

MEDICAL BILLS CAN MAKE YOU FEEL SICK

Family Foundations Offers Tips on How to Deal with Medical Debt



Through the years, it has not been uncommon for consumers to come to a National Foundation for Credit Counseling (NFCC) Member Agency with concerns about paying their medical debt. As a matter of fact, paying the physician and health care facility was often at the top of the priority pay list. After all, these people may have saved their life, or continued care may be needed. Either way, it was important to the individual to stay on the good side of the medical provider.

Contrary to popular opinion, a recent study by nTelagent, Inc. showed that 65 percent of all bad debt related to health care was the result of *insured patients*, not the uninsured. Further, these debts may not always be in the tens of thousands of dollars range, but the sheer volume of the \$500 to \$1,000 debt is troublesome for both the provider and the patient. With health care costs expected to rise about six percent in 2009, many employers are adding higher deductible plans to what they offer employees, thus shaving off some of the employer's costs. A recent survey of employee-sponsored health care plans conducted by Mercer found that between 2003 and 2007, the median family deductible for in-network services in a PPO, the health plan type offered by most employers, rose from \$1,000 to \$1,500.

Family Foundations recommends the following when struggling to satisfy medical debt:

- **Use caution when applying for a medical credit card** that transfers all of the debt away from the provider and onto the new card. Whereas the medical debt may not carry any interest with it, the credit card will, at least after the initial low or zero interest rate expires. The most likely candidate to be offered such a card is the individual who is struggling to make the medical payments on time. It's not too far of a leap to think that this same individual may not be able to service the medical credit card in a timely fashion, which often results in double-digit interest being assessed on the debt. Additionally, whereas the medical provider may not report delinquencies to a credit bureau, the credit card issuer probably will. As is true with any business decision, do not be rushed into such an arrangement.
- **Go over your bill with care**, noting any items you do not understand, as well as any charges you want to question. Estimates show that an extremely high percentage of medical bills contain errors, and it is highly unlikely that the error will be in your favor. Watch for duplicate billing for the same service. This procedure gets complicated, as you may be receiving bills from several different providers, but the time spent confirming all charges can save you hundreds, if not thousands of dollars.
- **Inquire to see if you qualify for any type of charity or other write-downs.** This is essential if you are not insured, but even those who carry health insurance can often negotiate a better payment, particularly if they're underinsured. Start by asking what the fee would be if you were a Medicare patient. Don't be surprised if it's as

much as 50 percent less than what you were charged. You will have to work out separate payment arrangements with each provider, but again, this will be time well-spent.

- **Make sure you understand what you should be paying and what your insurance company is responsible for.** Stay in the loop, making certain that payments are being disbursed on time. Many people don't understand that the ultimate responsibility for payment lies with them. Therefore, you'll want to stay on top of any dispute between the provider and your insurance company.
- **Have a friend or family member advocate for you.** Particularly with a hospital stay or serious illness, your judgment may be temporarily impaired. If you don't feel up to dealing with the business office alone, don't be ashamed to ask for assistance. There are professionals who can help you wade through the insurance quagmire and make sure you understand exactly what you should be paying for. Reach out to Family Foundations for such help.

Family Foundations stands ready to help. To reach us, call (904) 396-4846 or go online to www.familyfoundations.org.

About Family Foundations

You don't have to solve your financial problems alone. Family Foundations has trained and certified credit counselors who offer financial management and debt reduction services. Family Foundations is a nonprofit, community-based organization and a Member of the National Foundations for Credit Counseling (NFCC). For more information on Family Foundations, call (904) 396-4846 or visit www.familyfoundations.org.