants dirt, to haul it in and dump it.

It's a secret they're learning to guard ever more zealously. I haven't bought insurance for years, but I'm told by my readers that most employer's billing statements no longer give the discount such as I've shown above. Why should they pass along any discounts to you or your employer anyway? Besides, if you saw such discounts on your statement, you might get ideas (like I did).



## Changing Sides

The uninsured patient is treated like a patsy; someone to be conned; a mark. Obviously, it's better to be treated like an insurance company. The question is, how can you change sides?

That's the secret I'm about to tell you, absolutely free. The free portion of this report will show you how to box the hospital in, so that they are legally obligated to treat you the same as they would a large insurance company. That means you will be entitled to the same discounts.

The secret is in the contracts. Fortunately you have this free report, and won't have to spend years studying contract law as I did.

The methods you're about to learn are very simple. I rely on a handful of easily understood principles of commercial law which are hundreds of years old. Just because they're old, doesn't mean they're no good. These principles are still very much alive and in common use every day--mostly by large corporations with high-powered attorneys.

You won't need to dig through law books. The only reference you'll need will be this report, which will give you easy to follow, step-by-step instructions.

Yes, I'm really going to tell you for free. You'll begin learning about contracts in Chapter Three, Contracts Make the Law. But first you'll need to learn how to answer the question "Do you have insurance?" Chapter Two, gives you some valuable tips on checking in at the Reception Desk.





## Chapter Two, The Reception Desk



Most of the methods taught in this report are a form of paper warfare. That's only fitting, since it's paper and ink the hospitals normally use to defeat you. But the most important part is getting past the receptionist, so you can get the treatment you need.

In this chapter we're taking a break from laws and paperwork. We'll focus instead on some horse-sense and getting along.

### Hospitals vs. Small Offices

Hospitals are built on bureaucracies, almost like miniature governments. You may find individual people on the service side who care about your well-being, but not when it comes to the accounting departments. They'll squeeze you until you're dry, and never shed a tear.

Small doctor's offices are as proficient with their paperwork as the large hospitals, but they are often not as heartless. Regardless of how they structure their business, doctors usually retain control over everything-- from service, to billing.

Before you adopt an adversary position with your doctor, talk to him. Tell him you have no insurance, and explain your financial situation. Ask him for a discount for cash payment. You'll be surprised how often doctors will voluntarily cut the bill by twenty-percent or more, just because you asked.

If your doctor charges \$50 for an office call, 20% amounts to a \$10 savings per visit. It may not seem like much, but it adds up. If you are really hurting financially, tell him so. It's not at all unusual for doctors to slash their bills by half. Unless you ask, you'll never know. If you make a deal with your doctor for a certain price, you should honor your contract. Don't try to use the

paperwork from this report to chip more off the bill.

Also, always remember that generic medicines are much cheaper than their brand-name equivalents. When your doctor is writing prescriptions, ask him to specifically authorize generic substitutions.

## The Receptionist

The things you've read up to now might tend to make you think of the hospital as an adversary. That's good thinking, and in many ways it's true. But it is important this attitude doesn't come across to the receptionist. Try to remember that she is a human being, with a life and feelings of her own. She will respond, like anyone else, to a smile and a friendly demeanor.

I know, you're going to say "If I felt like smiling, I wouldn't be at the hospital." True. But how much does it really cost you to smile and be nice? Nothing, and in the long run it can save you a bundle.

Another important thing the receptionist will respond to, is confidence. She will ask you if you have insurance. Do not lie to her. If the answer is no, then tell her "No."

She will then ask how you intend to pay. Your answer is, "Cash." Ask her how much the bill is going to be. She'll tell you she doesn't know. But the fact that you asked, scores points in your favor. Then, depending on how serious the reason for your visit (and depending on your available finances), immediately pull either a \$50 or a \$100 bill from your pocket and say "I'd like to make a deposit now."

She may take it, or not, depending on hospital policy, but you will have impressed her as someone who intends to pay his bill. Be sure you get a receipt.

## Information Collection

Once the receptionist is satisfied that you will pay the bill, she will hand you some paperwork to be filled out.

Every hospital has its own forms. Each form is different, but all are pretty similar in most respects. There are always two distinct types of form, and both of them are always used in each hospital. Sometimes they are on separate pages, some are combined into a single form.

They may have various titles, but we will identify them by what they do, not what they are called. The first is the Information Collection form. The second is the Admission form. For purposes of this report, when I talk about the admission form, I am referring to the form contract, **before it is signed** by the prospective patient **and**



**accepted** by the hospital. We'll go over the Admission form in detail, in the next chapter. In this chapter, we will discuss information collection.

There is only one reason hospitals collect information from you: to protect themselves. In this context, protection means two things:

1. Limit of liability, and
2. Profits

Sure, they ask a lot of questions that make it look like they're concerned for your health and well-being. You may as well face it now: Even those questions are there mainly for liability reasons.

I don't have a problem with most of the health related questions, and you probably won't mind answering them. After all, you don't want to have the kind of problems which might cause you to want to sue the hospital. There are worse things than being broke-- like being dead, for example.

The financial questions are another matter. Those are only there to make it easier to collect a debt. Why else would they ask for your Social Security Number (SSN), and your date of birth (DOB)?

As to the DOB, you could argue that knowing your age could be relevant to your health concerns. Why then, is there also a place on the form to enter your age? Maybe they aren't good at math?

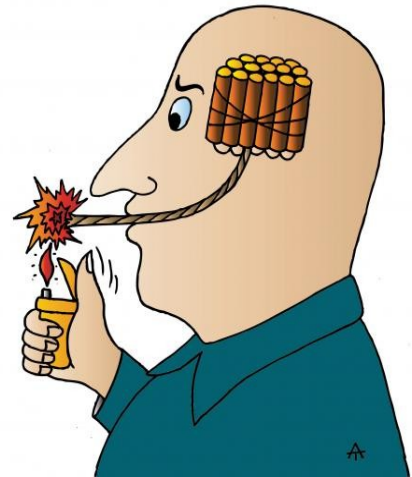
The SSN and DOB are what computer programmers refer to as "key pair identifiers." This is because anyone who has either of the two can, using computers, easily come up with a missing third part. The SSN and the DOB give them access to all your prior health records, and your entire financial history. They can even access past criminal history, and loads of consumer information. Most people have no idea how much information is readily available about them, from computer databases.

Most importantly it will give them positive identification, if they ever need to take you to court to settle a bill.

People shoot themselves in the foot every day, just by not thinking about what comes out of their own mouths. I recommend against giving out either the SSN, or the DOB. I also suggest you omit your middle name, or initial.

If you've already given this information to your local hospital, there's no way to remove it from their records. But you can still help yourself by not releasing it in the future.

Also never, ever disclose the name, address, and phone number of your employer. Why? Have you ever had phone calls at work from a collection agent? How does that make you look to your boss? Don't you wish they'd stop calling? Who gave them your number at work anyway? You did! So stop doing it.



The same thing goes for the name and phone number for a “person to notify in case of an emergency.” Have you ever wondered what constitutes an emergency to a hospital? If they haven't been paid!

I've never known of a hospital to refuse service on the basis of no SSN. Don't leave it blank, as that's an invitation for the receptionist to ask you to fill it in. Draw a line through that space on the form. Or write “refused” in the space. In the DOB section, fill in the year, but draw a line through the month and day.

The receptionist may ask you anyway. Always be polite. This is an easy one to answer. Simply tell her that you are concerned with the recent rise in identity theft, and have stopped giving out that information.

In most cases she will not press. If she does, you can advise her of Title 5, United States Code Annotated 552(a), which is also known as the Privacy Act, and which states, in part:

“(a)(1) It shall be unlawful... to deny any individual any right, benefit, or privilege provided by law because of such individual's refusal to disclose his social security number.”

The law goes on to provide a \$1,000.00 fine for requiring disclosure of the SSN, unless it is to be used for only four distinct purposes. None of those purposes mentions healthcare. If you are concerned about this issue and want a little extra ammunition going in, you'll find a very effective notice at <http://www.lawfulpath.com/cat/#1010>

I've used that notice many times over the years for all sorts of instances where someone wanted my SSN.

That takes care of the most common financial questions. Some hospitals go on to ask even more brazen questions, such as how much money you make in a year, or where you do your banking. This is like asking, “How much can you afford to be fleeced for, and where do you keep your money?”

Just draw a line through these questions. The answers are not mandatory. You won't be denied service because you refused to answer. Those questions are there simply to make it easier for the hospital to collect a debt-- IF you are naive enough to answer them.

## Why the Avoidance?

You will remember the point of this report is to learn how to genuinely pay your healthcare expenses. So why would I give you tips on how to avoid collection?

Simple. The hospital is in business to make money. They have their own collection departments, and many will also hire collection agencies. The attorneys who set up the departments, or who own the collection agencies, understand commercial law. But their employees do not. The employees work from scripts, and lists of procedures set out by their employers, in



much the same way a McDonald's employee is taught to pull the fries out of the oil when a buzzer sounds.



When you visit a hospital without insurance, you are immediately classified as a patsy. Your name is entered into a list of people to be fleeced like unsuspecting sheep. Or worse, a lamb to be lead to the slaughter. When you voluntarily surrender the financial information asked for, it is like handing them the very knife they'll use to cut your throat.

If you carefully follow the procedures outlined in this report, you will be standing on firm legal ground. But you will not be following the script which has been written to handle people in your assigned role: the patsy.

The hospital will resist your efforts to obtain their services at a fair price. They will call your home asking for payment. They will call your workplace, and whoever you may have listed to call in case of emergency. They will make it clear to whoever answers the phone that they are calling to try and collect a debt.

They may send you notices which say things like “OVERDUE,” and “PAY IMMEDIATELY, OR YOUR ACCOUNT WILL BE TURNED OVER TO COLLECTION!”

No need to worry. They are just following the script. Eventually your account will come to the attention of someone who understands commercial law.

In the meantime, how much damage can the employees of these collection departments do to you? It's according to how much ammunition you've given them. They can't call your employer, or anyone else, if they don't have the phone number. And there is much less risk of a minor employee doing damage to your credit record, if your SSN and DOB are not readily available.

## Representation

There are two ways to approach the reception desk-- for yourself, or on behalf of someone else.

There's nothing wrong with going in as most people do, signing yourself in, and handling matters for yourself. I've done it many times. However, there's definitely a psychological advantage in dealing through a third-party representative. I've had a lot of success with acting on behalf of others, or having someone else act on my behalf. I highly recommend it.

In our family we believe in the Biblical principle of “coverture.” That means the husband and father is responsible for all other family members. He deals with the outside world in all respects. So my wife has no problem signing a “grant of powers of attorney” over to me. This gives me the power to sign the admission form, and have final say in all the decisions about treatment.

Even if you don't share our beliefs in coverture, you should strongly consider having someone you trust represent you when you check into a hospital. There are many good reasons for this:

1. Most families have a member who is best with clear, legal type thinking. That person should represent everyone but him/herself, and the second best represents the first person. This way, the clearest head is always handling things.
2. Anyone who is sick or injured is under stress. He may be in pain and/or under the influence of mind altering drugs. He should not enter into such an important contract under these circumstances.
3. During treatment the patient may be unconscious, or otherwise incompetent to make the same decisions he would make if he could. If at all possible, these decisions should be put in the hands of a trusted friend or family member, rather than a nameless hospital employee.
4. Last but not least, if you are dealing with a hospital which refuses modifications to their admission form, representation is an excellent end-run around their refusal.

Receptionists are familiar with parents signing on behalf of children. And it's not unusual for a son or daughter to sign on behalf of an elderly parent. But it is unusual for a normal functioning adult to represent another seemingly normal functioning adult.

So unusual, that maybe you don't know anyone you trust this much. If so, that's a shame. Of course it's also a social problem beyond the scope of this report.

If you use this suggestion, here are the four important things you must remember:

1. The person representing you must have a signed, notarized power-of-attorney document (POA) in his possession. The rights granted can be limited, so you're not also granting the



right to sell your house and empty your bank account.

2. Immediately notify the receptionist of the representation. Be confident, and act as though it is the most natural thing in the world. It won't seem as odd to her, if it doesn't seem odd to you.
3. Suggest to the receptionist that she make a copy of the POA "to put in the file." This is important. They will likely insist on it anyway, but it is just as important to you. The reason for this is so that they can't claim later to have the authority to bill for more than was authorized by the POA. Having a copy of the document in their own files, proves they had notice.
4. The patient **MUST NOT** sign **ANYTHING**. This is important. The receptionist will almost certainly try to get the patient to sign, in spite of the notice of representation. The patient must politely refuse, saying "This person has the exclusive power to sign for me. I have no power to contract."
5. The patient may even be assaulted by additional hospital staff, who insist the patient really must sign. I've always been able to persistently refuse until they give up. If you are not as strong willed as I, and it looks like you really won't get treatment without the patient signing, then have the patient do this:

Above the place where the patient is about to sign, write "Without agreement or capacity to contract:" and then below the signature, write "non-assumpsit." The latter is Latin for "no agreement." Now go ahead and sign, it doesn't matter. The hospital now has something which appears to be a signature, but has none of the legal substance which can obligate the patient to anything. This tactic should be used as a last, not a first resort.

There is a key feature of the POA I use, which is different from any other you'll ever see. The powers granted are limited to allow the representative to obligate the patient to pay only for:

1. Valid charges
2. Subject to (an objective third-party standard)

You'll learn more about this limitation in the next chapter.

A sample form entitled Grant of Limited Powers of Attorney (medical) may be found in Appendix A, document #3 (included only with the complete, paid version of this report).

When you sign as a representative of another, you sign your own name. Then you print the following beneath your signature:

[Your name] as attorney-in-fact for [Patient's name], pursuant to Grant of Powers of Attorney dated [date of POA].

This statement is important because it qualifies (limits) your signature to the powers specifically granted in the POA, and insures you cannot be held personally responsible for any of the charges.

Once you've been admitted for treatment, your representative should accompany you and stay

with you as much as possible. In my experience, most hospital employees will recognize the authority of the representative. Some may need to be reminded.

When one of our children was born we had an interesting experience. My wife had arrived at the hospital before me, as I was several hours away when she went into labor.

Of course, they put admission forms in her hand while she was being wheeled into a room. She verbally put them on notice that her husband would have to sign, and that she had no power to contract. They said, "That's okay, please just sign the forms anyway," which she did, using the qualifications I outlined in paragraph #5 above.

When I arrived, I immediately put them on notice that I was "attorney-in-fact" for my wife, and that anything she may have signed was not binding. They asked for a power-of-attorney, which I handed them, instructing them to make a copy and return the original. Interestingly, they didn't ask me to sign anything at that time.

After our baby was born, and my wife was resting, a hospital staffer came in and asked my wife to sign papers for birth certificate, social security, etc. She reminded them that if anything needed to be signed, then I would have to be the one to do it. I looked over the papers. The one right on top authorized the local department of social services to have access to all our medical records, and granted rights to supervise care of the baby. I'm not kidding about this. I was aghast! Of course I refused to sign them.



The woman went away in a huff, and in a few moments a much sterner woman appeared carrying the same papers. She told me it was State law that I had to sign the papers.

I said, "If I'm required by law to sign these papers then I'll be happy to. Just show me the law, and the implementing regulation that makes me a person obligated by the law, and I'll be happy to oblige."

She stood there sputtering for several moments, and then spun around on her heel and left the room.

The hospital staff watched closely, and waited until I was gone from the room for a short time. Then they sent in a social worker to talk with my wife. The social worker made some small talk, and then mentioned the power-of-attorney. She asked my wife if she had really signed it willingly. Of course my wife said she had. The social worker was shocked. She couldn't understand why, in this day and age, a woman would give such power to a man.

My wife said it was obvious the social worker was looking her over, trying to examine her for bruises, and even implied that maybe I had beaten her, to make her sign.

So my wife told her, "Look, the power-of-attorney was my idea."

The social worker's jaw dropped. "Why would you do such a thing?" she asked.

"Because I'm in here having a baby," my wife replied. "I'm under a lot of stress. I knew the nurses might give me drugs, and that I might not be in my right mind. I knew people would be



bringing documents into my room while my mind is foggy, and asking me to sign them. This way my husband, who has a clear head, can handle everything. If the roles are ever reversed, I'll do the same for him."

One last interesting thing about this visit. About twelve hours after delivery, my wife was ready to leave. We never let the baby out of our sight, so getting him was no problem-- we already had him. We told a nurse we were leaving.

Now it was about 11:30 P.M., and this nurse was really resisting. Wouldn't we stay for just another hour? It suddenly became clear to me that the really important thing from the hospital's perspective was that if we stayed past midnight they could charge us for another day on the room.

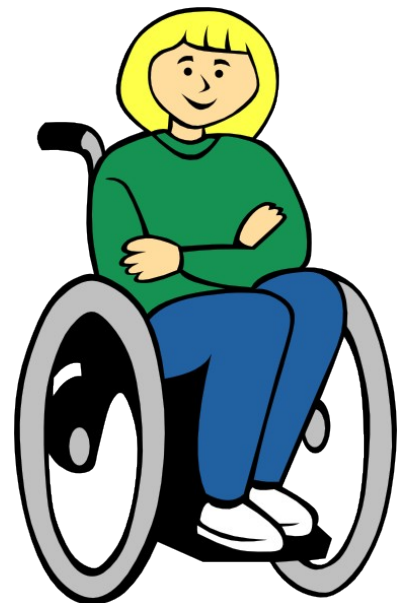
In came an administrative-type woman who declared firmly that we couldn't leave yet, we hadn't been released. I said, "Really? I don't remember ever signing in." She stood there looking puzzled for a moment or two while we continued to get my wife dressed, and then she hurried off toward the reception desk.

Soon we were walking down the hall toward the front lobby. A nurse hurried up with a wheelchair for my wife. If we couldn't be stopped from leaving, at least they weren't going to risk the liability my wife might break a leg in the hall.

We were almost out the door, when the same administrative-woman from a few moments before called out to me and asked if I'd please step up to her desk for a moment?

She had a sheepish look on her face, as she asked if I would mind please signing an admission form before I left. It was only then that she had realized, the hospital had delivered our baby without any contract with us at all.

We had not promised to pay. We had not even waived liability! The hospital was completely hanging out to dry. It was our local hospital, and I wanted to maintain good relations. I signed the form. Subject to certain qualifications, of course.



