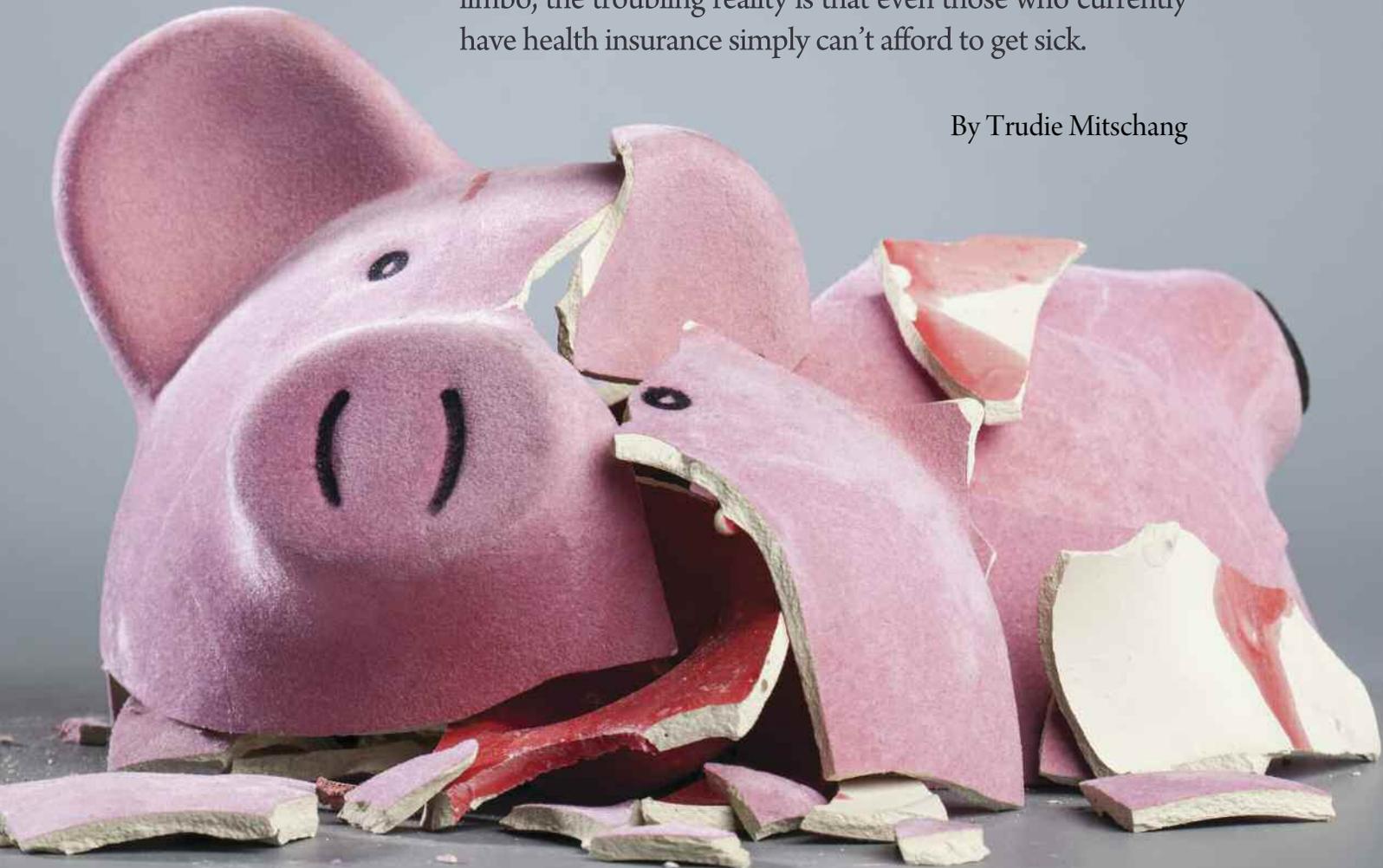


A MATTER OF LIFE OR DEBT

While the future of healthcare in this country remains in limbo, the troubling reality is that even those who currently have health insurance simply can't afford to get sick.

