



Making Cents of Medical Debt

You can keep health care costs from spiraling out of control.

BY KIMBERLEE ROTH

Nayda Cuevas knows how easy it can be to fall behind on medical expenses. Cuevas, who's 48 and lives near Daytona Beach, FL, was diagnosed with multiple sclerosis (MS) in 2002. Her medications run about \$1,500 each month; co-pays alone amount to over \$200. Last year she received aid from a program that covered most of the cost, leaving her with a \$50-a-month share that she found manageable. But that ended. "If another organization can't help, I'll have to stop taking my medication," Cuevas says.

Many Americans face mounting medical costs. About one-third of adults age 19 to 64 had problems with medical bills in the past year or owed money for medical care, according to a 2006 report from the Commonwealth Fund, a private foundation working to improve the health care system.

And medical bill problems lead to other problems. A 2005 study from researchers at Harvard University found that illness and its related costs played a role in about half of all bankruptcies in 2001. The study investigators also found that, in the two years before filing, more than 50 percent went without a needed visit to the doctor or dentist and 43 percent didn't fill a prescription—all due to cost. Many took out higher-interest second mortgages to pay for medical expenses, putting their homes and credit ratings on the line.

"Quite often medical debt—whether it's \$500 or hundreds of thousands of dollars—can be back-breaking," says Gail Cunningham of the National Foundation for Credit Counseling, a nonprofit credit counseling group. It's not the amount of debt as much as whether "it interferes with meeting your living expenses," she says. Such expenses include rent, mortgage,



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utilities, food, car payments, insurance premiums, child-care, and maintenance prescriptions.

It's not only people who are uninsured who face mounting debt; insurance is no panacea. In the Harvard study, more than 75 percent

had insurance at the start of the illness that led to bankruptcy. High deductibles and co-payments as well as services not covered by one's policy—in many cases, certain medications, psychiatric care, and physical therapy—can quickly cause debt to rise.

But there are steps you can take to prevent, manage, and get out from under medical debt.

KNOW YOUR INSURANCE POLICY

That's the single most important thing for people who are insured, says Andrew Cohen, community research coordinator at The Access Project, a nonprofit research group that also offers medical debt resolution help. Policies can be confusing, but read through and call the company if

you have questions. In particular, "try to understand where the more obvious out-of-pocket costs will come from and what your network of care is," he says, adding that costs associated with out-of-network care are a big factor in medical debt. Also be sure you know your insurance carrier's appeals process. If you don't see it in your policy, call the company to find out.

SAVE

Cunningham recommends that people save as much as possible. While savings may not cover your expenses in case of a severe accident or major illness, a cushion "is going to help you weather small storms." Try to set aside 10 percent of your family's take-home pay each month or each pay day, to be put into a liquid savings vehicle such as an interest-bearing money market account.

NEGOTIATE

If you know you're going to incur a non-covered medical expense, or you don't have insurance, talk with your doctors ahead of time to try negotiating a discount in their

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fees. In a small medical practice, you might speak with your doctor directly. In a large practice, talk to

the manager of patient accounts or billing manager. Titles will vary, so ask who has the authority to make those decisions.

If you've already incurred the expense and owe the doctor or hospital, ask to set up a payment plan. Often health care providers will do this at no charge and with no, or low, interest. The industry standard is repayment over 12 to 24 months, says Cohen, but if you need longer, don't be afraid to ask.

All nonprofit and many for-profit hospitals offer charity care. Ask the hospital's patient accounts office for a written policy of its charity and indigent care policy. Read it carefully and inquire about whether you qualify. You may hear that federal regulations prevent doctors and hospitals from waiving charges or discounting prices. It's simply not true. So don't be afraid or embarrassed to ask.

REVIEW BILLS

Check the medical bills you receive carefully. Request an itemized bill, and if you have questions about any of the charges, call the provider's billing office to clarify. If you dispute any of the charges, save copies of all correspondence to give to your insurance company.

Although debt may result from a single hospital stay, illness, or accident, you might receive bills from several different places and providers. It clearly requires more effort and time, but be sure you contact each creditor to negotiate, says Cohen.

BE CAREFUL WITH PLASTIC

Avoid charging medical expenses to a credit card. Instead, ask to work out a payment plan with your doctor's office or hospital; any interest rate is likely to be lower than the rate on your card. Be especially wary

of credit cards geared toward medical expenses, as they tend to carry high rates. And think hard before taking out a home

equity loan to pay off expenses. Medical debt is *unsecured* debt, explains Cunningham, meaning it isn't attached to an asset the way your mortgage or car loan is. If you take out a second mortgage to pay off medical debt, you put your home at risk. Again, think payment plan instead.

APPLY

Apply to all the relevant assistance programs available, says Cohen. Don't assume you won't qualify, particularly if you are disabled. Check with your state's Medicaid office. You can find a national directory at statehealthfacts.org. Your state's insurance commissioner can be a source of information if you have trouble resolving issues with your carrier. You can find a national directory of state offices at naic.org. Also check with condition-specific advocacy groups for other sources of help that might be available.

SEEK HELP

Dealing with medical debt can be frustrating and overwhelming, so ask for help if

you need it. Credit counselors can assist with setting budgets, working out debt management plans, and also advocating for you with care providers. But be sure to find a legitimate, nonprofit service in order to avoid high fees—or scams. See "Help With Managing Debt" box, below.

For Cuevas, who also serves as a peer advocate for people with MS, "the best thing is to do research. Sit down and [you might have to spend] a couple of hours or even days. Contact different places. Learn. Understand how the system can help you and what procedures to follow. Be sure you understand what they require. Follow through with what they ask."

DON'T WAIT

Cohen says the biggest mistake he sees is procrastination. If one thing is certain, the bills won't go away. Even if you can't afford to pay them when they arrive, make contact with the doctor's office or hospital right away to make payment arrangements. **NN**

Kimberlee Roth is a freelance health writer. She is a regular contributor to the Chicago Tribune and other health publications and is the author of Surviving a Borderline Parent (New Harbinger, 2003).

HELP WITH MANAGING DEBT

If you have questions about managing medical debt, contact the following for more information:

THE ACCESS PROJECT Offers a medical debt resolution service: accessproject.org

PATIENT ADVOCATE FOUNDATION Offers information and resources for patients: patientadvocate.org

NATIONAL FOUNDATION FOR CREDIT COUNSELING Offers online directory of affiliated credit counselors: nfcc.org; Also runs debtadvice.org

THE FEDERAL TRADE COMMISSION Provides information about consumer credit and debt: ftc.gov/bcp/menus/consumer/credit/debt.shtm; For questions to ask a prospective credit counselor: ftc.gov/bcp/conline/pubs/credit/fiscal.shtm