## **If it's the Last Thing You Do!**

You're in. There's only one thing left to do, but it's the most important thing. If you forget this part, all else will be lost:

### **GET A COPY OF EVERYTHING!**

The one thing which you must always do, after signing the admission form, and anything else, is to ask the receptionist to make you a copy. I cannot stress this strongly enough, so I will say it again:

## GET A COPY!!



In every hospital or doctor's office I have ever visited, a copy machine was a part of the receptionist's standard equipment, so this should not be at all difficult.

Put your copy in a safe place.

In a later chapter I'll tell you what to do with your copy of the contract. You'll learn the easy way to keep good records of all your correspondence, and why you **MUST**.

## 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.

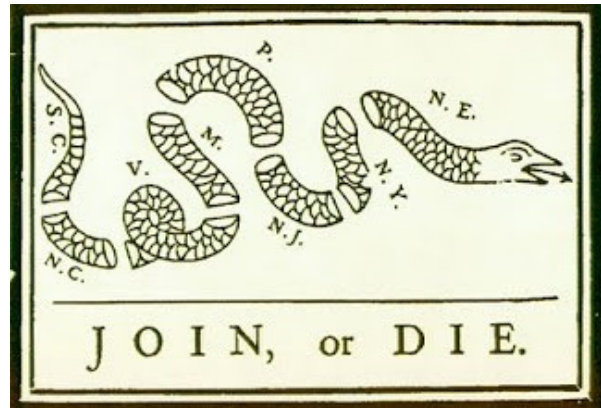
The key to recognizing an implied contract is that it does not rely on an agreement between the parties, but instead on a judge's opinion. For purposes of dealing with hospitals, you probably would only come across implied contracts if you (or someone you know) was in an accident, taken while unconscious 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.

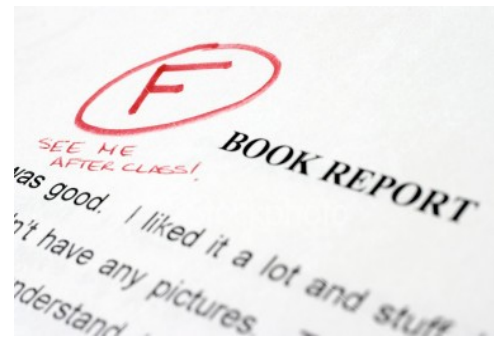


The important thing to notice here, is that the form does not become a valid contract right away, but only after the hospital performs some sort of service for you. The performance of a service, after you have signed their form, is evidence that they have accepted the contract. Then, and only then, is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

## Chapter Four, Understanding Admission Forms

You've already learned how the admission form becomes the contract used by the hospital to obligate you to pay for their services. In this chapter we'll take a look at admission forms in general, and look in detail at an actual sample form.

When I really examine everything the average patient agrees to when checking into a hospital, it amazes me hospitals get any patients at all. Why do patients do it?

Well, there is the fact they are sick or injured. Current statutory laws have pretty much driven their competition out of business, limiting choice. The simple truth is, most people don't read the contract.

Hospitals are large expensive buildings made of stone, steel, and glass; they look established and legitimate. They employ hundreds of smart people, who come to work every day just so they can cure the sick and repair the wounded. Sick people go to the hospital all the time, and everyone signs the same form. What's to read? Such a big place might be intimidating, but they'd never put "bad" things in their admission form..... would they?

### A Bird's-eye View



The three most important sections of all admission forms, in layman's terms, are:

- A. Patient consents to allow hospital to examine and treat him at hospital's discretion;
- B. Patient agrees to not hold hospital or staff responsible if they screw-up (waiver of liability); and
- C. Patient agrees in advance to pay whatever hospital might bill him (a blank check).

Everything else which appears in the form simply fine-tunes these three main principles. Nearly all of these contracts are completely one-sided. Some are worse than others. I've seen forms that:

- Allow the hospital to conceal your own records from you;
- Give consent to "experimental" treatments which erase any chance you might have had to recover damages, no matter how careless or negligent the hospital might be;
- Allow the hospital to implant devices in your body inscribed with your Social Security number...

The list goes on and on.

Even with the less harshly worded forms, you surrender much of your ability to make intelligent choices as to your own treatment.

The waiver of liability generally means that no matter how bad a mistake they might make in your diagnosis or treatment, if you cannot prove either that the mistake was done intentionally, or due to gross-negligence, you are left with no recourse.

Perhaps most importantly, when you sign one of these pre-printed forms you have written the equivalent of a blank check. You may as well give them the deed to your house to go with it.

If you agree to the terms of their offer, as printed on their form, then you have agreed to let them do anything to you they want; without any liability or accountability; and charge you any amount they want, on a whim.

## Under the Microscope

Let's have a look at an actual admission form, taken from a real hospital (see facing page). It is typical of many I've seen. Only the name of the hospital has been omitted.

The reason I selected this form for the example is that it contains only the contract portion; this hospital uses a separate form for information collection. And it all fits on one page, which is handy for our purposes.

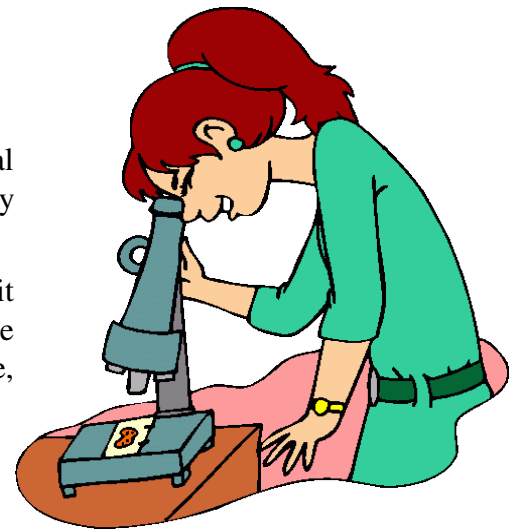
A lot of things are going on in this contract that you might not expect, until you look at it closely. Since this report is mainly about hospital costs, let's go first to paragraph ten. That's the section which obligates the patient to pay:

10. FINANCIAL AGREEMENT: I/We hereby assume full responsibility for payment of all charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier.

Isn't it funny how the shortest statements can sometimes cause you the most trouble? You will usually find the parts which are most important to the hospital are near the end of the contract. Most people don't read contracts before signing anyway, but in case you're a "reader," they hope your eyes have glazed over by now.

Paragraph ten simply says that you agree to be responsible for all charges which "accrue" to your account. It does not say "legitimate" charges, nor does it say anything about how they might accrue. Nothing is mentioned about your right to choose to refuse certain treatments, or to use generic drugs instead of the more-expensive brand names.

Most importantly, no there is no yardstick against which their charges are to be measured. The hospital does not publish a pricelist, available to the public. There is no requirement for an estimate, such as that which is required by law to be provided by auto mechanics.



## ABC Hospital General Conditions of Admission

1. **CONSENT TO HOSPITAL CARE:** Knowing that I have a condition requiring hospital care, I do hereby voluntarily consent to routine hospital care and such routine diagnostic procedure (including, but not limited to, laboratory tests and diagnostic x-rays), as deemed necessary by my physician or physicians, their assistants and designees, and as rendered by the Hospital, its employees and agents, under the general and/or special instructions of the physician. I recognize that while in the Hospital I am under the care of my physician and that hospital personnel render services to me pursuant to the instructions of my physician. I acknowledge that no guarantees have been made to me as to the result of treatments or examination in the hospital. I understand that this is a hospital that engages in medical education and that resident doctors, medical, nursing and allied health students may assist my physician in the performance of procedures/operations, as well as in other aspects of my care.
2. **NURSING CARE:** I recognize that the hospital provides general duty nursing care. However, when my physical condition warrants, and the physician requests, I may be placed in a specialized unit where critical care nursing will be provided to meet my needs.
3. **CONSENT TO USE OF BLOOD:** I consent to the administration of blood, blood plasma, or blood products if deemed necessary by my physician, with the full realization that complications (including, but not limited to hepatitis), may sometimes result inherently and unavoidably from the receipt of blood, plasma, or other products. It is understood and expressly agreed that the blood supplied in accordance with this agreement is incidental to the rendition of services and that no requirements, guarantee, or warranty of fitness or quality shall apply.
4. **CONSENT TO TESTING AND DISPOSAL OF BODY FLUIDS AND TISSUE:** In connection with certain diagnostic tests, I understand that specimens of blood, urine and other body fluids, tissues, or products, may be obtained and that tests will be performed on such fluids, tissues and products, and I consent to same. I further authorize the hospital to perform such other tests and procedures on any such body fluids and tissues or products as it deems appropriate to further medical research and knowledge, and to dispose of same when all tests and procedures have been performed.
5. **CONSENT TO HIV TESTING:** I understand that if an employee, physician, agent of the Hospital or pre-hospital care provider sustains a percutaneous (through the skin), mucous membrane (through the mouth or eye), or open wound exposure to my blood or other bodily fluids I may be tested for Human Immunodeficiency Virus (HIV) which causes Acquired Immune Deficiency Syndrome (AIDS), and/or Hepatitis infection.
6. **CONSENT TO USE OF SOCIAL SECURITY NUMBER:** I consent to have my social security number, including diagnosis if applicable, sent to the manufacturer of a medical device that will be or has been permanently implanted.
7. **SMOKING POLICY:** During your hospital stay Smoking will be strictly prohibited within and outside the hospital pursuant to the 1992 Michigan Clean Indoor Air Act. (You are asked to talk to your physician regarding alternatives for smoking.) I understand this policy and will comply with it during my hospitalization.
8. **PERSONAL VALUABLES:** The hospital shall not be responsible, or liable, for the loss or damage to any property that is not placed in the hospital safe at the time of admission.
9. **ADMISSION STATUS CHANGE:** I understand that the conditions of admission applies to inpatient or outpatient treatment. During the course of treatment my status may change and I will be advised of the change by a physician or hospital personnel.
10. **FINANCIAL AGREEMENT:** I/We hereby assume full responsibility for payment of all charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier.
11. **INSURANCE RELEASE AUTHORIZATION:** I hereby authorize the release to, and the use by my insurance company and/or Medicare and Medicaid information needed in processing this claim including release of information covering treatment of drug and alcohol abuse, drug related conditions, psychiatric/psychological conditions, or infectious disease (including Human Immunodeficiency Virus - HIV, Acquired Immunodeficiency Syndrome - AIDS, or AIDS Related Complex – ARC information.) I further authorize payment direct to the Hospital, physicians, an/or radiologist and anesthetist of all benefits accruing to me under the terms of my certificate.
12. **INFORMATION RELEASE:** I authorize in advance that copies of my medical record and/or data may be provided upon my discharge to continuing health care providers within our community health care system and may be used for research purposes.
13. **NEWS MEDIA:** I authorize the hospital to release my name and address, condition, dates of admission/discharge to the news media.

Witnesses:

Patient Signature:

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Date: 

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There isn't even a place on the form to restrict treatment to your broken leg, or strep throat. All bets are off, and there's virtually no limit to how much the hospital can pad the bill.

Would you agree to let a baker deliver as much bread as **he** wanted to your house, every day until **he** decides you have enough, without at least settling first on a price-per-loaf?

Notice the part where you agree to pay for any "item" for which your insurance company will not pay. Do you remember my prior section on disallowed treatments? For those of you who are lucky enough to have health insurance, this is where the hospital will "get you."



So, now that you know you've been had, what can you do about it? That is the subject of the next chapter. For now, let's take a moment to look at the other paragraphs in this contract. Maybe there's something else in here that's not in a patient's best interest.

## Other Concerns

1. In paragraph one you consent to "routine" treatments and procedures. Who decides what is routine? Your physician, the hospital and, of course, the hospital's attorneys.

Any test, procedure, treatment, or operation which can be even remotely justified as a measure to address your complaints, may be authorized by this paragraph.

Notice that nowhere are you provided with a place to write in the reason you're here, or what treatment you are seeking. This is one of the reasons the hospital often collects information on a separate page. If your health concern was printed on the contract, a court might construe the hospital was limited in the scope of their treatment.

Heavy emphasis is given to the notion you are "under the care of your physician." This is intended to reduce the hospital's liability, both in the case of medical errors and in the event you object to any charges appearing on your bill.



They further dilute their liability by telling you straight-out that no one has made you any guarantees, and many of the things done to you while you are in their care will be done by students who have not yet been certified as qualified doctors and nurses. This is one of the principle areas where hospitals cut costs to increase profits. If you agree to this, you have no one to blame but yourself, if things go horribly wrong.



Many people get their hair cut at barber colleges to save a few bucks, but your health is a different matter. Are you willing to trust your life to uncertified students? For some things, maybe. But pay close attention to such paragraphs if your visit is for something more serious. As for savings? Any savings realized by using students will be kept by the hospital, and not passed along to the patient.

2. Paragraph two authorizes special high-cost care under certain circumstances. Who decides which circumstances qualify as "special?" The hospital, of course. This paragraph is here because the hospital's attorneys told them that if it were not included then you might be more likely to successfully challenge the outrageous fees they get for these value-added services.

The language used adds weight to the hospital's charges by leaving the choice of service quality up to the doctor, OR OTHER HOSPITAL STAFF (such as accountants?). In some cases you may not even realize that you have received these high-cost services, but you will pay for them just the same.

3. In recent years lawsuits against hospitals have prompted them to include the language you see in paragraph three. Since they have already made it clear that they are not responsible for any bad things which might happen, you could be inclined to think of this paragraph as overkill. It is included as a sort of "notice," so you cannot later claim an injury due to tainted blood.

Do you believe for one moment, if you were an important senator or head-of-state, that the hospital would not test blood for unwanted diseases before putting it into your body? Since you are not, such a policy would cut into profits.

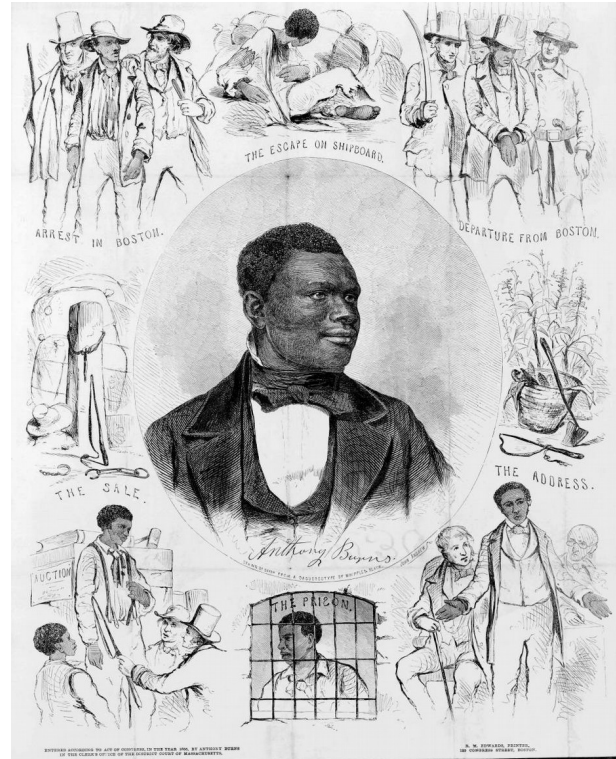
4. Paragraph four is a transfer of property, from you to the hospital. While things such as blood, urine, and extracted tissues such as tonsils, appendix, etc. may not seem valuable to you, they can be quite valuable to the hospital.

Notice that if the hospital "deems appropriate" it may even take this property from you for reasons not related to your medical problem, and use them for medical research. More to the point, they may sell pieces of you to other hospitals or research facilities for a profit. Do they offer you a percentage, or use this money to decrease the amount of your bill? What do you think?

If a hospital takes three tubes of blood from you, for purposes of a test which requires only one tube, do they charge you for taking all three? Yes. May they sell the other two tubes to whomever they please, for a tidy profit? Of course. That is something they would never risk without your explicit consent, which you give by way of this paragraph.



5. Paragraph five authorizes the hospital to test you for AIDS and/or hepatitis if a hospital staff-member makes a mistake, and somehow contaminates himself with your blood. Perfectly understandable. But the paragraph also allows them to bill you for a procedure which is only necessary because of an error made by a hospital employee. Who should pay for this?
6. If you read carefully, paragraph six authorizes the hospital to implant a device containing an identifying number, such as your SSN, **for no other reason than to permanently tag you with an identifying number.** Radio-transmitters now exist which are smaller than a grain of rice, and can be injected into the body through a hypodermic needle. These devices are used for the positive identification of dogs, horses, cattle, and other animals. They are also used in humans. This paragraph authorizes the hospital to implant such a device in your body without even notifying you they did so. If you think people should be tagged like animals so their movements can be tracked wherever they go, then you will have no problem with this paragraph.
7. Paragraph seven probably has nothing whatsoever to do with the fact that many doctors are heavily invested in the same pharmaceutical companies which produce nicotine patches. Call me a cynic.
8. Paragraph eight, once again, liability.
9. The ninth paragraph gives the hospital, but not you, the right to make future amendments to the contract. Really? They have already taken your freedom of choice, money, and even your blood. They can control you, track you, and quite literally bleed you dry. Just in case they've forgotten anything of value you might have left, they also want the future right to change the contract without your knowledge or consent. Please notice if you make any modifications to their form, and you do not strike this paragraph, then they will have the right later to simply override your changes.
10. Financial obligation; Already discussed above.
11. Paragraph eleven looks like something the hospital might have worked out with the insurance companies, in order to get the insurance companies to agree to a slightly higher rate. A sort of "you scratch my back, I'll scratch yours" clause.





If you have a drug, or psychiatric problem; AIDS, hepatitis, alcoholism, etc., and your hospital reports this to your insurance company, how long do you suppose it will be before your rates increase, or you are dropped altogether?

*Without* this paragraph you *might* be able to count on doctor/patient confidentiality. Not so, any more. Thanks to this clause, anything in your medical records can be disclosed to the insurance company. And since the insurance company works for the person who pays the premium, your employer, then your employer is entitled to full disclosure. If you have insurance through an employer who does drug-screening, information like this is important to them. This section might cause you to lose your job.

The reason most employers have anti-drug policies, is they get a discount on their insurance if they implement such a policy. See how neatly everything fits together? And it all begins with your consent, when you sign a contract with this clause in it.

