Wilson was charged over $700 for surgical services when he had a small skin tag removed from the back of his neck at UPMC's Falk Medical Building. The University of Pittsburgh Medical Center tagged Darren Wilson of Squirrel Hill last month for a $705 "operating room service" fee as well as an $82 facility fee. Including a $298 professional services fee, the total bill exceeded $1,000.

The treatment? A routine mole check-up and the removal and biopsy of a skin tag from the back of his neck as he sat in an exam room in Falk Medical Building in Oakland.

"It took less than five minutes," said Mr. Wilson, 34, who has been trying -- so far unsuccessfully -- to get a detailed accounting of the $705 fee. After Highmark's insurance payment, Mr. Wilson's bill is $376. He says UPMC has told him the charges are "reasonable and fair." He doesn't think so.

He also believes hospitals should be more open ahead of time about what the charges will be. He noted that UPMC's website states that "Some insurance companies view this type of service as an outpatient clinic visit. You may incur a facility charge that may be a patient's responsibility."

Said Mr. Wilson: "I don't think any reasonable person who saw that sign would imagine the cost of the facility fee would be two or three times the cost of the service."

UPMC spokesman Paul Wood, when asked about the fees, said "We can't comment on any specific patient's case without violating [Health Insurance Portability and Accountability Act privacy rules]. There are a myriad of insurance policies and it's the insurer that patients have payment arrangements with."

Over the past two months, several Pittsburgh-area residents have come forward to vent their anger and frustration at being charged additional fees when they were seen for minor, non-sterile procedures in a physician's office.

It's not just the amount of money involved, some patients say.

Attorney Morton DeBroff of Point Breeze says he will fight the $287 additional "outpatient visit" fee he was charged for an exam by a vascular surgeon at UPMC St. Margaret's, even though his portion after Medicare reimbursement amounts to only $20.73.

That fee, he noted, exceeded the $250 charge for the physician's services, which involved checking him for any problems related to his diabetes. "They found nothing wrong," he said.

"I have no objection to the doctor billing me for his services. I certainly have an objection to UPMC billing me for nothing," Mr. DeBroff, 80, continued.

The small amount is beside the point, he believes. "Multiply that by 200,000. How many people go to a doctor at UPMC?"
"If you go to a veterinarian, she will only charge for her service. If you go to a dentist, you only get charged for the dentist's services. There's no justification for a facility fee."

Actually, Medicare does allow hospitals to bill extra for services in a physician's office -- the West Penn Allegheny Health System does it, too -- if the hospital owns the physician's office and it is designated as a hospital outpatient department. They are required to let patients know, with signs or other means, about that designation and that they will be billed accordingly.

But John Phillips, a Seattle attorney who successfully negotiated a class action settlement in a dispute over facility fees, said those Medicare regulations "created an incentive for hospitals to acquire physician groups for the purpose of being able to assess a facility fee in addition to the professional fee. The facility fee became a potential source of revenue, and they hired consultants to show them how to do it."

As a result, some say hospitals have learned to carve out large fees for even minor procedures, while expanding the definition of what constitutes a "hospital-based" facility.

"A lot of patients go to these outpatient satellites that hospitals have categorized as 'facility-based reimbursement' so they can charge many multiples of what physicians charge for the same service," said James J. Unland, a part-time professor at Loyola University Chicago's School of Law and editor of the Journal of Healthcare Finance.

"I don't know why private insurance companies don't say, 'This is bogus.' "

"The fact is, we're very concerned about this," said Highmark spokesman Michael Weinstein on Wednesday, noting that the practice is not limited to this region or any one health care provider.

"These are revenue maximizing approaches through questionable billing practices" that result in higher health costs for employers and, depending on their coverage, possibly higher out-of-pocket costs for individual members, he said.

"Highmark asked UPMC to stop this billing practice but they have refused to do so," he said.

For now, Mr. Weinstein said there's not much Highmark can do in situations where it has long-standing contracts with providers. At the time those contracts were signed, these fees were not an issue.

Highmark and UPMC have a 10-year contract that will not expire until June 30, 2012. But he said Highmark is raising these billing issues as new contracts are negotiated.

Some patients have already fought back.

In 2005, two women in Washington state won a class action settlement with two Seattle hospitals after they were charged a facility fee, in one case for treating an infected toe. Mr. Phillips, who represented the women, said they based their case on the significantly higher charge for the same minor surgical procedure when it was done in a doctor's office on the hospital campus rather than in the same doctor's community office.

The problem, the suit said, was that they didn't tell patients "about the large price disparity so they can make informed choices about their care." In some cases, the difference amounted to thousands of dollars, according to court records.
For the 30 seconds it took to clip an infected toenail for one of the women, the bill was $1,133, including a $418 facility fee. The other woman had a small bump on her neck removed, a five-minute procedure that resulted in a $1,451 charge that included an $846 facility fee.

In the settlement, in which the university admitted no wrongdoing, the University of Washington Medical Center agreed to tell patients ahead of time how much their treatment would cost. At the same time, the hospital reduced the cost of those procedures by about 30 percent.

Since then, some hospitals have addressed the pricing disparity issue, though not in the patients' favor. Health systems such as The Cleveland Clinic have begun designating their community clinics as "hospital-based" and tacking on the facility fee.

UPMC has done that as well, at least some cases. Earlier this fall, a Penn Hills woman said she was charged a $5,623 "operating room service" fee through UPMC Presbyterian Shadyside Hospital for an injection she received at a Monroeville doctor's office, miles from any UPMC hospital.

Mr. Weinstein could not pinpoint when facility fees and other add-ons first appeared, but said patients are more aware now as they become responsible for more of their own health care costs through higher deductibles and co-payments.

"Subscribers, regardless of their insurance, should inquire with the physician on whether a facility fee will be tacked on for a physician office visit," he said. "Not all health systems are employing this billing practice."