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Health Sense

High medical bills don't have to lead to bankruptcy

It's bad enough to have to fight a serious illness. But more and more Americans are finding that, just when they are at their physical and emotional lowest, they also must fight the system to get help paying their medical bills.

Sometimes that's because they have no health insurance at all. Marcia Soule, 59, of Carver, for instance, was diagnosed with breast cancer late in 2003 and quickly ran up \$25,000 worth of medical debt that she had no way of paying.

But shockingly, most of the time, financial crisis comes for people who *have* health insurance but discover, while they're still reeling from bad medical news, that their insurance isn't as good as they thought.

Michelle Morse of Manchester, N.H., was a 20-year-old, full-time student at Plymouth State University in December 2003, when she was diagnosed with colon cancer. Her doctors wanted her to drop out of school for surgery and 20 rounds of chemotherapy (13 down, seven to go). But if she had dropped out, the family would have had to pay an extra \$550 a month for insurance, on top of the \$290 they already pay.

"We didn't have that kind of money," said her mother, AnnMarie, a teacher whose husband is a sales manager for a food broker. "Michelle has had to stay in school," even though the cancer has spread to her lungs and she is exhausted much of the time. "I feel guilty she had to make that choice."

American families already coping with serious medical problems are being forced into medical debt or bankruptcy at an alarming rate, according to two new studies.

One study, conducted by Drs. David Himmelstein and Steffie Woolhandler of Harvard Medical School and published this month in *Health Affairs*, found that half of all bankruptcies, involving 700,000 American households and affecting more than 2 million people annually, are attributable to illness or medical debt. They also found such bankruptcies increased 2,200 percent between 1981 and 2001.

The other study, still unpublished, by Jennifer Edwards of the New York-based Commonwealth Fund, a research and policy think tank, found that 29 million Americans -- 14 percent of all adults -- are in serious medical debt, which means they have put large medical bills on their credit cards, taken out second mortgages on their homes or are in a payment plan with their hospital or other provider.

The studies found that most people who wind up in medical debt or bankruptcy -- two-thirds in the Commonwealth study and three-quarters in the Harvard study -- had health insurance when a family member got sick.

The emerging picture is "frightening," said Himmelstein, an associate professor of medicine at Harvard Medical School and a primary-care physician at Cambridge Hospital. "Most of the medically bankrupt were average Americans who happened to get sick. Health insurance offered little protection." Often, people had health insurance through their employers, then lost their coverage when they had to quit their jobs because of illness.

Clearly, the system is a mess. But there are things you can do if you are facing high medical bills -- and some things you should not do.

First and foremost, if you have no insurance and think you may qualify for government assistance, apply for it. And, if the bureaucracy and application forms intimidate you, get help.

Marcia Soule's savior was a patient advocate who, she said, "fought the system for me while I was here fighting for my life." The advocate, Ann Stewart, works at the Quincy-based Commonwealth Hematology Oncology group, which has set up a patient-advocacy program specifically for financially-strapped patients.

Stewart said she helped Soule fill out the forms to receive MassHealth, the state's Medicaid program. She also helped her negotiate a payment schedule. Soule now pays \$25 a month to one hospital, \$26 a month to another, \$20 a month to her oncologist and similar amounts to various labs and the surgeon who did her mastectomy.

With any medical bill, of course, especially a big one, it's also crucial to "make sure it is accurate," said Mark Rukavina, executive director of The Access Project, a Boston-based research and advocacy group on health-access issues. Look at the itemized bill and check each item against your medical records to make sure that you received the services for which you are being charged. "Significant billing errors can occur," Rukavina said.

Also make sure that you are not being "balance billed." It is "totally illegal" for providers to ask you to pay more if Medicaid has already paid your bill, said Randy Boyle, a staff attorney at the Los Angeles-based National Health Law Program.

Try not to put large medical bills on your credit card, "and for goodness' sake, if you owe credit card debt, don't get a home equity loan to pay it off" because you could lose your house, Boyle said.

Instead, negotiate with your doctor or hospital to reduce your bill or allow you to pay in installments, said Ann Kempfski, director of health systems policy at the Washington-based Service Employees International Union.

But negotiate right away. "Once you pay your medical bills by credit card, you can no longer ask the hospital to negotiate," said Woolhandler, an associate professor at Harvard and a primary-care physician at Cambridge Hospital.

And don't let a hospital persuade you it can't negotiate. Hospitals are free to give discounts off their sticker price charges, Kempinski said.

Some hospitals also have charity care, so look into it. "Even if you have a middle-class income," Kempinski said, "you can make the argument that the medical bill is so high relative to the income that it's still squeezing blood from a stone."

But, no matter what you do, there may be very hard choices. If Michelle Morse had not decided to go back to school full time, her mother said, "We wouldn't be living on the streets but we would be in debt. We wouldn't be able to live in this house. And our son would not be able to be in school."

So far, Morse is toughing it out. She expects to finish this round of cancer treatments this spring and hopes to graduate in May to fulfill her dream, teaching elementary school.

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