I especially like the last sentence, which grants the hospital “all benefits,” not just benefits to which they might actually be entitled. What if some of those benefits were earmarked to go to you personally? Sorry, they belong to the hospital now.

12. Paragraph twelve seems harmless enough, until you think about how easy it is these days for private medical records to become public. Whose “research purposes” are we talking about here? If you have no problem with opening up your medical records to anyone who can operate an Internet web-browser, then you will see nothing wrong with this one.
13. Lucky-thirteen authorizes the hospital to give a summary of your medical records to the news-media. If you think this one is okay, then you may also be interested in some recreational property in the Florida everglades?



The purpose of this chapter was to show you why the hospital's forms are “unconscionable contracts,” and get you started thinking about how you can protect yourself.

In the next chapter you'll learn how to take advantage of your new knowledge. You're about to learn how to protect yourself in the future, by making changes in the hospitals' standard admission forms.

## Chapter Five, Contracts You Can Live With

Most people are reactive, not proactive. That's just a fancy way of saying that most people won't take preventative measures. They wait until something happens, and then react as best they can.

I know that odds are, this report would not have caught your eye unless you already have a large outstanding bill with a hospital. You, or someone you're close to. You're hoping this report will offer some relief. That doesn't make you bad, it just means you're normal.

I can teach you how to get relief from an existing bill. But first it's important to learn how to protect yourself in the future. Dealing with existing bills, for which you were not properly prepared in advance, is much more difficult than doing things right from the beginning.

This chapter shows you how to make changes in a hospital's standard admission form, and turn it into a contract you can live with.

### An Offer is Not a Contract

You learned in an earlier chapter that a contract is often described as a "meeting of the minds." I think you'll agree by now that most people, if they understood what they were doing, would never sign a standard hospital admission form. Certainly not without making a few changes.

But what can you do, when the receptionist hands you a pre-printed form? Your hands are tied, aren't they? No!

Start by realizing that **every contract is negotiable**.

First remember that the admission form doesn't become a contract until you have signed it, **and** the hospital accepts it. When you are presented with the form, you have been made an offer. If you agree to the terms, as-is (that's what you're expected to do), then services will be provided. Your signature, on their standard, unmodified form, is merely evidence that you have accepted the hospital's offer.

Just because the hospital has gone to the trouble of printing up a form, does not mean their terms of service are set in stone. If there's something on the form you just can't live with, cross it out. If there is some condition you must have, then add it to the form.

Any change, addition, or qualification you make to the form should be done **before** you place your signature on it. The signature should be the very last thing you do. That way, you don't get distracted. I've actually seen receptionists try to snatch a signed form away, while the patient was still writing. They'll never do that with an unsigned form.

When you make changes to their form, and sign it and present it to them, then you have made what is known as a "counter-offer." The hospital has three options: accept, refuse, or respond with a counter-offer of their own.

If you make a reasonable counter-offer, the most likely response will be acceptance. This is partly because the offer is reasonable, and partly because (at the time of this writing) few receptionists will have been trained to recognize your changes as a cause for concern.

## Financial Changes

Obviously the next question is, "What sort of changes can you get away with making?"

That's probably going to vary from hospital to hospital, and may even depend on which receptionist you happen to meet on any given visit.

I'm assuming you will be sitting at a reception desk, and modifying the form by hand with a pen. Therefore I have marked up a copy of the sample admission form from the last chapter, for the purpose of further discussion (see facing page). All my changes were done by hand.



Let's begin with the money, and then look at the other clauses.

Here's the most important change; the one you've been waiting for. Paragraph ten of the sample admission form you read in the last chapter, reads as follows:

"FINANCIAL AGREEMENT: I/We hereby assume full responsibility for payment of all charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier."

This paragraph can be modified to read as follows:

"FINANCIAL AGREEMENT: I/We hereby assume full responsibility for payment of all valid charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier, subject to current Blue Cross Blue Shield schedule of fees."

Look at paragraph 10. As you can see, I've inserted an inverted carat between "payment of all" and "charges," and written in the word "valid." Then I changed the period at the end of "insurance carrier" into a comma, and in the blank space between paragraphs, written in "subject to current Blue Cross Blue Shield schedule of fees."

Some forms might not have enough white-space between paragraphs to write in anything. In that case, put in the carat, and as close as possible to that point write a number, and circle it. #1 for the first change, #2 for the second, and so on.

## ABC Hospital General Conditions of Admission

1. **CONSENT TO HOSPITAL CARE:** Knowing that I have a condition requiring hospital care, I do hereby voluntarily consent to routine hospital care and such routine diagnostic procedure (including, but not limited to, laboratory tests and diagnostic x-rays), as deemed necessary by my physician or physicians, their assistants and designees, and as rendered by the Hospital, its employees and agents, under the general and/or special instructions of the physician. I recognize that while in the Hospital I am under the care of my physician and that hospital personnel render services to me pursuant to the instructions of my physician. I acknowledge that no guarantees have been made to me as to the result of treatments or examination in the hospital. I understand that this is a hospital that engages in medical education and that resident doctors, medical, nursing and allied health students may assist my physician in the performance of procedures/operations, as well as in other aspects of my care. *I reserve the right to refuse any treatment and to full access to all my records.*
2. **NURSING CARE:** I recognize that the hospital provides general duty nursing care. However, when my physical condition warrants, and the physician requests, I may be placed in a specialized unit where critical care nursing will be provided to meet my needs, *only upon my express written permission.*
3. **CONSENT TO USE OF BLOOD:** I consent to the administration of blood, blood plasma, or blood products if deemed necessary by my physician, with the full realization that complications (including, but not limited to hepatitis), may sometimes result inherently and unavoidably from the receipt of blood, plasma, or other products. It is understood and expressly agreed that the blood supplied in accordance with this agreement is incidental to the rendition of services and that no requirements, guarantee, or warranty of fitness or quality shall apply. *AS NOT*
4. **CONSENT TO TESTING AND DISPOSAL OF BODY FLUIDS AND TISSUE:** In connection with certain diagnostic tests, I understand that specimens of blood, urine and other body fluids, tissues, or products, may be obtained and that tests will be performed on such fluids, tissues and products, and I consent to same. I further authorize the hospital to perform such other tests and procedures on any such body fluids and tissues or products as it deems appropriate to further medical research and knowledge, and to dispose of same when all tests and procedures have been performed.
5. **CONSENT TO HIV TESTING:** I understand that if an employee, physician, agent of the Hospital or pre-hospital care provider sustains a percutaneous (through the skin), mucous membrane (through the mouth or eye), or open wound exposure to my blood or other bodily fluids I may be tested for Human Immunodeficiency Virus (HIV) which causes Acquired Immune Deficiency Syndrome (AIDS), and/or Hepatitis infection, *at Hospital's expense.*
6. **CONSENT TO USE OF SOCIAL SECURITY NUMBER:** I consent to have my social security number, including diagnosis if applicable, sent to the manufacturer of a medical device that will be or has been permanently implanted.
7. **SMOKING POLICY:** During your hospital stay Smoking will be strictly prohibited within and outside the hospital pursuant to the 1992 Michigan Clean Indoor Air Act. (You are asked to talk to your physician regarding alternatives for smoking.) I understand this policy and will comply with it during my hospitalization.
8. **PERSONAL VALUABLES:** The hospital shall not be responsible, or liable, for the loss or damage to any property that is not placed in the hospital safe at the time of admission.
9. **ADMISSION STATUS CHANGE:** I understand that the conditions of admission applies to inpatient or outpatient treatment. During the course of treatment my status may change and I will be advised of the change by a physician or hospital personnel, *subject to mutual consent.*
10. **FINANCIAL AGREEMENT:** I/We hereby assume full responsibility for payment of all charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier, *subject to current Blue Cross Blue Shield schedule of fees.*
11. **INSURANCE RELEASE AUTHORIZATION:** I hereby authorize the release to, and the use by my insurance company and/or Medicare and Medicaid information needed in processing this claim including release of information covering treatment of drug and alcohol abuse, drug-related conditions, psychiatric/psychological conditions, or infectious disease (including Human Immunodeficiency Virus, HIV, Acquired Immunodeficiency Syndrome, AIDS, or AIDS-Related Complex, ARC information). I further authorize payment direct to the Hospital, physicians, and/or radiologist and anesthetist of all benefits accruing to me under the terms of my certificate, *which are due to the Hospital. Any remainder shall go to me.*
12. **INFORMATION RELEASE:** I authorize in advance that copies of my medical record and/or data may be provided upon my discharge to continuing health care providers within our community health care system and may be used for research purposes.
13. **NEWS MEDIA:** I authorize the hospital to release my name and address, condition, dates of admission/discharge to the news media. *\* The Hospital shall give me prior written notice of any non-licensed doctor or nurse who takes an active part in my treatment.*

Witnesses:

Patient Signature:

Date: \_\_\_\_\_



Then go to a place on the form where you have room, and write your changes in like this:

#1. Paragraph 10: add the word "valid" at the carat.

#2. Paragraph 10: sentence continues: "subject to current Blue Cross Blue Shield schedule of fees."

We can hereafter refer to contracts containing changes such as these, as "qualified contracts." Here is what these changes accomplish.

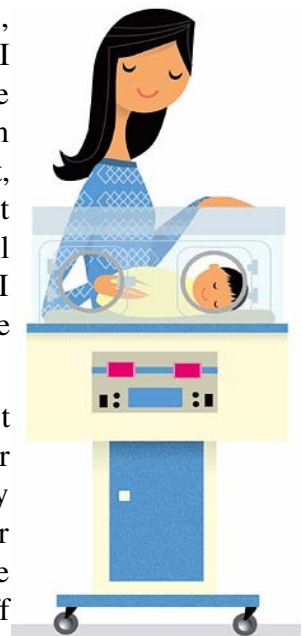
1. Adding the word "valid" limits the hospital to charging you only for the treatments or services you actually received. "What," you say, "my hospital would never charge me for anything I didn't receive!" Really? I've seen many fraudulent charges appear on bills.

My wife and I have four children. We've learned from experience, there's no such thing as a "freebie" in the hospital. That little baby-bed cart with the heat lamp that keeps baby warm? \$150-to-\$200 per day. We don't use it. Mom's chest is warmer anyway, and helps the baby bond with his mother. Mom's tired, or out-of-it? Dad's chest works just as well. And why pay \$8 a diaper, when you can buy two-dozen for the same price? You know you're going to use them. Bring your own along. Same thing for aspirin, if Dad gets a headache while waiting for his little miracle. Ten-cents if you bring your own. \$5 if you ask a nurse for one.

Every time, without fail, a nurse will wheel in the cart with diapers, wipes, etc., and the above-mentioned baby-bed cart. Every time, I tell them to wheel it right back out, because we're not going to use any of that stuff. Every time, she says, "We'll just leave it here in case you need it." Every time, we reply "You may as well take it, because we're not going to use it, and we won't pay for any of it either." Every time, they leave it anyway, and every time it all appears on the bill, even though we didn't use it. And each time I ultimately get it knocked off the bill, but only because I wrote the word "valid" into their contract.

By the way, there are usually a dozen diapers on the cart. If you don't heed my advice to bring your own, you may think "I'll just use one or two anyway, and I can afford that." No way. Unless you're very careful, you'll be charged for all of them, whether you use them or not. In fact, if you use even a single diaper on the cart, you will have a much harder time getting the cart and everything on it knocked off the bill.

Normally the burden of proof is upon the patient to show that he should not have to pay a given charge appearing on his bill. Placing a restriction in the contract that you will pay only "valid" charges helps shift the burden of proof toward the hospital to show that you actually received a service, and that the service was actually a required or recommended part of your treatment.



Congratulations, you now have the same power of line-item review over invoices that is enjoyed by the large insurance companies!

2. Adding the phrase “subject to current Blue Cross Blue Shield schedule of fees” was the brainstorm which got me started on this whole line of study. It is the central idea, from which all the other ideas in this report began.

Remember, it is not important that you use Blue Cross Blue Shield (BCBS). BCBS is a registered tradename, and I do not intend any prejudice toward them, nor do I have any affiliation with them. Any insurance company will work just as well. I simply write their name into contracts because they are one of the most well-known, widely accepted insurance companies in America. And since I used to buy their insurance, I am vaguely familiar with the rate of discount they usually get from hospitals. It has worked well for me, and thousands of readers, for a long time.

The point is that I name a specific company. By doing so, I am defining the yardstick by which all charges will be measured. If the hospital bills me \$5 for an aspirin, but has agreed to accept \$1.00 from BCBS as payment in full, then putting this clause in the contract means the hospital has to accept \$1.00 from me too. One dollar is still a terrible price to pay for an aspirin, but it sure beats five.

Lastly, I've noticed a strange psychological phenomenon. Even when you have just told a receptionist you do not have insurance, you will often notice that seeing the words “Blue Cross Blue Shield” on your contract has an unexplainable calming effect on her. Don't ask me why, I'm just reporting what I've seen.

In the scant seconds it has taken you to write those words, you have taken advantage of years of negotiations, and the expenditure of untold thousands of dollars which have been put toward arriving at the least amount the hospital will accept in exchange for their services.

**A side note:**

I've recently had an idea for an alternate clause to use. I published it on my support forum (more on that later) several months ago, but to my knowledge no one has tried it yet. The idea is borrowed from language sometimes used in oil and gas contracts, called a “most-favored nations” clause. Applied to a hospital admission form, it might go like this:



"FINANCIAL AGREEMENT: I/We hereby assume full responsibility for payment of all valid charges which may accrue to my/his/her account with the Hospital, up to and including any item not covered by my insurance carrier, subject to prior twelve months' most-favored-nations rates, with full rights of discovery."

I think this clause is very powerful, and will be successfully used many times in the future.

It has the benefit of still limiting the rate for services to a quantifiable standard, except in this case the standard is the lowest rate the hospital has accepted from anyone, for each service. If BCBS is lowest, then go with that rate. If Medicare was lowest, go with that;

and so on. It allows you to mix and match by actual rate accepted, on a line-item basis for each individual charge.

Even more important, it specifically authorizes “full rights of discovery,” which means the hospital is contractually obligated to provide you with proof they did not accept a lower price from anyone else. If they refuse, and the case ever goes to court, you can use the power of the court to compel the hospital to produce their records. This, more than anything else, will stick in their throats like they'd tried to swallow a live horse.

I've never seen an actual contract between any hospital, and Blue Cross Blue Shield. Many hospitals have claimed they cannot disclose the contract, because they are prohibited by a non-disclosure clause within the contract itself. I believe this is probably true.

I also think this is a big reason why hospitals are so willing to settle out of court (or should I say unwilling to go **into** court), when faced with a “qualified admission contract,” because they might be required to disclose their contract with BCBS, or with anyone else.

Above all, the most important thing is that the cat never be let out of the bag.



## Other Changes

Only you can decide which changes are most important to you. Up until now, you've probably never considered that you could modify hospitals' forms at all. The sample modified form will give you some ideas.

I recommend that you do NOT make all the changes I have made on the sample form. I've made this modified form to show you examples of how to modify a form, and what kind of language to use. But you should only make those changes which are very important to YOU.

It's important to note that the more changes you try to make, the less your odds of getting the contract accepted without a hassle. So depending on your circumstances, you may elect to only go for the financial clause. Do not bother to argue points which will not matter at the time, and which will only cause you difficulty.

As you're reading the sample modified form, remember that a meeting of the minds often involves compromise. In my experience there are many clauses which the hospital will live without, but some will make them dig in their heels. For example, getting a hospital to accept any liability is pretty tough. On the other hand, the disclosure of information paragraphs such as the one in paragraph 13, can usually be stricken without even raising an eyebrow.

If you do not try to change too much, you will usually have few, if any problems. Unless



something about your signed form looks too far out of the ordinary, the receptionist will almost always process it the same as though you had made no changes at all.

Consideration should always be given to how urgent is your need for immediate medical attention. If you are standing in the emergency room with blood spurting from a stump where your right arm use to be, then you will probably not make as many changes as you would if you visit your family doctor for a case of the sniffles.

When you've made the changes you think are necessary, sign and date the form, and hand it to the receptionist. You have just made a counteroffer. As soon as a nurse puts you on a scale, or takes your temperature, you've got yourself a contract.

If you do have insurance, then you will continue to enjoy BCBS's negotiated price for any services which your insurance company, whoever they are, will not cover. At worst, you will only be held responsible for the amount that "would have been" allowable, if you had been covered for that service. You may in fact be able to remove those charges from your bill entirely, since if your insurance carrier will not cover them, the charges may not be valid.

If you have an insurance carrier other than BCBS, then you can instead write the name of your carrier in place of BCBS. Or, if you think that BCBS might have negotiated a better deal than your carrier, which is often the case, then use BCBS anyway. It's not important that you have an account with BCBS, or that you ever had one.

The important thing is that you have tied your obligations to an established standard which the hospital has already agreed to accept from another party.

## **What If They Refuse?**

I remember an interesting reaction once, when I presented a receptionist with a modified form. She accepted the form without question, until I asked for a copy. This is usually not a problem. But this time she disappeared for almost fifteen minutes. When she returned, she said she could not accept any modifications to their standard form.

I immediately smelled fraud. The implication was that they could later claim to have "lost" or "misplaced" my contract, and claim they never accept modified contracts. I told the woman this, but she seemed unmoved.

So I said to her, "My wife is here for treatment of a potentially life-threatening problem. Are you telling me that you will refuse her treatment if I do not sign this form as-is?"

The receptionist smiled an evil little smile and replied, "Yes, that's what I'm telling you."

"Fine," I said.

I signed the form, but above my signature I wrote "non-assumpsit." This is Latin for "no agreement." The receptionist looked at my signature, and asked "what does this mean?" I said, "It qualifies my signature. By the way, I'll still need a copy of that."

She considered what I'd said for a moment, and then made my copy. I didn't lie to her; what I said was the exact truth. It's not my problem if she doesn't understand plain English. From my experience with people, and the many times I've used a "qualified signature," I presume she thought I meant I'd somehow added quality to my signature. Here, in part, is Black's definition:

"Qualify. ...to limit; to modify, to restrict."

By qualifying my signature with non-assumpsit, I had modified it in the most restrictive possible way-- clearly stating I did not agree. The hospital was left in a much worse position than the original modifications I had proposed. Now they had no contract at all.