By Trudie Mitschang



STATISTICS SHOW that individuals juggling unpaid medical bills have ample company. According to a 2016 report, more than a quarter of Americans say someone in their household is struggling to pay a medical debt.¹ The reasons for this rising tide of unpaid healthcare costs are varied; some are dealing with unrelenting costs associated with managing a chronic illness, while still others have simply been sidelined by a sudden, unexpected injury or diagnosis. And, for a large number of American families, mounting medical debt can lead to financial ruin. Currently, medical debt is the No. 1 cause of personal bankruptcy in the U.S. Even more troubling is, oftentimes, the most tragic losses occur for those who have health insurance. One *Consumer Reports* study found 30 percent of Americans with private health insurance have received unexpected bills following procedures they thought were covered. Of those, 23 percent received a bill from a doctor they didn't expect to get a bill from. And, 14 percent said they were charged higher out-of-network rates by doctors they thought were in-network.²

"I was admitted January 2016 to a participating hospital for pleurisy," recalls Julie Claire, a 59-year-old from Michigan. "I spent eight days on IV antibiotics until the surgeon insisted that a video-assisted procedure needed to be performed. During the course of that procedure, the mess that he encountered, both inside and outside my lung, caused him to perform an unscheduled thoracotomy. The surgeon did not participate with my insurance, but he was the only surgeon qualified to perform this procedure. I have two deductibles to pay and copayments for each plan. My surgeon's bill alone was \$10,400."²

Understanding the Cost of Chronic Disease

From copayments and out-of-network costs, to insurance claim denials and appeals and the loss of wages due to disability, expenses linked to chronic illness can quickly balloon out of control. Add to that the complexity of chronic illness and the fallout from medication side effects, and it's easy to see how bills pile up. For example, many patients with Crohn's disease develop secondary autoimmune diseases such as rheumatoid arthritis, lupus and fibromyalgia, sending them on a complex journey through the healthcare system. A patient in this scenario is likely to incur overlapping expenses for each diagnosis and treatment plan, while still trying to address the original illness. Additionally, drug side effects can create serious and expensive medical problems such as the need for hip replacements that are often linked to prednisone use, or repeated hospitalizations from infections linked to immunosuppressant drugs.

Of course, medical bills are not the only factor when it comes to mounting debt; the very nature of many chronic diseases

prevents patients from consistently working and earning a living. This lack of cash flow combined with accumulating medical debt can damage credit ratings, lead to harassing debt collection calls and add undue stress at a time when all mental and emotional resources are needed to simply stay on top of the disease itself. Patients often describe this scenario as adding "insult to injury."

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Like other types of debt, medical debt tends to accumulate over time, especially for patients who require daily medications or ongoing care. Lene Anderson, who was diagnosed with juvenile arthritis at age 4, has used a power wheelchair since her teens and is well-versed in managing the high costs of chronic illness. Anderson makes her living as a writer and chronic illness advocate and is the author of the award-winning blog *The Seated View*. But, not so long ago, Anderson watched helplessly as her own slow creep into medical debt pushed her to the brink of bankruptcy. "For a long time, my medications and the costs incurred with my disability (wheelchair repair, etc.) had been accumulating," she explained. "Every month, the debt ratcheted up a bit more, and every month, I tried to pay off as much as I could. I reached a point when the minimum payments were so significant that I never paid off any of the principal, and when paying that minimum put me so far behind that I had to use credit to buy medication. It was a vicious cycle. Five years ago, I found myself paying off one credit card with another, and I knew it was time to face facts and do something drastic about it."

For Anderson, taking back control began with seeking credit counseling and considering all of her options, including bankruptcy. "For a number of reasons, declaring bankruptcy was not the ideal solution for me, so I ended up with a debt settlement plan," she said.

Tactics to Help Beat the Odds

Financial experts and patient advocates agree that mounting medical debt is a widespread problem for millions, with no

simple solution. While each patient's scenario is unique, individuals can take a number of practical steps if they find themselves overwhelmed by accumulating bills. Laurie Miller, a registered nurse and patient with chronic illness, advises the following:

- Check your medical bills thoroughly. Hospitals and clinics bill insurance and patients based on a diagnosis code or procedure code. This means they bill for an estimated cost of the entire procedure rather than the actual procedural costs, including the cost of paying medical professionals, use of facility equipment and the number of supplies used during a procedure. It is possible that you are being charged for items or services you don't actually need, so ask for itemized statements. If you were billed for a particular item or service you did not use, it can be removed

Helpful Resources

- Patient Advocate Foundation (PAF) (www.patientadvocate.org) offers a range of services for patients facing medical debt crisis issues, including referrals to charity care and assistance with setting up payment plans. If a patient has a diagnosis that qualifies for copay assistance, the patient may be referred to PAF's Co-Pay Relief Program to determine program eligibility.
- Needy Meds (800-503-6897, www.needy meds.org) provides a prescription savings card that enables those eligible to get discounts on certain medications at participating pharmacies throughout the nation.
- RxAssist.org offers a database of drug assistance programs provided by pharmaceutical companies that enable patients to receive assistance with numerous medications.
- The Partnership for Prescription Assistance (www.pparx.org) also helps people find prescription assistance programs, as well as free or low-cost healthcare clinics.
- Medicare Rights Center Hotline (800-333-4114) is available to seniors or individuals with a disability. When using the service, callers can learn about Medicare and other resources available to them for obtaining public health insurance. The hotline also offers assistance for dealing with medical bills.

from the bill, or the amount can be refunded to you if payment was already received.