If I went on to accept services, which I did, then I would become subject to an implied contract, the same as the man who got his shoes shined in an earlier chapter. But I had not waived liability (a hospital's worst nightmare), or agreed to any of the unreasonable terms of their admission form. I was now in a strong position to hold their charges up to a reasonable third-party standard. However, the qualified signature alone was not enough.

Immediately when I got home, I drafted a letter giving the hospital notice of the status of the contract. I also offered reasonable terms. This included favorable financial terms, and also my offer to agree with their waiver-of-liability clauses. Needless to say, this turned into my quickest settlement ever.

Appendix A-2 (part of the complete paid version of this report), shows a sample letter you can use if this ever happens to you.

It's possible you might run across a receptionist who also refuses to accept your "non-assumpsit" qualification. In that case, you should use "under duress." If that's refused too, use "TDC," which means, "threat, duress, and coercion." Then, when using Letter A-2, replace "non-assumpsit" with whatever term you actually used. I prefer non-assumpsit because it is potentially the most restrictive.

If you've tried all three, and are still refused, it's still no problem. In this case simply use the template provided by A-2 to explain exactly what happened, and what you did about it. Be honest, and forthright. Everything must always be upfront and out in the open.

One of my readers recently wrote to me of an admission experience with a twist. No contract was presented to him at all. Instead, he was simply asked to sign an electronic screen. If this is true, it is insane beyond belief, and unenforceable if correctly challenged.

Remember in Chapter 3, when I taught you about the essential elements of a contract? How is it possible to agree to something, intelligently, voluntarily, and knowingly, and which you have never even been given the opportunity to read?

If I were in this position, I would start by telling the receptionist that I don't sign anything I haven't read first, and I'm going to need a copy anyway, so I prefer to use a paper form. You can



work your way down through the series of refusals shown above, if necessary. Finally, if you will otherwise be refused service without signing their little screen, go ahead and sign it, and then treat it as a full refusal using letter A-2 as instructed.

When I originally contemplated sharing the information in this book, I was worried that once all the hospitals got wise to my method, it wouldn't work any more. But as I delved more deeply into the subject, I realized it's okay for the hospital to refuse. As long as they continue to use an unconscionable contract, you will be able to hold their feet to the fire.

They will either decide to change their ways, or else they'll play the odds and figure that only a small percentage of the millions of Americans without health insurance will read and use this report. If they change, and start offering a fair contract, that will be good for everyone, even the hospital in the long run.

The tragedy is that with uninsured prices so high, a very large percentage of uninsured patients default payment. Of course this has consequences far beyond the hospital not getting paid. The patient's credit record is usually destroyed, and the patient may even lose his home, or be forced into bankruptcy.

I believe hospitals would actually make more money if they charged fair prices. But the insurance companies would lose, because more people could afford to self-insure. Thus the conspiracy between the hospitals and the insurance companies continues. I'm only guessing, but I'll bet there are some pretty big kickbacks going to hospital administrators, to keep this scam going.

In the next chapter I'll discuss methods for discounting current bills, which you might have incurred before finding out about this report.



## Chapter Six, Discounting Existing Bills



If you already have an outstanding bill, that means you didn't have the benefit of this report, before signing your hospital's contract. Your position is more difficult than it will be in the future, now that you're learning how to protect yourself, but it is far from hopeless.

### Take Control of the Contract

You will recall that in Chapter 3, I established reasonable cause as to why the admission contract could be considered voidable. If you don't remember the difference between void, and voidable, please re-read that chapter.

When a contract is voidable, it is considered to be valid. However, one or more parties may have the right to make it void, at their option. Depending on circumstances, a contract may be voidable by all parties, or may only be voidable by one, but not the other(s).

Occasionally persons may enter into a contract where a party is specifically given the power to void it, but this is very rare. After all, why enter into a contract at all, if not to impose certain duties on all parties? Most contracts are not intended to be voidable. They become voidable because of fraud, negligence, or mistake made by one of the parties. Then it is usually voidable only by whichever party is potentially victimized.

It's important to remember that the power to void a voidable contract is optional. If the party with that power does not exercise his right, then the contract continues to be valid just like any ordinary contract.

How is the power exercised? As with so many other actions in commercial law, it is done with “notice.” Notice is given by one party [you], writing a letter to the other party [the hospital].

Please use caution in voiding contracts, and do not take this step unless you are left with no other choice. Your goal should be to establish a good relationship with your local hospital. One which allows you to continue receiving treatment, but at a reduced price.

You will probably continue to be welcome at your local hospital after using the tactics in this report, as long as you stick to the way I've shown you to do it. Not so, if you decide to start voiding contracts without regard to being honest in your actions. Then, you will likely become quite unwelcome indeed. Therefore, your power to void the contract should be considered as leverage, not to be exercised unless absolutely necessary.

## Always Be Right

There is a good reason for this which you should always keep in mind: the principle of implied contract which you learned about in Chapter 3.

The hospital performed a valuable service for you, and any reasonable man knows or should know that they are entitled to be paid.

It is extremely important that you always “take the high road.” I'm talking about a principle known as “good faith,” and it's time for some more definitions from Black's Law Dictionary:

“Good faith. Good faith is an... honest belief, the absence of malice and the absence of design to defraud or seek an unconscionable advantage... and generally means being faithful to one's duty or obligation.”

“Bad faith. The opposite of “good faith,” generally implying or involving actual or constructive fraud, or a design to mislead or deceive another, or a neglect or refusal to fulfill some duty or some contractual obligation, not prompted by an honest mistake as to one's rights or duties, but by some interested or sinister motive. Term “bad faith” is not simply bad judgment or negligence, but rather it implies the conscious doing of a wrong because of dishonest purpose or moral obliquity...”

There is no possible way I can cover in this book every circumstance that my readers will come across. But if you study this book carefully, you will see that the underlying flavor of everything I'm teaching you is to act in good faith, while painting the hospital into the corner of bad faith in which they have already chosen to stand.

In matters which go before a judge, given two parties, one of which displays good faith and the other bad, if the judge has a choice he will nearly always side with good faith. Even in cases where he has no choice but to rule against you, if you show more good faith than the hospital, then the award will likely be lenient.



If you correctly follow my methods, your matter will probably never end up in court. Hospitals hire attorneys who are usually bright enough to not take a losing case into court.

## Having it Your Way

Rather than voiding the contract, it is better if you make reasonable demands. “Reasonable” means you're demanding the sort of contract which most people would agree to, under normal circumstances. If you ask for too much, your claim may be thrown out altogether.

The best course of action I've found is to give notice that the contract is unconscionable; and that you claim the right to void the contract; but that you will not do so if the hospital will agree to certain reasonable conditions. Among other things, you will demand conditions that establish a certain third-party standard rate for the hospital's charges.

Appendix A-1 shows the complete letter you can use to claim these rights. You only need to insert your own name and address, the name and address of the hospital, and a couple other particular bits of information as shown on the letter. Otherwise, just type the letter word-for-word.

I recommend you stick with Letter A-1, using little or no modification. Odds are, the hospital will run your letter past their attorneys. If your letter is solid enough to stand up in court, the attorneys will advise the hospital to stay out of court, and eventually settle if they must. That's really what you want anyway.

As with the other procedures outlined throughout this report, this letter is probably just the first step. I've never known of a hospital to voluntarily come forward at this point and say, “Gee whiz, I'm sorry. You're right, our contract *is* unconscionable. We'd like to make it all better, what can we do to help?”

Most likely, they will ignore your letter, send you another bill next month, and hope the issue will go away.

Look at the flowchart for Appendix A, and you will see the letter to follow up with next is A-6. The line proceeding out from A-6 clearly shows that my whole purpose in these letters is to put your account into a position so that you can begin as though the contract had been modified according to Chapter 5.

From that point on, you will proceed the same as I outline in later chapters.

If you'll turn to the end of Letter A-1 you'll see where I've directed the hospital to only correspond in writing, and never call you by telephone. I can virtually guarantee that someone in accounting will call you on the telephone shortly after receiving this letter. Either way, they'll call you sooner or later. Heck, if you're dealing with existing bills right now, then they've already been calling.

Chapter Seven explains why you should never discuss your account over the telephone, and shows you an absolutely painless way to handle these calls.

## Chapter Seven, Stopping the Phone Calls



**Do you cringe every time the phone rings?**

Those collection people, they just keep calling back over and over.

They make you nervous, mad, and upset. They make you feel guilty. They call you at all hours of the day and night; wake you up in the morning, call during meals, and interrupt your favorite movies. It's a real pain!

You've **GOT** to stop the calls. So what do you do? You pay the bill, of course!

Telephone collection works because people hate getting the calls. Think about it. It costs a lot more money for them to pay someone to call you on the phone, than it does to write you a letter. Why do they do it? Because it works. Phone calls are more successful for collecting “problem” accounts than written correspondence.

At some point, you will probably receive a phone call from someone in a collection department. This issue needs to be addressed now, before you have the chance to shoot yourself in the foot.

Throughout this report, my methods show you how to respond in writing. Your letters will repeatedly instruct the hospital to contact you only in writing-- never by telephone. Will they honor your request? Probably not. At least not at first. But follow just a few simple steps, and you'll soon be enjoying peace and quiet again.

### **Treat the Phone Like Poison**

It is very important you understand that under no circumstances will it *ever* be in your best-interest to talk with anyone by telephone, or even in-person, about your account.

You may be dying to talk with someone about your bill, or the service you got (or didn't get) at their facility.



You may want to explain that you really do intend to pay them, but you're just a little short this month (or this lifetime). Maybe you want to tell them you're only following the instructions from some report you read on the Internet. Maybe you can't wait to tell someone all about your peptic ulcer, or the giant boil on your behind. Don't.

The people you are talking to on the phone work in little office cubicles which are probably not even located on the hospital grounds. They do not know about your condition, or the service you got. In spite of what they may say, or what you may hope, they do not care.



It doesn't matter how good you think you are at talking to people. It won't help. These people do this for a living. They are very good at their jobs. They talk to people about delinquent accounts day in and day out. They have been conditioned to think all the people they talk to are lowlives and deadbeats. What makes you think you can convince them you are any different?

No matter how careful you are, or how hard you try to say things which you believe are harmless, if you talk with anyone on the phone about your account they can, and will, get you to say something they can use against you later.

What's more, there is nothing to be gained by talking to them, no matter what they or you say. The people on the phone are underlings; they have no authority to adjust accounts, or make any change based on something you tell them.

You will have no record of the conversation, and they will make a record which may or may not accurately describe what was said. They can write whatever they want in their phone logs. Judges always assume the creditor is right and the debtor is wrong, unless he has evidence to the contrary.

Talking to collection agents can only hurt you, and will never help.

If you need someone to talk to, talk to your neighbor, your priest, your bartender, or your dog--but not to these people. They may seem like very nice people, especially in the beginning. They will surely listen to what you tell them. But you must realize they do not care. They keep you talking so they can collect more information about you, and push your buttons. Their only purpose in life is to collect as much money from you as possible.

Resist the temptation. Don't talk to them at all. If you do, then you will lose. Period.

## Be Right with the Law

In the last chapter I discussed the concept of good faith. If you keep that principle in mind throughout your dealings with hospitals and collection agencies, you will generally have good results.

Most principles in commercial law, unlike many other branches of law, are based on common sense.

People who extend credit, or who provide services with the reasonable expectation of being paid, have the right to collect their just due. As loathsome as they are, credit departments and collection agencies have the right to exist, and to do what they do. Well, most of what they do, anyway.

They are limited by rules of fair play, set down in various State laws. As this is commercial law, there is very little difference from State to State, and any collection agency which deals with accounts in more than one state must comply with the Federal Fair Debt Collection Act. Most State laws comply with the Federal laws anyway.

If you are being harassed by debt collectors, you will do yourself a favor by reading the whole text of the Federal Act.

The key thing I'm getting at here, is that these people have a right to contact you, and the telephone is just one of many various legal methods of contact which they are allowed.

You have the right to tell them to stop contacting you, by any means, and they must do so. But to do this is not in your best interest. It shows bad faith on your part, and is an invitation for them to immediately file a lawsuit against you.

The only way you can lawfully get them to stop calling you by phone, is to promise them you will correspond in writing, and keep your promise.

If you look through my letters in both Appendices, you'll see that nearly every letter reminds the recipient not to call by telephone, and gives them a good reason why: so that I may keep a record of correspondence, and avoid misunderstanding.

In the beginning they will ignore your written request, and call anyway. You must politely refuse to talk with them. The problem is, you also must know the right way to refuse. If you say the wrong things, they'll keep calling back again and again. Or they'll go straight to court. Neither of those results are in your best interest.

There are many things you could accidentally say, without knowing any better, which could destroy the work you've done up to this point. That's right. Just by saying a few wrong words over the phone, you could be obligated to pay the whole bill, instead of the great discount you're expecting. Do you suppose that's what they're hoping you'll do?

## The Phone Script

Any time after you have sent your first written response to a hospital, you may receive a call. If you've got existing bills, they've been calling already.

Have you ever gotten a call from a salesman selling septic tank chemicals, or storm windows? Did you know that those salesmen work from a script? They've got a whole script worked out, complete with a flowchart which anticipates any response you are likely to give to each thing they say.

Employees who work for collection departments also work from a script, written by attorneys, and designed to box you into a corner.

**Their** script works on these goals:

1. Ask questions, and gather all the information possible.
2. If at all possible, get the patsy to write us a check today.
3. If the lowlife won't write the check today, try to get him to commit to sending it within thirty-days.
4. If we can't get the whole thing at once, get a verbal agreement today to start making installment payments. Talk the scum through writing the first check while we're on the phone.
5. If we can't get a commitment right away, fish for something we can use. If we can establish a pattern of unreasonableness and unwillingness to cooperate, we can take it directly to court.

If you let them do the talking, they'll use their script to control you. They will either scare you into paying them more than you should have to, or get you to say something which helps them sue you. It's all built into the script.

Now **you** also have a script. Appendix A-5 is a one-page, complete Phone Script. It contains, in plain and simple language, everything you should ever say to collection employees over the phone. It is designed to be copied and placed by the phone, so it will be handy when needed.

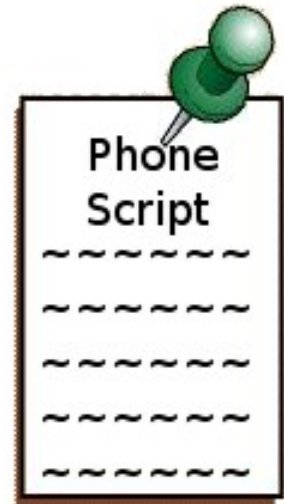
The Phone Script at Appendix A-5 is intended to be used after the caller has received your first letter. It is designed in three stages.

Stage One will end phone calls permanently with most collectors.

Stage Two will do away with most of the rest.

Stage Three has destroyed even the most persistent collection agents.

It is extremely unlikely you'll ever receive another telephone call, after you've spoken the words written for Stage Three.



As I said earlier, it's easy to tell a collection agent to stop calling. The hard part is to do it without triggering an immediate lawsuit. If followed correctly, this Phone Script, together with the instructions that go with it, will stop the calls without giving justification for court action.

Make copies of the Script, and place them beside each telephone in your home. Familiarize yourself in advance with the words on the Script, so you'll be able to stick to it and not be tricked into saying something you shouldn't.

If you get a call before the collector has received your first letter, politely tell them that you have drafted a letter which they should receive in a few days. You must be truthful and prompt. If you haven't sent the letter out yet, do it immediately (3 days or less).

Tell the caller that you will hereafter correspond with them in writing only, and promise you will be responsive to any mail they send you. Then say, "That's all for now. Thank you for calling. Goodbye." Hang up.

They may not honor your "no-call" request this first time, but they aren't likely to call again until after they've received your first letter.

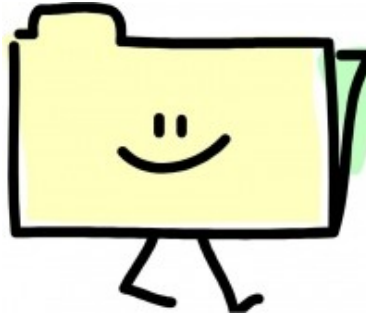
This Phone Script has been used successfully, thousands of times over the past fifteen years. I've never had a single reader tell me it didn't work for them.

It's almost time to show you how to respond to that first hospital bill. First we need to take a little detour, and teach you about keeping records: why good records are so important, and how to do it right. That's the topic of our next chapter.

In the meantime kick back, take a slow, deep breath, and relax. The annoying phone calls are over.



## Chapter Eight, Records



Many people go through their lives getting beat up by every petty bully on the block. It's sad to see that happen to a child, but it's worse when the victims are grown-ups.

Quite often these are the same people who think that keeping good records is not worth the trouble. Or that it's too hard. I used to think so too, back in the days when I got sand kicked in my face.

If you think about it, I'm sure you'll agree: hospitals, doctors, governments, and bureaucrats of all kinds excel at record keeping. Why do they do it? Because good records are very powerful. This chapter will show you why good records are so important, and teach you a very easy way to do it right.

If you're a good record keeper already, this chapter may serve as a good review. But if you're like most people; like I used to be, you'll be amazed at how easy it is to keep perfect records. You're about to learn a very powerful and intimidating skill.

### The Importance of Records

Time after time, good records win the day. In almost any case that ever goes to court, the person with the best records wins. More importantly, when your opponent knows you have superior records, he is much more likely to settle out of court.

I can't help but wonder if this skill is purposely not taught in government-run public schools. Ever think about who pays the bill for public schools? Your first reaction may be, "I do. I pay taxes to support the schools." But that's not the same as actually controlling the pursestrings. Government schools will teach what government wants you to know. No more, and no less. After all, government makes its money by collecting it from people who are mostly public school graduates. Either through taxes, or from minor fines for violating some picky rule.

If you keep poor financial records, you will pay higher taxes.

Fail to save your receipts for paying traffic tickets, and you may spend a day in jail, and have to pay the ticket twice (this actually happened to me once).

Hospital collection departments have this in common with government bureaucracies: they're good at keeping records. Their information-collection forms ask for everything there is to know about a person. Often times they ask details you don't even know about yourself, at least without looking it up somewhere. They have very efficient filing systems, and they keep that information *forever*.

As I stressed in an earlier chapter, most of this information is collected for no reason other than to make it easier for the hospital to collect money from you, if you are unable or unwilling to pay right away. Since most people do not know how to defend themselves, the hospital uses this information against them. First with collection attempts, and then eventually in court, where they obtain a judgment.

The biggest thing which leaves most people defenseless, is that they have no records. Or the few records they do have are disorganized.

If you want to win, you must be better than they are. You're thinking, "That sounds hard." But it's not.



## Perfect Records Made Easy

I haven't always kept good records. I had to learn how. Now it amazes me there are so few people who do.

If you don't have them already, begin by going straight to your local office-supply, and buying a box of manilla file-folders. A filing cabinet is not necessary, but if you don't have one, this is a good investment. Becoming organized will improve many aspects of your life.

The hospital keeps a master file on you, containing all the information you've ever given them. Each time you visit a hospital, they consider the visit to be a unique event, and they generate a unique account number. They track all the billing for that event through this number, and they tie in your personal information with each new account.

Your records must use this same account number. That means for each new visit, you must start a new file.

I'm going to describe how to build this file. I'm assuming you have just visited a hospital, and have not yet received a bill. If you're starting with an existing account, then gather together all the records you have, and apply the following examples.



Take out a new, blank file-folder, and label it with the name of the hospital. Leave enough room on the tab to write in an account number, which you don't know yet.

Find a piece of lined paper, and staple it to the inside-left-flap of the folder. On the top line, write "Index, File# and leave space to write in the account number once you know it.

Skip a line, then write "1. Admission Contract."

Remember, in an earlier chapter I told you to get a copy of the signed admission contract. Now, using a red pen, write a small numeral one (1) in the upper-right corner of that copy, and circle it. Put your copy inside the folder, and put the folder in a safe place until you get your first bill.

When the bill comes, it will have a unique number on it. The number may be called an "account number," or an "invoice number." It may be called something else. But you should be able to easily tell which number is the one I mean. Find the number, and write it on the tab of your file-folder, and on the index inside the folder.

The bill came in an envelope, and that envelope has a postmark on it. The postmark may be important, so don't discard the envelope. Staple it to the back of the bill, with the postmark facing outward, toward the back. This makes it easy to photocopy.

Now turn to the front of the bill. Using your red pen, write a numeral two in the upper-right corner, and circle it.

Write an entry in your Index for this new addition to your file like this: "2. 02/01/2014 Statement." Of course you'll use whatever date is printed on the bill.

Then put the bill inside the folder, **on top** of the admission form.

You'll be responding with a letter. There will be a series of correspondence, to and from the hospital, before the account can be closed. You'll learn more about that in future chapters. Each time you receive anything from the hospital, it goes in the file, and is entered into the index. Each time you send them anything, you must make a copy, and file it the same way.

If it relates to a certain account number, then it goes in the folder assigned that account number. Never mix documents with different numbers. Remember, each account gets its own folder.

As you build your file, you will always place new documents on top, and enter them into the Index. The most recent document will always be on top. That way, you can open the folder and know the status of the account with a glance.

## **Proof of Mailing**

Each time you send a letter to a hospital or collection agent, you will want positive proof of service. One of the best, and least expensive ways to do this is with Certified First Class Mail. You should always use the Return Receipt Card. That card is your proof-of-service.

If you haven't used Certified Mail before, I'll explain how it works.



Certified Mail is a special type of mail the Post Office uses to confirm that a letter was delivered; on what date; and to whom.

There are two forms you'll need, both of which you can find at any post office. The Certified Mail Receipt, and the Return Receipt card. The return card is important, because it is your proof of delivery. These forms are pretty straightforward. If you don't know how to fill them out, ask a Postal employee. They'll be glad to help you.

It costs about \$4.00, in addition to regular postage, to mail a Certified letter, with Return Receipt. For each hospital visit, you may send anywhere between one and eight letters. You should be able to expect this number to decrease after your hospital gets used to dealing with you. Even so, at the high end of the scale, the cost of service for all your letters will probably be less than forty bucks. This is a small price to pay, considering the amount of money you will save for your efforts.

Do yourself a favor, and don't try to cut this cost out. Certified Mail is intimidating to the people who receive it. Even hospitals.

It puts them on notice right from the start, that you are keeping records. You are preparing evidence for a court battle, if it should come to that. Being prepared to go to court is the best way I know to stay out of court!

When you fill out the Certified Receipt, notice that it has a unique "Certification Number" printed on it. All the letters you send should have a place on their face where you can write this number right on the letter. So remember to leave your envelope unsealed when you head for the post office, so you can write the number on the letter before you seal the envelope.

A part of the Certified Receipt you filled out becomes your mailing receipt.

Put your receipt in a safe place until you get home, and then staple it to a blank piece of letter-size paper. It must be stapled so it will stay secure, and also so it can be easily copied later. Leave room for the return card, which you'll staple to the same paper when you get it back within a few days.

Staple this paper to your copy of the letter.

Write the Certification number from the Receipt onto the face of your copy, in the same place you wrote it on the original before you mailed it.

The image displays three forms related to Certified Mail. The top form is the 'U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)'. It features a green header, a barcode, and fields for postage, certified fee, return receipt fee, and restricted delivery fee. The middle form is an 'Official Business' envelope with a green header, a barcode, and a field for the sender's name, address, and ZIP code. The bottom form is the 'Return Receipt card' (PS Form 3811, November 1990), which includes sections for the sender's information, the recipient's address, and a section for the return receipt. It also has a section for the sender's signature and a section for the recipient's signature.

Put the copy in your file, and index it as shown above.

When the Return Receipt card arrives in your mailbox in a few days, be sure to staple it right beside the Certified Receipt.

Now you should have the general idea. Every time there is correspondence from, or to the hospital, put it in the file and index it. Do it right away, so that nothing is ever lost, and it never becomes a big chore.

If a document contains several pages, staple them together so that each numbered correspondence is a packet. At some future point you may be copying each page to compile a copy of the record for someone else. Make sure every page can be clearly read, and easily copied.

Done this way, you'll have no trouble managing these records. Even if your folder has a dozen different items in it, if you drop it, and it scatters all over the floor, it will only take a minute or two to make it right again. The documents are numbered and indexed. Nothing can be lost or misplaced.

## Records Are Evidence

There are many kinds of evidence: oral testimony, records, documents, concrete objects, circumstantial. This is just the short list. No single bit of evidence is proof-positive of a fact.

Some types of evidence are better than others, and within each type, the quality can vary. A partial fingerprint is not as good as a full fingerprint. A murder weapon with a single set of fingerprints is much better than one which is covered with the fingerprints of dozens of different people.

The point of making and keeping good records is to be able to prove to other people that you are in the right. Your version of the story is correct. The most important people to prove this to, is judges and juries.

That doesn't necessarily mean you will ever have to prove your position to a judge or jury. You may end up in court, but if you keep good records, this is much less likely. The point here is that if your evidence is very good, and the hospital's attorneys know it is good, they will be a lot less eager to go against you in court.

If your evidence is very good and you do end up in court, you will be much more likely to win. Which is, of course, why the hospital will not want to go there.

Making and keeping records as I've instructed above, will give you a very powerful tool. It is the key to convincing the hospital that their best course of action is to settle.

Later in this report, there will be times when I'll instruct you to send a copy of your records to the



hospital. This is done for two reasons:

1. To show good faith, in case your records are better than theirs;
2. To intimidate them into settling, when they see the extent of the evidence you have stacked up against them.

## Invisible, Until They “Appear”

Records alone are often not admissible in court. That means a judge won't consider them, or allow a jury to see them. To become admissible, someone has to certify that the records are genuine.

Such a certification can be done by oral testimony, in open court. Or it can be done by affidavit. An affidavit is a document on which someone writes a list of facts, and gives his oath those facts are true. To be admissible in court, an affidavit must usually be notarized, and the person making the oath must subject himself to “penalty of perjury.” That means if he lies, he goes to jail.

If you follow my directions, and use this sample as your guide, your records will be admissible, and there will be no danger of going to jail for perjury.

Your goal is to settle your bill with as little trouble and expense as possible. That includes staying out of court.

If and when you send a copy of your records to the hospital, why wait to certify them? When the hospital sees the extent of your records, together with the fact that you know how to certify your records so they will appear in court, they will see there is nothing left to argue.

Appendix A-4 shows a sample Certificate of True-Copy. All you need to do is fill in your name, and a few bits of information particular to your situation.

The hospital will know that even if they hire the most expensive attorney in town, if you do happen to end up in court, the record will speak loud and clear.

In all the years since I've developed and used the methods shown in this report, I've never been taken to court. A few of my readers were sued. In all cases but one of which I'm aware, all the cases were settled out-of-court, prior to seeing the judge. Terms were very favorable for the patient.

In the one case I know of that went to court, the patient lost. However, he admitted to me later that he not only started with an unqualified contract, but also went in unprepared.

Keeping good records is all about being prepared.

In the next chapter I'll discuss your opening strategies for responding to the bill.



## Chapter Nine, Responding to the Bill

You filled out your admission contract, and you were accepted for treatment. Now you've been home for about ten days, and the first bill arrives in the mail.

Does it list an easy to read table of charges?

Does it contain any reference to a BCBS schedule of fees?

Of course not. I'm guessing it does ask for a whopping lot of money though. Take heart. Even if you were a major insurance company, this first bill would show the maximum charge for every service. And the list of services is purposely made hard to read, because you're not expected to challenge any of the charges. If only your initials were BCBS!

### Think Like an Insurance Company

This is where you must begin to think like an insurance company, instead of a patient. The only difference is that insurance companies know the game, and you don't. At least you didn't, until you found this report.

Even though you probably can't read and understand all the charges on the list, an insurance company can. They have a number-code for every one. They expect the hospital to slide in a few items that probably shouldn't be there.

Hospitals do it all the time. This is the insurance companies' business, and they even have charts which show what types of charges should legitimately go with all types of procedures. They can quickly tell when they're being scammed. You can't.

For each of the charges on this bill, an insurance company has a schedule which shows the already agreed-upon price the hospital is willing to accept. You don't know what those prices are. If you were were an insurance company with a prior rate-agreement, here's what you'd do when you received that first bill:

1. Look over the bill, and disallow any charges that don't belong there;
2. Compare each remaining charge with your schedule, and replace the amount charged with the correct price agreed to by contract;
3. Send a check for the revised amount.

Every hospital in the country, as near as I can tell, is running this dual-price scam. They will go to almost any lengths to avoid spilling the beans in open court. Sometimes even to the point of forgiving your entire bill to the tune of thousands of dollars, if they can just avoid giving you any solid evidence of their scheme.

In all the years I've been doing this, for myself and for others, I've never seen an insurance

company's schedule of fees. How do I know such a thing exists? Because I used to date a woman who worked in the accounting department of a large hospital. Her job was to look over the insurance companies' payments as they came in, and make sure they agreed with the hospital's secret schedule.



She would confirm the agreed amount, and clear the over-billed amount from the computer, thereby settling the account. That's right, a few keystrokes on the computer wipes out the over-billed amount. They do it all the time, for the insurance companies. Soon they will be doing it for you too.

According to my friend, who would surely lose her job if I disclosed her name, there is no set discount rate that applies to all insurance companies, and no set discount rate for services even for a given company.

The difference between the hospital's original billed price, and the insurance company's contracted price varies with each service or item. The only way to tell is to look at the schedule. She told me that the bills crossing her desk were typically discounted from anywhere between 30% to 70%.

This agrees with my own experience from the days when I had Blue Cross Blue Shield insurance.

Since then, I've read several accounts from people who worked inside either hospital accounting departments, or within BCBS itself, who claimed that many bills are eventually settled for 12% of original charges. This means, for example, that a bill for \$1,000 would be settled for \$120.

Luckily, you now have a contract which entitles you to something called "discovery." That means if the hospital sues you for payment, you can demand they disclose the whole discount schedule in open court. This gives you leverage. It's why they don't sue.

Hospital administrators are afraid the general public will find out what you now know. Their fear gives you an advantage. They are likely to settle for a lower dollar, if you offer them a way to do it without disclosing their dual-billing system.

## **Your First Response**

There are two different strategies you may use in your first response. The balance of this chapter outlines each.

### **Fast Settlement**

The first, and best strategy is to settle the matter as quickly as possible. Always use this strategy when you can afford to immediately pay at least fifteen to twenty (15% - 20% ) percent of the amount of the bill.

Appendix A-7 begins the Fast Settlement process. This letter is, in my opinion, the best way to go under most circumstances. The chief difference in this method, as opposed to the second strategy, is that with this letter you send a check.

Settling up the bill “in-full,” is the method which most closely resembles the relationship between the hospital and the insurance companies.

Aside from quicker settlement, this letter has some additional advantages. First, you're likely to pay less in the long run, than with the second method. But to me the most important point is that an immediate offer puts you in a very good light, in the unlikely event the matter ever goes to court.

Any judge will most likely determine that you had good intentions, and acted in “good faith,” by trying to settle the bill reasonably, and in the quickest possible timeframe. Judges hate delays, and foot-draggers.

Of course you don't know the correct amount you should pay to honor your end of the contract. I recommend you make an offer of between 15% and 30% of the amount of the bill, according to how aggressive you want to be.

You must be very careful when sending the check. If you send an ordinary check, the hospital will cash it, and bill you for the remaining “unpaid” balance, and you will have little or no recourse. They'll already have a big chunk of your money, and you will have lost much of your leverage.

To keep this from happening, you'll make a few simple changes to your check. The idea is to make sure the hospital cannot cash the check, unless they accept your offer, and that once the check is cashed the hospital has no recourse against you for the remaining balance.

Another reason the Fast Settlement letter is best, is that the hospital often endorses and cashes checks without reading the accompanying letters, or the qualifying marks on a check. If this happens, they can still back out if they claim it happened by mistake. But they must do it immediately. Usually, they just let it go.

Appendix A-8 illustrates the changes you must make to both the front and back of a personal check, to make it conditional upon the hospital's acceptance of your offer.

A key aspect of this offer is the time limit. I recommend you use an expiration date which is set 63 days from the day you mail the letter. This way you're giving them sixty-days, plus allowing three extra days for them to receive your offer through the mail. You can go with thirty-days if you like, but sixty-days shows good faith.

Appendix items A-7 and A-8 show how to set the expiration date to make it binding on both the





hospital and the bank. This way, you won't have to worry about the check being cashed six months later, or even a year down the road.

I recommend you use personal checks when making all payments, or offers of payments outlined in this book. The reason for using personal checks, rather than money orders or other types of negotiable instruments, is that with a personal check you will have a record of the hospital having cashed it. Also if you use a money order and the hospital ends up never cashing it, you'll have extra hoops to jump through to get the money back.

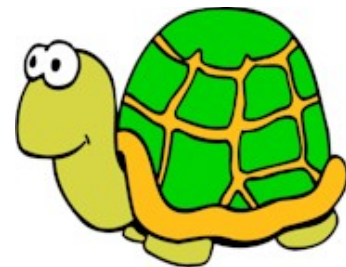
Many banks return canceled checks to the customer. This is best. When a hospital cashes your check, you should make the canceled check a part of your file. If your bank doesn't return the original canceled checks, then you must ask them for a photocopy of the check, both front and back, for your records.

This A-7 letter is your best bet for putting the matter to rest quickly and painlessly.

### **Reasonable Delay**

The second strategy ends up with all the same moves as the first. The difference is that it takes longer. Why is this good?

It gives you a little more time to come up with the money, without the danger of any successful collection attempts. Also, it sets up a means for you to make installment payments over a year or two, if necessary.



If you will be making several visits over a month's time, this method might aid you in grouping all the bills into one installment payment.

Appendix A-9 is a letter designed to cause a “reasonable delay.” It should give you six to eight extra weeks of breathing room. The letter begins by simply asking for a copy of BCBS's schedule of fees, among other things.

It does not include a check.

Please be aware that I'm using the phrase “reasonable delay” with special care.

If you carefully follow my directions, I believe it's unlikely you'll ever go to court over using my methods. But the key to staying out of court is to do things right. Try to never give someone else a good reason to sue. Make sure your case is solid, so the other guy will feel the courts are too big a risk.

Remember I told you earlier that judges hate delay? You must not appear to cause any delays simply for the sake of delay itself. Any time there is a delay, it must appear “reasonable.”

It is reasonable that you not pay a bill which does not comply with the terms of your contract. It's reasonable that you ask for proper billing. When the hospital sends a non-responsive answer to your first letter (as they almost certainly will), it's reasonable that you call them to task for it.



All these things take time.

Within thirty to sixty days after you send the A-9 Letter, you should follow up with the A-7 Fast Settlement Letter. From that point on, the two strategies merge together. In any case, don't wait more than thirty days to send some kind of correspondence.

If you've received bills or non-responsive replies, to which you've responded and are awaiting an answer, you may be able to extend this time to six or eight weeks because part of the time the ball is in their court. But no more than that. Under no circumstances should you let more than thirty days go by without sending correspondence, before you make the A-7 offer of payment.

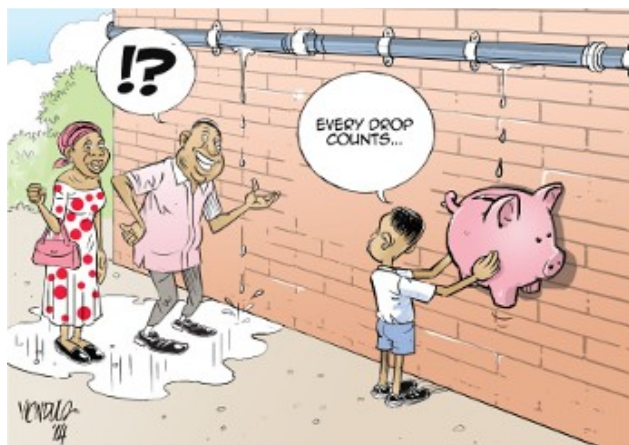
This may sound complicated. It can be, if you don't have a good plan. Appendix A contains a detailed flowchart, which shows exactly which letter to send, depending on any set of circumstances.

Whether you use the Fast Settlement method, or Reasonable Delay, you'll likely have to send several letters before the matter is finally settled.

## Installment Plans

God forbid it ever happens to you, but some bills might be too big for you to pay all at once, even when heavily discounted.

If you look closely at Appendix Letter A-7, you see two examples of alternate paragraphs. One is to be used if you are attempting to settle in-full, which I recommend. The other one, offers an installment plan.



Be sure to use only one paragraph, or the other, but not both.