- Be proactive; ignoring medical bills will not make them go away. When you are sick and have to go to numerous providers, as well as experience numerous hospital stays, the piles of medical bills can be enormous. You will get one from every doctor and service provider, as well as from every laboratory and radiological facility. You will also usually be billed separately for emergency physicians and anesthesiologists. Often, if you initiate contact with the hospital business office, the staff may be willing to work with you, offer financial aid and/or set up a plan with payments that are within your means. Explain your financial situation to them, including your income and the number of medical bills you have incurred. Ask if you qualify for financial assistance, which will enable you to pay less for each bill. Just don't wait until bills are past due to explore your options.

- Ask for combined accounts to streamline payments. Oftentimes, medical bills have different account numbers for every clinic visit and every hospital visit. It is usually possible to combine those account numbers so you will only have one clinic bill payment and one hospital bill payment, but you will probably need to ask the business office staff to do this for you. The benefit of this is that you will have one hospital/clinic payment rather than five payments going to five different account numbers at the same hospital/clinic. You will usually need to deal with the hospital business office and clinic business office staff separately.

- Don't take out a loan or second mortgage to pay off medical bills. While hospitals and health systems will often work with you to pay for your healthcare costs, most banks do not. You don't want to lose your home while trying to pay off medical bills. Remember, if you still owe money to the bank for your home, including a second mortgage or line of credit, the bank owns your home and can repossess it at any time if payments should stop. If you must, consider refinancing your home instead so your monthly mortgage payment is less. This may then enable you to contribute more toward your medical bills.

As Anderson discovered when her debt load exceeded her ability to pay, contacting reputable credit counseling services can offer much-needed relief, especially if other options to negotiate the debt are unsuccessful. These types of services are often free and can offer assistance with setting financial goals, planning a working budget and paying down debt. Sometimes, a credit counselor will arrange to receive one payment from an individual and then pay individual bills for him or her. While this may seem humiliating, it can also greatly reduce stress.

Shaking Off the Shame

The financial consequences of skyrocketing medical debt are easy to calculate. What is less obvious is the heavy emotional toll associated with unpaid bills. Illogical as it may seem, many people feel intense shame when it comes to medical debt, an emotionally toxic situation that can lead to even further declines in health. In an effort to avoid getting deeper in debt, some patients may stop seeking medical care altogether. A study in the *Journal of General Internal Medicine* showed that over two-thirds of those who either had current medical debt or had been referred to a collection agency reported it caused them to seek alternative sites of care or to delay or avoid seeking subsequent care when needed.³

In a nutshell, patients who can't afford to pay are less likely to seek care because they are ashamed about their debt and don't want to end up owing more. Still, as Anderson learned, confronting the problem head-on can be an important first step in getting the help needed to recover mentally, emotionally and financially. "It's important to remember there is no shame in not being able to stay ahead of a debt that's incurred simply because you're sick. It's not like you're going out clubbing every night, putting champagne on your cereal and have a gold Ferrari in the garage," she says. "The money is going to medication, doctor's appointments and the tests you need to stay ahead of your condition."

New Reporting Standards Offer Collection Agency Reprieve

When you are ill, the effects of medical debt on your FICO score may seem like the least of your concerns. But unpaid accounts that go to collections can haunt people for years, limiting their ability to qualify for a home or car loan or obtain other types of credit in the future. According to a 2014 report by the Federal Consumer Financial Protection Bureau,⁴ as many as 43 million Americans have medical debt in collections that has adversely affected their credit. The study also found that for 15 million consumers, medical debt was the only blemish on their credit report. In an effort to address this issue, the three major credit reporting agencies — Experian, Equifax and TransUnion — have established a 180-day waiting period before including medical debt on a consumer's credit report. The policy went into effect in late 2017, and the new six-month period is intended to provide enough time for individuals to resolve disputes with insurers and delays in payment before their credit score takes an unnecessary hit.

Remain Proactive to Get Back on Track

Without question, navigating a maze of medical debt can make it feel as if the odds — and the bills — are stacked against a person. From an unexpected emergency room visit or the loss of a job that provided health insurance, to the long-term costs of a chronic condition, medical debt is a daily reality for one in five

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Americans. For those affected, digging themselves out can seem daunting or even impossible. The good news is options and resources are available, as long as individuals remain proactive and seek help while negotiation is still possible. "Don't lie to yourself," says Anderson. "I should have faced facts a couple of years before I did, but I kept telling myself that I could absolutely make a dent in my debt. This was a complete delusion. In the end, a negotiation with my creditors led to me committing to pay back part of my debts, and after five years, I have just finished that process. This situation allowed me to get a handle on my finances and even build up my savings again." ■

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