Setting up installments in this manner is really using a sort of “slight of hand.” The hospital is not obligated to agree to installments. But you've got them in a position that makes them reluctant to want to take you to court.

If they do take you to court, and it's over a large amount which you obviously can't pay all at once, the judge will probably order installments anyway. The fact that you offered them in the beginning is going to weigh in your favor, and make the hospital look bad for wasting the court's time.

I know of people who have sent as little as ten dollars a month, toward a very large bill. As long as they keep making that payment promptly every month, they never hear from any collection people.

I recommend you pay more than that if you can.

According to the Old Testament, you should do your best to pay the full (discounted) amount within seven years or less. Do yourself a favor, and settle it in less, if you are able. Remember, the debtor is a slave to the lender. Even if your life isn't really any different, you feel differently with a large debt over your head. Getting out from under debts as quickly as possible will make you feel better about yourself, and help you to be more successful in the long run.



In the next chapter we'll look at some of the hospitals' most likely responses to the letters we just discussed, and how you should handle them. You'll learn how to recognize a genuine acceptance, and avoid being tricked by ruses and unresponsive answers.

## Chapter Ten, Hospital's Responses

In this chapter we'll examine the various responses the hospital can make to your first letter.

If you are waiting for a BCBS schedule to arrive in the mail, don't hold your breath. I suppose it could happen. But since the first version of this report I've asked readers to send me a copy if they get one. So far, nothing.

It seems reasonable to think, "Either they comply with the contract, and give me what I ask for, or they don't." It's not that easy. I've seen a lot of letters from hospitals made to look like they intended to comply, but in reality they were making a counteroffer.

No matter what their letters may appear to be saying, there are really only three possible responses to your letter:

**Acceptance**

**Refusal**

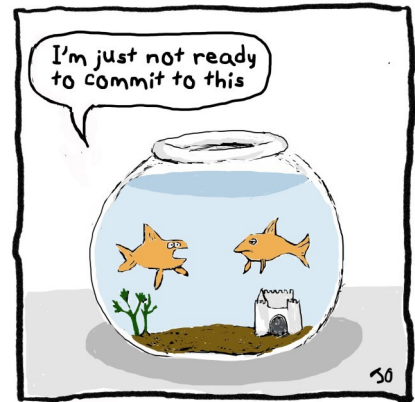
**Counteroffer**

Recognizing which is which, is sometimes more difficult than you would think. We'll deal with each of these in turn.

### Acceptance

An acceptance is usually pretty easy to recognize.

The most common means of acceptance is the hospital cashing a check such as the one shown in Appendix A-8. As shown earlier, the check is made out in such a way that if it is cashed, the hospital admits full satisfaction. Often, the only way you'll know your offer has been accepted, is when you find out the check has been cashed.



It's possible the hospital might have cashed the check by mistake. Your first thought might be, "Well, any way it gets accepted is okay with me." You might be tempted to lay low, and hope they don't realize what they've done.

But if the hospital finds their mistake and gives you notice of the error, you must give them the opportunity to back out of the deal. Remember, you must be the one to always act in good faith. As long as you take the high road, you will be most likely to win in the end.

One of my readers, let's call him John, told me his story of being sued by a hospital. John had started with a qualified contract; had used the A-9 and A-7 letters, and A-8 draft, and had set

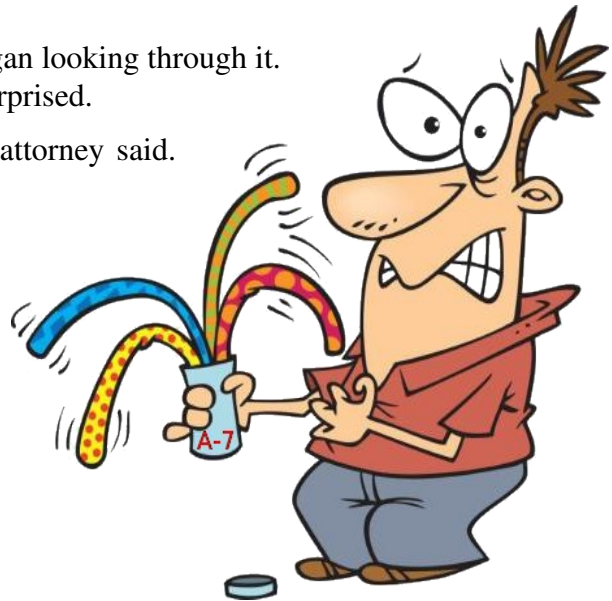
things up for six installments. By the day of the hearing, he'd already made four payments, and had only two left to pay. John had converted all his checks into A-8 drafts, according to instructions. The hospital was suing for the full amount of the original bill, less the amount John had paid in installments.

John showed up on the day of the hearing, prepared, with a certified copy of his records. Instead of going directly into court, the judge had scheduled some time for John to meet privately with the hospital's attorney. Many courts do this now, to save the court's time in case something can be worked out at the last minute.

John showed his case file to the attorney, who began looking through it. When the attorney got to the A-7 letter, he was surprised.

"The hospital never showed me this letter," the attorney said.  
"I didn't know you sent this."

The attorney went on to explain to John that in his State a law had been passed several years ago, that said putting restrictions on a check (such as the A-8), in and of itself, had no effect. The only way it is binding, is if the check is accompanied by a letter which fully explains the conditions. He said, "Nobody ever sends the letter. It's the first time I've seen one. If I'd known about this letter, we wouldn't even be here today."



The attorney read the letter again, and immediately told John he was going to settle, out-of-court, on the condition John made his next two payments according to schedule. John, of course, agreed.

It might be tempting to think the attorney was just being kind. I've worked with hundreds of attorneys and I'll tell you without a doubt, the attorney settled because he knew he had no case. This was a win for John, because he did everything exactly according to instructions.

Most hospitals don't sue. However, many of them do try to continue billing for the full amount, after cashing the A-8 draft marked "full-satisfaction." This is why we take it a step further.

Never "lay low" and hope things will go away. They don't. The methods I'm teaching you are all about holding your head up high, being the good guy, and acting in good faith.

The best way to fix their acceptance in cement, is to send them a thank-you notice. Appendix A-13 is a good example. It includes all the necessary information. The tone of the letter is such that even if the acceptance was accidental, the hospital may be too embarrassed to admit their mistake.

Letter A-13 also contains an optional paragraph to help ease the acceptance of installment payments. Do not include that paragraph if you have made payment in full.

Suppose the hospital sues you a month, or six months after receiving your A-13 letter. Consider what a judge's response would be to a hospital's claim of "mistake," if you are able to produce a certified copy of your full record, which includes a copy of a thank-you notice, sent by Certified Mail, to which the hospital did not respond for thirty days or more. Who will be seen as having acted in good faith?

## Refusal

I've only seen a few instances in which a hospital makes a true refusal. Chances are, you'll never see one. You might see a letter which at first glance appears to be a refusal, but is really a bluff. Here's how to know the difference:

Remember, you've got a contract with the hospital. You are obligated to certain duties in the contract, and so is the hospital. If you were subject to the standard contract offered by the hospital, then all the advantage would be on the hospital's side. But by the time you get this far, you're dealing with a non-standard contract which has been modified so as to be more to your advantage.

Sometimes carrying something out to its logical end-conclusion can help us to more clearly see the steps in the middle.

What happens if **you** flatly refuse to live up to your duties in the contract? Can the hospital sue you and win? Yes, of course.

What if the hospital refuses to live up to its duties-- can you sue them and win? Yes, of course!

It's pretty obvious that you're not going to sue the hospital because they won't accept your money, or because they won't give you a BCBS schedule of fees. You'd get nowhere trying to sue them for those reasons, because there is no damage to you. In fact it's to your advantage if they don't, because you save all the money you would otherwise have had to pay them. No judge will award you discovery if you haven't been damaged.

But what if the hospital tries to sue you for non-payment. Are you entitled to discovery? Yes. Now let's back up and look at what sort of position the hospital would be in, if they sent you a refusal letter.

A refusal means the hospital acknowledges and agrees it is obligated to comply with your demands, but refuses anyway. It puts them into an immediate condition called "breach of contract." If this happens, you may be entitled to damages.



Glance back for a moment at the admission form shown in an earlier chapter. Notice how many paragraphs deal with liability. Obviously the hospital is very concerned with liability. If the hospital is in breach of contract, and the matter ends up in court, the hospital might also lose their liability waiver. Are they going to purposely do anything which might make them liable to you for damages? Absolutely not.

Now let's get right to the point: Your contract with the hospital obligates you to pay for services rendered. However, your duty to pay is subject to conditions. You are not obligated to pay whatever the hospital might ask. Your obligation is limited by the schedule of fees contained in a contract between the hospital, and BCBS (or whichever insurance company you used in your letter).

The hospital knows the contents of that schedule, but you do not. There is an ancient and well-recognized maxim of law which says:

“There is no obligation to do impossible things.” (Impossibilium nulla obligatio est)

(Black's Law Dictionary)

It is impossible for you to pay them the correct amount, if you don't know how much to pay. Some other relevant maxims:

“The law compels no one to show that which he is presumed not to know.”

(Lofft's English King's Bench Reports)

“Nothing that is inconvenient is lawful.”

(Coke on Littleton)

These maxims suggest that you might be completely released from any obligation to pay whatsoever, so long as the hospital refuses to disclose their schedule of fees with BCBS. In spite of this, you've shown abundant good faith by making an offer in settlement. After all, you want to preserve a good relationship with the hospital.

If the hospital refuses outright, their position will be completely indefensible; it goes against commercial law, and they'd be in breach of contract. This is why they will never do it.

## Counteroffer

Every response the hospital might send you which is not an acceptance or a refusal, is a counteroffer. These come in all shapes and sizes, and often appear to be something else entirely. Some of the most common ones are discussed below.

Actual. A very few hospitals will deal with you honestly. They will acknowledge your contract, and the price difference. These hospitals are very easy to deal with, and should be commended for their integrity.

The first time I saw this was when I was counseling some good friends on a maternity bill. The



hospital responded by saying they were unable to disclose their contract with BCBS. But they sent several copies of bills from other patients who had BCBS insurance, and who had gone through identical procedures. The patients' names and personal information were blacked out, but the charges were visible. My friends decided, on my advice, to accept the hospital's figures. They settled for a discount of about 77% off the original bill.

Unfortunately the honest ones are in the minority. We'd all be better off if hospitals would just drop the scam, and charge a fair price for their services.

Just to help the honest ones stay honest, and avoid any misunderstandings, be sure to use the letter at Appendix A-13 to cement the settlement. The few dollars you'll spend on Certified Mail postage are well worth the peace of mind.

## Ignored

The most common example of a counteroffer, is the simplest kind of unresponsive answer: a second computer generated bill. Your letter is ignored, and a second bill arrives. Usually thirty days after the first one.

You might be tempted to just toss the bill in the trash. After all, they didn't answer your letter. The bill is obviously a mistake. It can't be important, right? Wrong.



There are two principles of commercial law here. The first is that each notice stands on its own. The second principle is that silence can be considered the same as consent. So if the hospital sends you a second bill after receiving your letter, that bill can be considered a counteroffer. Then if you throw it in the trash, you're assumed to have accepted their offer. It doesn't matter that their second bill was identical to the first.

For this reason it is essential that you always respond to any and all correspondence they send you. That is, until you send them a letter which establishes reasonable cause why you should not. Don't worry about that now, it's a few letters down the road.

The letter at Appendix A-11 is a sample letter sent in reply to a second billing. This letter puts them on notice that you consider their billing to be a mistake. It gives them second notice of your first letter, and demands a responsive answer.

## Bluff

There are as many different ways to bluff in this game as in poker. I've seen some that actually border on fraud. Some can even be kind of funny.

I once saw a letter from a hospital in which the administrator claimed they had a blanket 10% discount agreement with BCBS. They knocked 10% off the bill, and asked for payment. The patient replied with a letter similar to Appendix A-12. He said he would be happy to pay 90% of the original bill, if the hospital would produce evidence of the 10% BCBS contract. Of course the hospital never produced the contract.



After receiving his letter, the hospital quickly settled for 70% off (30% of) the original bill. That amount was probably still more than BCBS would have paid. I can only assume that the “10%” letter was completely fraudulent, and once they saw this patient wasn't going for it, they preferred to settle rather than have the fraud uncovered by a judge.

Bluff letters will try to mislead you in some way.

They may appear to point out a mistake you've made. Unless you've really made a mistake, which should not happen if you follow my instructions, these letters are smokescreens.

They might claim something is “required by law.” This is one of my favorites, and the answer is simple:

I have every intention of following the law. Please show me the law, together with the implementing regulation which identifies me as a “person” required to comply with this law, and I will promptly submit.

There is a principle in commercial law called a “refusal for cause.” A good example of a legitimate refusal for cause is the letters at Appendix A-10, and A-11. Notice that the letters cite specific items of the contract with which the other party has not complied. Notice the letters also demonstrate why the hospital's request cannot be met, because of the hospital's own non-compliance.

Beware of being fooled by what appears to be a refusal for cause. Here's an example of an attempt to fool me. This is an actual letter I received from a hospital in 2003. It appears to be a refusal for cause, but it's really a counteroffer. See if you can figure out why:

Dear Sir:

I am in receipt of your Tender of Offer of Performance dated June 10, 2003, as well as your Refusal for Cause Without Dishonor dated July 29, 2003. Both of the correspondences we have received at [ABC Hospital] reference Blue Cross Blue Shield allowable. I have researched your accounts and do not see where you presented an insurance card stating you had such carrier, therefore, you would be subjected to the Blue Cross Blue Shield payment schedule.

I have enclosed your check for the amount of \$330.00. Payment of that amount does not constitute payment in full therefore I have refused to deposit it.

Upon your proof of Blue Cross Blue Shield participation, we will submit through the proper channels. I will not, however, send you a copy of our contract with Blue Cross Blue Shield because you are requesting it.

Should you choose to disregard your statements for payment in full I will forward your account to our collection agency for further collection attempts.

Sincerely,

[Jane Doe]

Business Office Manager

There are so many things wrong with this letter I should run a contest to see who can point out the most.

Do you think she is an ignorant woman using incorrect English, or do you think she knows exactly what she's doing, and is hoping I'm the one who is ignorant?

My guess is that she knows. Her "mistakes" are too consistent to be real mistakes. Most importantly, she never lies to me. Here's what I see:

- A. She says she has "researched my accounts and... therefore, (I) **would be** subjected to the (BCBS) payment schedule."
- B. She returned my check because it was not "payment in full," but she doesn't tell me what would constitute payment in full. When compared with the BCBS schedule, it is just as possible that I paid too much, as it is that I paid too little. This is a flaw in her letter. She leaves me without a clear remedy, but that's okay, because she's about to make me a counteroffer. Two counteroffers, actually.
- C. Here's the first counteroffer: If I will give her proof that I have BCBS insurance, she'll submit it through proper channels.
- D. The second counteroffer complies perfectly with commercial law, it's exactly what I've told you earlier in this chapter: If I disregard the statements she sends me, then she'll be able to send the account to a collection agency. Of course she doesn't say that if I don't disregard them, but instead send proper responses, then she'll never have a valid case for collection. This is exactly like the first conversation Mr. Anderson / Neo had with Mr. Smith in the movie The Matrix.

- E. I have to mention this last part, because it's just plain funny to me. She's not sending me the contract between the hospital and BCBS. Why? Because I asked for it. Funny, she didn't send me one before I asked for it either. I'm quite sure I'd never get a copy without a subpoena.



Remember, this is nothing more than a counter-offer. If I'm fooled by it, I may decide to pay in-full. That's what Jane is hoping. Or I may fail to respond, and Jane knows that my silence would signal my agreement. My reply to Jane's letter is shown in Appendix A-10. Jane's letter is the second most common type of what I'll call an unresponsive answer.

Using these examples, you should be able to effectively reply to any unacceptable counteroffer.

One response may not be enough. The hospital may try more than one bluff, and throw in a few computer-generated bills for good measure. They are accustomed to overwhelming people with paperwork, and then taking advantage of them with commercial process and superior records.

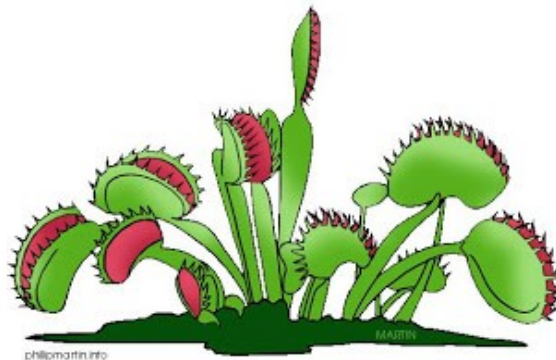
You are now developing the tools to turn the tables on them.

Remember to always respond to whatever they send you, unless you've included in your letter a paragraph such as the one near the bottom of A-11, which states you will not be held liable to respond to computer-generated statements.

If along the way you receive a counteroffer you want to accept, be sure to protect yourself by modifying your check as shown in Appendix A-8. And always follow up with the thank-you notice at A-13.

In the next chapter I'll show you how to deal with hospitals that refuse to live up to their contract. You've already set them up, now the hammer is about to fall.

## Chapter Eleven, Tightening the Noose



Up to this point we've worked on the assumption that most hospitals will eventually see the handwriting on the wall, and settle. Unfortunately, some of them seem unable to accept reality.

I don't know why some hospitals are so stubborn. I'm guessing it's because they fear that settling will open the floodgates. That, and the very real possibility they could be found liable for fraud. Whether they could ever be found legally guilty of fraud is a matter for the courts. But in my opinion, they are certainly morally guilty.

Maybe in some cases it's as simple as employees who aren't smart enough to understand the paperwork, and by the time someone gets the idea that maybe they should consult an attorney, it's already too late. Maybe it's more sinister. Who's to say?

When you run into one of these, you'll need to know how to follow through with the paperwork you've already done. Luckily for you, all your prior letters have been carefully constructed. Your next step will be easy as pie.

As you read the letters referenced in this chapter, keep your objective in focus: You want to hold the hospital to the contract, or get them to agree to a price rate you can live with. You also want to stay out of court, if possible, and preserve your credit rating.

Over the years I've refined my paperwork to concentrate on two main areas:

1. To be sure all points are legally correct, and
2. Explain all legal points clearly, so that even a low-level employee should be able to understand. Or at least realize that a superior should be consulted.

These two go hand-in-hand. They absolutely reek good faith. Many times in commercial law, a court decision will swing to the party who displayed the most innocent and best intentions.

I've done my best to be sure I'm legally correct, but I'm not an attorney. Nobody is perfect (least of all, attorneys), and I can't be absolutely sure I've exhausted all legal avenues. But I know that

these methods have worked for me, and for many others who have followed my instructions.

As an extra measure toward good faith, you may notice that I include a paragraph in most of my letters which calls upon the hospital to disclose it immediately if they see anything wrong with my actions or demands. This puts the burden of on them to tell me if I've done anything wrong. If they don't tell me, but try to bring up the error later, then I can point out their bad faith for “harboring hidden objections with which to surprise me later.” Judges really frown on that.

## **Finding Fault**

So what do we do next, if our letters are ignored, and the deadlines have expired?

Place yourself for the moment in the place of the creditor, instead of the debtor. What do most creditors do when they've sent a bill, and it doesn't get paid right away? They send another bill, with a notice that says “Overdue.”

That's our next step, except that our letter will be titled “Notice of Fault.” This letter is to be sent after the expiration date of the offer in your A-7 Letter.

Appendix A-14 contains a notice of fault which is already tailored to your needs. Just fill in the names and addresses, and a few bits of information from your record file. The letter is ready to send.

This letter gives the hospital notice that they have missed a deadline, and gives them thirty more days to comply. It puts them on notice that if they miss the next deadline, then a “notice of default” will issue, and they will forfeit their claim. You will owe nothing.

Many hospitals will settle after they receive this letter. You will have told them in precise legal language that they are in a very small box, and there is only one way out. Please notice that this letter calls for you to make a copy of your record and send it to them. Don't forget to certify it using the affidavit at Appendix A-4.

Why do this? Good faith, of course.

Remember, you'd rather not go to court. The precision of your records, along with the fact that you plainly know how to make them appear according to the court's rules of evidence, will discourage any potential lawsuits in advance. No attorney wants to go into court on a case he knows he's going to lose. Judges frown on attorneys who waste the court's time.

## **Default**

Down to the nitty gritty. The hospital has received your notice of fault, and the deadline has passed without a responsive answer. This happens way more often than common sense would seem to call for.



You've told them in writing exactly what your next step will be. They've seen it coming. The letter at Appendix A-15 contains a "Notice of Default." This letter gives the hospital notice that they have voluntarily given up all rights to their claim. The bill is gone. You owe nothing.

As a protective measure of good faith, the hospital is given ten days to object, but if they've let it go this far they will probably not.

Is the bill really gone? In my experience, it is. In the language of commercial law, it has been "discharged."

Many people may think, "Wow, that's great! I got away with something!" But I don't see it that way. I'm always sad when this happens. As much as I've bashed the hospitals for their unconscionable contracts, they do perform a valuable service. Value should be given for value.



What you must realize is that it was the hospital's choice to abandon their claim. That's why this works. The hospital has every chance to do the right thing. You have even given them the opportunity to save face, by making an offer that didn't require a single admission of guilt on their part. If they didn't like your offer, they could have made a legitimate counteroffer. They had options, but they chose to walk away.

## Chances of Lawsuit

Have they really walked away? Is this really over? Well, yes and no.

Many hospitals, at this point, will send the account to a collection agent. This doesn't happen as often as it used to, after certain changes I've made to the Notice of Default. But it does still happen. The next chapter deals with collection agents.

The hospital might sue, though I've already explained the many reasons they probably will not. Still, anyone can sue anybody for anything. Suing is not the same as winning.

I can't tell you that everyone who uses my methods never end up in court. It may happen. I can only tell you that at the time of this writing, I know of only a handful. I've already explained what happened with some of those.

You have a much greater chance of ending up in court if you go into this with pre-existing charges. Your mistake was already made, before you bought this book, so do yourself a favor and don't press too hard on a non-qualified contract.

I have personally defaulted bills in excess of \$3,800, and watched the hospital give up without collecting a dime. And I've helped others who have done the same with even larger amounts.

The few whose cases ended up in court, lost. From what I've seen, this is because they cut corners. They skipped important steps. If they had done it right to start with, they would probably have never gone to court. Hospitals can afford to pay good lawyers, and in return they get good advice. If a case isn't winnable, they don't sue.

That doesn't mean you should just give up if the hospital sues. As more and more people use my methods, I expect some hospital somewhere to bring it to a test.

If you find yourself in court, the first thing you'll want to take advantage of is discovery. Subpoena the hospital's contract with BCBS. If you used the "most-favored nations" clause, subpoena all their billing statements for the past year. It is the fear you will do just this, that keeps most hospital's from suing you in the first place.

Once they see they will have no choice but to produce this evidence if they continue with the lawsuit, they may dismiss.

If they move forward and produce the contract, then the most you'll be obligated to pay are the BCBS rates. It's in your contract (by the way, if this ever happens, **please** send me a copy).

You also have another card up your sleeve. You used specific commercial procedure: notice, fault, and default. The hospital was negligent in failing to respond in a timely manner. If you do not effectively argue this, the hospital may have a case. That's where the records you learned how to keep in Chapter 8 become valuable. Once a judge sees your records, any case the hospital tries to bring is likely to be dismissed.

## A Hole in the Net

Many hospitals do give up at this point. Of those who don't, the most common thing I've seen is for the hospital to hand your account over to a collection agency. The timing is important. They nearly always do this just after receiving the notice of fault, but before you issue the notice of default. This is important because the debt can still be reasonably considered valid, right up until the default is issued. That way, the hospital is not committing fraud.



As you'll learn in the upcoming chapter on collection agencies, most such agencies buy debt outright for pennies on the dollar. Selling your account at the last minute is a way for the hospital to get some quick cash, and turn their problem over to someone else. Besides, the hospital will take a write-off on their taxes for the difference between the full amount of the bill, and whatever they sell it for. See how deep this scam runs?

I believe the timing is intentional for another reason. Many people at this point might begin dealing with the collection agent, and forget to send the default to the hospital. This means the

original debt stays alive, and never gets discharged. Always remember to send the default. Do not allow yourself to become distracted, for any reason.

You will know if they've done this, because you'll receive your first letter or phone call from the collection agent before you have a chance to issue the default.

I've eliminated a large percentage of instances where accounts go to collection, by putting the notice and warnings about libel and slander at the end of both the fault and the default letters. Libel and slander are difficult to prove in court. The plaintiff is required to prove "intentional malice," which is hard. The best way to prove malice is to give notice ahead of time that if a person does a particular thing it will cause you a damage, and will be considered to be done with malice. My letters help you go a long way toward meeting this requirement.

In the next chapter we'll examine the hows and whys of collection agencies. There's a good chance you'll learn a few things.

## Chapter Twelve

### Collection Agencies Run Like Frightened Puppies

Many hospitals can be a pleasure to work with. Others are just the opposite. Depending on which type your hospital is, at some point during your letter campaign, your hospital may turn your account over to a collection agent (hereinafter “CA”, can equally stand for collection agency).

If this happens to you, don't worry. You are standing on solid legal ground, though the CA probably doesn't know it yet. Even if he does, he will try to bluff and bluster.

This chapter will show you how to deal with them.

#### Understanding the Enemy

I've always felt that people who work for collection agencies for any length of time, should find a more honorable line of work. It's not that I think they don't perform a necessary service. People should pay their bills, but a lot of them don't. Creditors have to collect somehow.

The problem is, even if they were good people when they first got the job, they're not any more. They get jaded. You can't blame them, really. Collection agents spend eight hours a day dealing with people who won't or can't pay their bills, and they usually don't make any money unless they collect it from you.

That makes them dangerous.

Like most people, CAs don't like to work very hard, or spend any more than necessary to get the job done. They hire employees who haven't seen your file, and probably wouldn't open it if it were right in front of them-- which it isn't. The bottom line is, they don't care about right or wrong. They only care about getting your money. They're likely to do or say anything they can to get you to part with it.

If you've ever dealt with CAs before, you know how unpleasant it can be. The reasons are obvious. Usually the debtor is in the wrong-- he should have paid the bill, and he knows it. Besides, CAs are experts at procedures in commercial law. Or at least their scripts make them behave that way.



Everything they do is designed to lead you into a cattle chute. Like a funnel, you have less wiggle-room with every step, until finally you have no choice but to pay. Anyway, that's how it's supposed to work.

You're about to learn how to change all that, but first we need to look at the CA himself; who he is, what he can and cannot do, and his tactics.

## Commercial Process

In the CA's relentless pursuit of your money, he relies mainly on two things:

1. His knowledge of commercial law; and
2. Your ignorance of commercial law.

The most important commercial principle the CA knows about is presumption. The CA knows that the legal system generally presumes creditors to be right, and debtors to be wrong. This is known as a rebuttable presumption. The alleged debtor must present his evidence to the contrary, or else the alleged creditor can and will persuade the court to enforce his claim-- even on the flimsiest of evidence.

In other words, “innocent until proven guilty” is right out the window. The CA is counting on the public schools to have taught you that you don't have to prove your innocence, so he doesn't have to work as hard.

The following simple example illustrates my point. It might not always go this way in every court, depending on the judge, but it is the simplest way to explain what I'm getting at:

Suppose I send you a bill for \$500. I can put anything I want as the reason, as long as it sounds even remotely reasonable-- let's say “yard maintenance.”

You open the bill, and say to yourself “I don't know this guy from Adam, and I never agreed to any yard maintenance.” You toss the bill in the trash.

Thirty days later, I send you another bill, marked “Second Notice.”

You think, “This guy is crazy, I'm not paying him a dime.” You toss the bill in the trash.

Thirty days later I send you a certified letter that says, “Delinquent Account. Pay within thirty-days or this account will be turned in for collection.” Now, all of a sudden, you're a little concerned. So you try calling the phone number listed on the bill to straighten this out, but no one answers. This time, you don't throw the bill out, but you don't do anything with it either.

Thirty days later, that last notice is now buried under a stack of magazines. A “notice to appear” in court arrives in your mailbox. I'm suing you for \$500.

When you show up, you try to tell the judge that you never hired me. He tells you to shut up and wait your turn.

First he hears from me; it's my claim, and I get to talk first. I lie. I tell the judge you hired me

orally; I did the work for you on such and such a date; I sent you a bill but you never responded; I sent a second notice, and a delinquent-account notice. I have copies of everything I sent, and proof of service too. You never responded. Now I'm suing for my money.

Now the judge turns to you. He asks why you didn't pay my bill.

You inform the judge that you never hired me, and never set eyes on me until today.

He asks why you didn't respond to my bills.

You answer that you threw them in the trash.

With little or no additional discussion, the judge rules in my favor and orders you to pay \$500 plus court costs.

Why did this happen? Because I used commercial process. I created the presumption of a debt. Although that presumption was rebuttable you, thinking you were innocent and would never have to prove it, offered no evidence to the contrary. In fact, since you truly did throw my letters into the trash and never responded, you had no evidence to present. This was all I needed to get a judgment.

The first exchange of contact between the CA and the alleged debtor is always the most important. This is the point at which the CA learns whether or not it has a fish on the line.

Your first contact from a CA will usually be a very simple looking bill. It will contain an account number, an amount to be paid, and the name of the original creditor. It will also contain a statement similar to this:

"Unless you notify this office within thirty (30) days after receiving this notice that you dispute the validity of this debt or any portion thereof, this office will assume this debt is valid."

The CA is establishing a record. He is showing good faith. If you do not respond, and respond timely (that means "as soon as possible, but definitely within less than 30 days), you are showing bad faith, and the CA has correctly established his presumption according to the principles of commercial law.

His bill has all sorts of shortcomings, but if you don't know how to assert your rights by calling attention to them, the CA will win by presumption.

## By What Authority?

The key to understanding how to stay out of a CA's clutches, is to understand the nature of the beast.

You are entitled to know, "Who is the CA?" I don't mean what is the name printed on the bill, I mean "Who is he, as far as the law is concerned?" What gives the CA "standing?" In other words, who is this guy, and what gives him the right to even speak to you, let alone





collect a debt?

How does he get his authority? The CA must satisfy this first step before he can even approach the second hurdle.

The CA is not the original creditor, the hospital is. You have no contract with the CA. You've never promised him anything. There are basically only two ways a CA can claim the legal right to collect a debt:

1. Agency. The CA is an employee, or contractor for the hospital, which hires the CA to collect the debt for them. The hospital still owns the debt.
2. Holder in due course. The hospital sells the debt to a CA. The CA acts on its own behalf.

If and when the CA ever discloses evidence of his legal standing, then, and only then, should you discuss rights and duties under the original (admission) contract. In fact, until his legal standing is disclosed, you should not discuss anything at all with him, not even the weather or the latest football scores. Let's look at these one at a time:

## Agency

As an agent, a CA may be paid for the time he spends pestering you, whether or not he ever collects a dime. Or he may be paid on commission-- a percentage of whatever he collects.

The key thing to remember about an agent is that he is like an employee, he works for the principal (in this case, the original creditor, the hospital). All the money collected goes back to the principal.

When you deal with an agent, it is legally the same as if you were dealing with the principal. If you pay the agent in full, the principal is completely satisfied. If the agent adjusts the bill and accepts a lesser amount, the principal is still completely satisfied (provided the agent had the authority to adjust the bill).

More importantly, as the principal's representative, the agent has no more authority to override the conditions of the contract than the principal does. If the principal is obligated to give you evidence that substantiates the charges in his bill, then the agent is just as obligated. If the agent violates the contract, the principal is responsible. Hospitals hate liability.



## Holder in Due Course.

This is the most common capacity the CA works under.

Most people believe, when they're dealing with a CA, they are dealing with an agent. In most

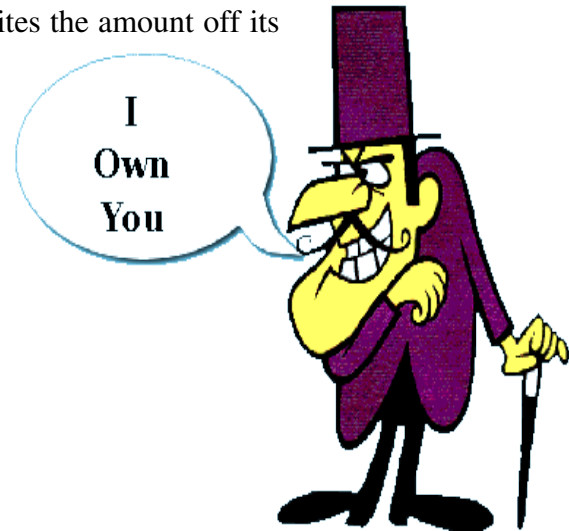
cases, this could not be further from the truth.

As a holder in due course, the CA takes the risk of buying a “problem” account. He pays the hospital pennies on the dollar-- sometimes less than ten-percent of the face value of the debt, in exchange for the right to collect the full amount. Any amount the CA can collect, over and above what he paid, is where he makes his profit.

The hospital considers the balance as a loss, and writes the amount off its taxes.

Now the CA owns the debt. It is responsible for any actions it may take in trying to collect. The hospital is out of the deal. Sort of.

From the debtor's perspective, there's a big problem with this situation which almost never occurs to most people. Even if you pay the CA the full amount, the hospital will still consider you a deadbeat. After all, the hospital was only paid a token amount. When you pay the CA, he “discharges” the debt, which means no one can ever go after you for further payment. But that is not the same thing as actually paying, or “satisfying” the debt.



I'm sure you can see where this might be a problem. Of course no one cares about this problem except the debtor/future-patient, who might have trouble getting services from the hospital the next time he is sick.

This potential problem is greatly reduced for you, if you use my methods, since you will have proof you did everything within your power to satisfy the hospital's claim.

Since you are now using my methods, it's the CA who has the problem. He knows his own weaknesses, but he's hoping you'll never find out. Here's what Black's Law Dictionary has to say, in part, about a holder in due course:

“A holder in due course of a consumer credit contract is subject to all claims and defenses which the debtor could assert against the seller of the goods or services obtained pursuant to the credit contract or with the proceeds thereof.”

In other words, the CA can only make you do what you were obligated to do under the original contract. No more, no less. What's more, you are still entitled to any evidence the hospital might have been required to produce, prior to you being obligated to pay.

Read the quote from Black's again. It tells you straight out, that if you have claims, it's up to **you** to assert them.

The hospital's standard contract does not obligate it to prove or justify its claim. You changed all that when you modified the form. Now the hospital *is* obligated to prove its claim. This means

That's why there is a rule in commercial law that says only assets can be assigned, not liability. Asserting your claims at this stage, puts the whole ball of wax squarely back into the hospital's lap. When you assert your claims correctly, the CA must either turn the account back over to the hospital, or give up any hope of ever collecting.

## A cartoon illustration of a boxing match. On the right, a blonde boxer with a determined, angry expression is throwing a punch with his right hand. He is wearing blue trunks and red boxing gloves. On the left, a bald boxer is being hit in the face. He has a pained expression, with his mouth open in a shout and three yellow stars floating above his head to indicate impact. He is also wearing blue trunks and red boxing gloves. The background is plain white.

send more bills, they'll try the phone, they'll wiggle and squirm in every way they can think of, but they won't produce evidence of their authority.

I know for a fact that some of the people who have bought this report were doctors, hospital executives, and collection agents. They wanted to read what it said, so they could figure out in advance how to stop people who used my letters. But still, no CA will produce his authority.

What's the big secret? Surely there's a contract between the CA and the hospital. What could possibly be in such a contract, that would cause such panic in the hearts of collection agents when you ask to see it? I don't know. I've never seen one. If you ever see one, I hope you'll send me a copy.

Here's the deal: In all the combined experience of myself, my family and friends, and my readers, Letter B-1 stops the CA dead in his tracks. Until and unless they are willing to produce evidence of their authority, they have to take their ball and go home.

On the off-chance that someone ever does, I've got your bases covered with the next letter. Appendix B-4 shows how to correctly assert your claims. You will probably never use it.

Letter B-3 is similar to B-4, in that you should only use it if the CA has already provided evidence of his authority. The difference is that B-3 assumes either that the hospital cashed your draft, or you defaulted them. In either case, you no longer have any obligation to pay. The hospital can't sell something which does not exist. The CA bought a pig in a poke.

You will probably never use B-3, for the same reasons as B-4, but reading the letter will help you to understand the principles of commercial law which are at work. The only valid response a CA might make to this letter is a request for a copy of your record. Remember, this is the amazingly hypothetical situation in which the CA has already produced evidence of his authority-- so, you should promptly comply, and be sure to certify the record as described earlier.

The letters at B-2 and B-5 are fault and default, respectively. You will almost definitely use them. These letters are very similar to their counterparts from Appendix A, only they are tailored to use with collection agents.

## **Closure**

A few readers of my prior book reported that when one CA had been discouraged, they would simply resell the account to another CA, and the process would have to be repeated. This was before I emphasized the importance of following through with the Appendix A letters to the hospital.

I've also taken further measures to fix this problem. In Letters A-15 and B-5 (Default), you will find a paragraph which puts the hospital/CA on notice that it will be held liable for any harassment or damage inflicted against you, due to their actions.

Once they've been given this notice, they know they will be held to a higher standard. They can be sued for damages. It is very likely the hospital will now call off the dogs, and CAs will run

for cover.

If they don't, you may have a good case for libel. Lawsuits for libel often bring large awards. It's not likely the hospital will want this potential liability. They'll put a stop to the CA, even if they have to buy the alleged debt back from them.

You've almost graduated from Gregory Allan's school of financial healthcare defense.

The next chapter summarizes what you've learned, and offers a few additional helpful hints.



## Chapter Thirteen, Summary

Do you recall the old parable, “It is better to teach a man to fish, than give him food for a day.”? It is my hope this report will teach you how to fend for yourself in the healthcare arena.

You've just finished my step-by-step guide, and learned How to Survive Hospital Costs Without Insurance.

You learned of the conspiracy between hospitals and insurance companies to get your money, and how they obligate you to pay outrageous fees.

You learned the major flaw in their contracts, and how to overcome it and receive huge discounts.

You even learned how to hold them to the discounted price, and how to thwart the best efforts of people who do bill collection for a living.

The following pages contain the actual letters and documents used throughout the report. They are split into two sections, “A,” and “B.”



### Why the Two Appendices?

The appendices are split in two parts for a very good reason.

Appendix A contains all the paperwork you will use with the hospital.

Appendix B contains paperwork to be used with collection agencies (CA).

I've divided them because I want it to be absolutely clear that you are dealing with two different entities, which must be treated separately.

You cannot assume the CA is acting as an agent of the hospital. Unless either the CA or the hospital produces evidence of the CA's authority, you cannot assume the CA has any authority at all. For all you know, some crook went through the hospital's trash, found a discarded printout with your account information on it, and is trying to rob you. Identity theft happens all the time.

That means you cannot assume the hospital ever sees any letters you send to a CA. They probably do not.

In my experience, the most common point at which a hospital will turn an account over to a CA, is after you issue the A-14 Letter (Fault), but before the A-15 (Default). They look at this as their last chance to get a few bucks out of an account on which they will never otherwise collect.

I'm also guessing the hospital is hoping you will be distracted, and neglect to ever send them a



default. The hospital is the only actual creditor. If the hospital is never defaulted, the matter is never closed.

Unless a CA produces the demanded evidence, NEVER acknowledge they may have a right to collect a bill, or even to speak with you. Follow the series of letters laid out in Appendix B.

At the same time, always follow through with all the Appendix A letters which are intended for the hospital. Once the hospital has been defaulted, any claim based on the admission contract ceases to exist.

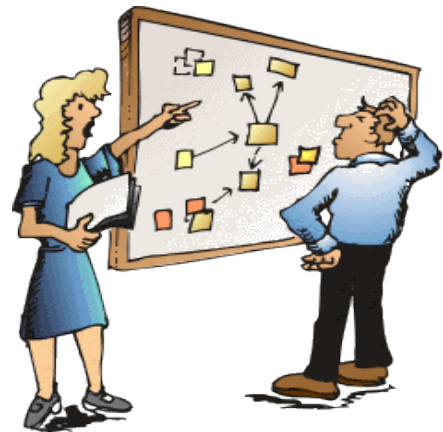
That's where your records come in handy again. If, by chance, a collection agency ever takes you to court over a defaulted bill, your records will show that the CA has no contract underlying the claim. If you did everything right, their claim should fail.

## Flowchart

Each Appendix begins with a flowchart.

Once you understand the underlying principles of my methods, the flowcharts should serve as a quick and easy reference as to which letter should be sent in any given circumstance.

Please study these flowcharts. You may find it very helpful to re-read this report, and follow along the flowchart as each of the letters are referenced in the report.



Most of the questions I get from readers are along the lines of... “I’ve sent Letter A-1, should I follow up with A-2?” I don’t mind answering good questions, but anyone who would ask something like this has obviously not studied the flowchart.

All the diamond shaped boxes are decision boxes. You can tell because they have a “Yes” arrow coming out of one side, and a “No” arrow coming from the other.

The chart for Appendix A begins with the “Qualified Contract” decision box. This is asking, “Did you modify this contract, or not?” If you did, then you branch right. If you did not, then you branch left.

Let’s say you branched left. You arrive at the decision box “Attempt.” It is asking, “Did you attempt to modify the contract?” If yes, you branch right. If no (if, for example you are working with a hospital bill you incurred before reading this report), you branch left. Either way, you arrive at a square answer box.

All the square boxes are answer boxes. They contain the number of the letter you will send in that given situation. The square boxes all have an exit point, and the arrow leads to the next step you must take.

I spent a lot of time on this flowchart to make sure it is easy to follow, and won’t lead anyone down the wrong road.

Notice, for example, that the only way to get to the “Hospital Counteroffer” circle, is if the hospital has made a “responsive answer.” I made that item a circle to separate it from the other shapes. This is the only figure which is beyond your control, and relies on the actions of the hospital. It exits in only one place-- directly to a decision box. You either accept their counteroffer, or you don't.

The two hexagons at the bottom show the only two logical conclusions. Either you and the hospital make a mutually agreeable settlement, or you default them.

The flowchart for Appendix B uses identical standards for its shapes, and the chart is even simpler than the one for Appendix A. After you understand the first chart, this one should be self-explanatory.

## Visiting Defaulted Hospitals

Will you ever be able to go back to a hospital, once you've defaulted them on a bill? Probably. Legally speaking, the answer should be “Yes, always.” But remember, I prefer to live in reality.

Any hospital which settles voluntarily, will be likely to give you service the next time you visit. Defaulted hospitals may show you as a non-payer in their records.

Before I talk about things you might do or say to challenge this, I must ask the obvious question-- are you sure you want to visit a hospital that is hostile to reason and good sense?



I live in a rural area which is about equal distance from two cities, both of which have hospitals. One is willing to settle. The other has been defaulted. Given the choice, I prefer to give the agreeable hospital my business.

In the event you are ever in an accident, and are taken to the hospital in critical condition, they must treat you regardless of what their records say about your payment history. Private businesses have the right to refuse service to anyone under most conditions. But hospitals often have less choice than ordinary private businesses, depending on the reason for your visit.

If you must go back to the same hospital, then attempt to go through admissions as though nothing is out of the ordinary. They may admit you without a word.

If the receptionist says you have an unpaid bill, tell her emphatically that you do not. Ask to speak to her supervisor. The receptionist has no power to make adjustments. You'll have to go over her head.

When you meet the supervisor, be nice. Remember, as you learned in Chapter 2, that the supervisor is a human being who will respond to a smile. Explain to her that you have an important medical reason for being there, and that their computer record is in error.

Ask her if she will please take a moment to pull your actual file, and go through it with you.

You may get her to agree to change the computer record. If not, then don't be afraid to keep climbing up the ladder of authority. Always be polite, but confident. Remember that you are in the right. It was the hospital who acted badly, not you.

Each time you talk with someone higher up, insist that they review your file, in your presence. Point out the modifications to the contract, and the numerous notices, and opportunities the hospital had to settle.

Ask the administrator to read your Notice of Default (Appendix A-15). When he is finished, ask him to read this definition of “bad faith” from Black's Law Dictionary, 6th Edition:

Bad faith. The opposite of “good faith,” generally implying or involving actual or constructive fraud, or a design to mislead or deceive another, or a neglect or refusal to fulfill some duty or some contractual obligation, not prompted by an honest mistake as to one's rights or duties, but by some interested or sinister motive. Term “bad faith” is not simply bad judgment or negligence, but rather it implies the conscious doing of a wrong because of dishonest purpose or moral obliquity; it is different from the negative idea of negligence in that it contemplates a state of mind affirmatively operating with furtive design or ill will. An intentional tort which results from breach of duty imposed as consequence of relationship established by contract.

The fact that the hospital ignored your contract, ignored all your notices, allowed themselves to be defaulted, and now denies you service-- shows monumental bad faith. The two notices at Appendix A-14 (Notice of Fault) and A-15 (Notice of Default) emphasize bad faith, and implicitly point out the hospital's duty to respond.

It will be painfully obvious to anyone who reads those documents, that it is the hospital who is at fault, and not you.

Hold your trump card in reserve until you absolutely need it. Don't use it until if and when you're talking to a top hospital administrator. What is your trump card? Publicity.

Remind the administrator that you have a complete copy of the record, including proofs of service. Tell him you are prepared to go to the media, and that the record will speak for itself. Be prepared to really do it. Most newspapers and television stations have at least one hotshot reporter who would see your plight as an opportunity to make a name for himself. Odds are very good the administrator will see reason at this point.

Finally, if you have no other choice of hospitals, you might try suing to force them to correct their records. You are not a non-paying customer. According to the terms of commercial law, your account was properly discharged.

This won't work as well with a small doctor's office, as with a large bureaucratic hospital. A doctor in private practice may refuse patients for any reason. But hospitals, even when privately owned, have an obligation to serve a community.

I've had mostly success with visiting hospitals I've defaulted, as have most people I know.

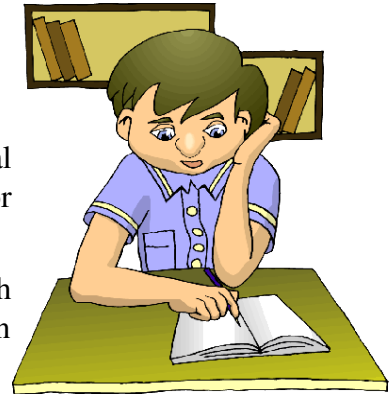


## The Letters

One last word about the letters.

The letters in the two Appendices, A and B, are taken from actual letters which I have either used myself, or written over the years for family, friends, and readers.

They are intended to be useful for the types of situations in which most people will find themselves. Obviously, there is no way I can foresee every possible situation and write a letter in advance.



In most cases you should be able to use these letters as-is, changing only the names, dates, and account numbers. Other times, you may have to do a little editing on your own, to make the letter fit your specific situation.

It seems obvious, but I will say it anyway: Each letter has an identifying heading at the top, such as “A-1: Notice of UAC”. This is for your information, and should **not** be included in the letter you send to the hospital. Likewise, the name of the book and page numbers, are not a part of the letter. In places, you will find variables and conditional statements inside of brackets, like this: [Hospital Name], and this: [If you didn't get a copy, include: “I didn't get a copy of the contract.”]

Please scan the letters carefully for such statements, and be sure your final letter makes sense. Insert your hospital's name in the field, and remove the brackets. Resolve the conditional statement, and remove the brackets. In the immortal words of my late great-grandmother, “If you're going to do a thing, don't do it half-assed. Use your whole ass.”

My goal is to teach you to fish, rather than hand you fish for a day. That means you're going to have to actually read these letters and, although they are written in “lawyer-speak”, try to understand what they mean, and what they accomplish. It's not as though you're having to spend years researching this stuff like I did. Here, in this book, I've put everything together for you in one place. The degree to which you read these over and over until you understand them, will roughly match the degree of your success in using them.

## Help and Support

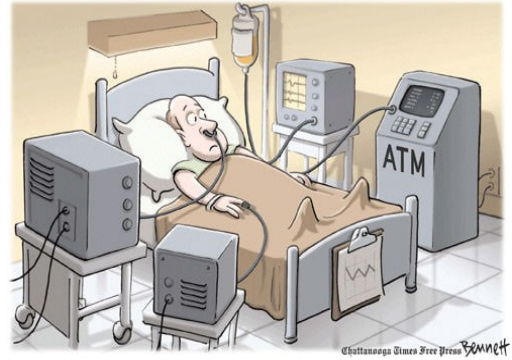
Ever since the first version of this book, back in A.D. 2000, I've made myself available to answer questions, and help readers through rough spots.

This has worked to my benefit too. I receive tons of feedback; questions and comments, situations I hadn't even thought of, and new information. My readers are my spies, my eyes in the field.

Up until a few months ago, all my support was done through private email (let's forget for the moment that Edward Snowden proved to us there is no such thing as private email).

I kept a folder, into which I dropped questions and responses which might be candidates for future updates. The problem with email was that in spite of my best efforts, I managed to lose a significant mass of archived emails, on several different occasions. Of course, this included my precious updates.

My solution, at least for now, is the addition of a private section in the Forum on [lawfulpath.com](http://lawfulpath.com). This seems to be working out better in several ways.



I make a backup of the Forum, at least once every couple months, so I'm unlikely to lose much, if anything. Also, readers get the opportunity to see the questions other readers have asked, and the answers they've received, both from me, and from other readers. I know it's hard to believe, but sometimes a reader might actually have an idea that hasn't occurred to me :-)

The Forum has proven to be a confidence booster, in that new readers log on and see where other readers have written just to say, "Hey, this worked. Thank you."

Finally, the Forum is good because I can't always be there to help, and sometimes it's good to have a way to bend the ear of other people who have "been there." We have a good bunch of members at [lawfulpath.com](http://lawfulpath.com), and whether in the private Forum or the public, it's usually not too long before someone responds.

If you haven't joined the Forum already, go to [lawfulpath.com](http://lawfulpath.com), and click Forum. You'll need to go through the registration steps. Then, if you bought the paid version, send an email to [editor@lawfulpath.com](mailto:editor@lawfulpath.com), with a copy of your email receipt, and someone will see to it that you are added to the private Forum. That's all there is to it.

## The End

Now you're an expert, or at least you'll look like one.

I'd like to thank you for reading this report, and helping to support my work. Your support is what enables me to continue updating the materials, and keeping them available on our website.

If you found this information valuable, please consider purchasing additional copies for your family and friends. Or let them buy their own copy. Just send them to <http://lawfulpath.com>, and they can get theirs the same way you did. Please spread the word, and help everyone you know to be healthier and richer.

-- Gregory Allan. May, A.D. 2014.

# Unashamed Sales Message

Now you know it's true. You really can:

- \* Get medical care, even without insurance.
- \* Negotiate discounts on medical bills, without ever speaking to a single person.
- \* Pay a fraction of the billing price for future medical expenses.
- \* Stop collection agents dead in their tracks.
- \* Do all of the above without ruining your credit rating.

It's one of the most rare finds you'll ever see in a book:

To have read something so important that you will change your habits for the rest of your life, because of what you've read.

I have no doubt that you, along with every single reader of my book who later visits a hospital, will make changes to your admission form.

Whether you have health insurance or not, and whether or not you ever have insurance in the future, you are now in a much more secure position regarding healthcare than ever before in your life. Only one problem remains:

When the next hospital bill comes, what will you do?

Do you have an outstanding bill now? Most people who read this report do. There is no such thing as a small hospital bill any more. Even if your treatment was a simple one; even if the doctor breezed into the room for only a few moments, your bill is likely in the thousands of dollars.

Do you have the tools to settle that bill for a reasonable price?

On your next visit to a hospital, you will modify your admission form. You are accepted for treatment, and receive it. Now you've been home for about ten days, and the first bill arrives in the mail. Does it list an easy to read table of charges? Does it contain any reference to a BCBS schedule of fees?

Heck no! That bill is for a whopping lot of money, and you don't have the most important part of this book.

Even if you were a major insurance company, this first bill would show the maximum charge for every service. The list of services is purposely made hard to read, because you're not expected to challenge anything.

You now know it is possible to have a line-item veto over that list, and cross off any services you didn't receive.

You now know that hospitals can be held to a reasonable third-party standard for their prices, and that standard is much lower than their regular billing.

You know how to set things up to work in your favor, but,

Do you know how to enforce your new contract?

Most hospitals will resist giving you even a dime's worth of discount, with every last fiber of their corporate beings. Some of them, knowing how strong your case is, will offer you a paltry 10% discount if you'll pay promptly, as a "courtesy to uninsured patients."

So far, you've only read the free version of this book. The complete, paid version leads you through every step. You'll learn how to apply my methods to your existing medical bills, and how to lead the hospital into the cattle chute, instead of being the victim.

With my letters in your pocket, hospitals will treat you with respect, and collection agents will run from you like a pack of frightened puppies, yipping and soiling themselves along the way.

## Where to Go From Here

You have choices.

You can spend years testing letters of your own. You'll make mistakes. When you do, you'll pay big. But take heart-- trial and error, and enough intensive study, will eventually win the day. You already know more than I did when I started. Or,

**You can skip all the grief and expense, and buy my complete book.**

You'll get all the letters, carefully written in legalese for the benefit of the lawyers.

You'll get both flowcharts, one for hospitals and one for collection agencies, which clearly show which letter to send in any given situation.

You'll get the invaluable Phone Script, which shows you how to put an end to those aggravating phone calls from collectors.

The easy way is cheap by comparison, and a whole lot less trouble. The complete paid version is only \$49.95. You can pay with a credit card, and download it in Adobe Acrobat PDF format. In ten minutes or less, you can have it all. You'll save more than fifty bucks the very first time you use it. **Just click this link: <http://lawfulpath.com/cat/index.php#1204>**

You'll be one click away from Paypal's secure website. After your payment is received, you'll get an email with a link to download the book.

If you prefer to pay by Postal Money Order, you may send payment to:

The Lawful Path #1204

c/o Gregory Allan

general delivery

Lynnville, Tennessee [38472]



I hope this information will be of use to you for many years.

The Author is continually working on bringing you more tips like these on how to protect yourself.

Please visit The Lawful Path's website at <http://www.lawfulpath.com> for more information.

Thank you for reading, and for supporting my work with your purchase of this report. May God bless you and keep you on the lawful path.

--Gregory Allan

# **The Lawful Path**



**[www.lawfulpath.com](http://www.lawfulpath.com)**