

From the Doctor's Office to Bankruptcy Court

The Financial Ruins Caused by Health Costs

Tuesday, March 23 | 1-2:30 pm EDT



SPEAKERS



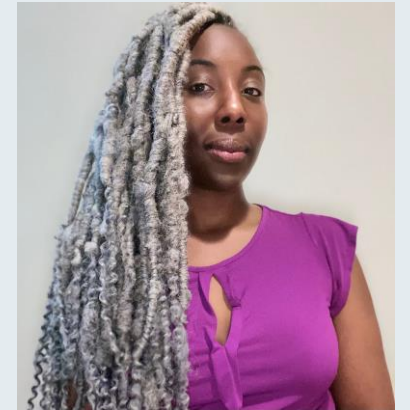
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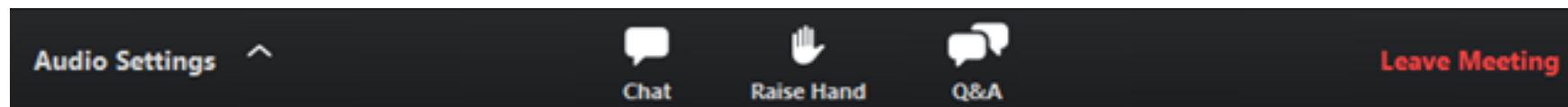
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Consumer Quotes

“I do get health insurance through my school, but I can’t afford the co-pays to go to the doctor—so I just don’t go.” – GABRIELLE

“I was diagnosed with breast cancer. We had good health insurance, but I was out of work for a whole year and my husband had to foot all of the bills and take care of the kids. This wiped out \$50-\$60k savings that we had been building for 20 years, since college. We’re just average working people. It’s hard to come back from that. We have never recovered from that.” – AYLA

“My main debt is medical. A few years ago, I had to have brain surgery. I’m still paying off six figure bills, medical bills.” – JANICE

Background

- Medical debt...
 - is the number one cause of bankruptcy in the U.S.
 - is the most common form of debt in collections
 - amounts are smaller than might be expected, less than \$1000 at the median
 - more prevalent in the South and in communities of color

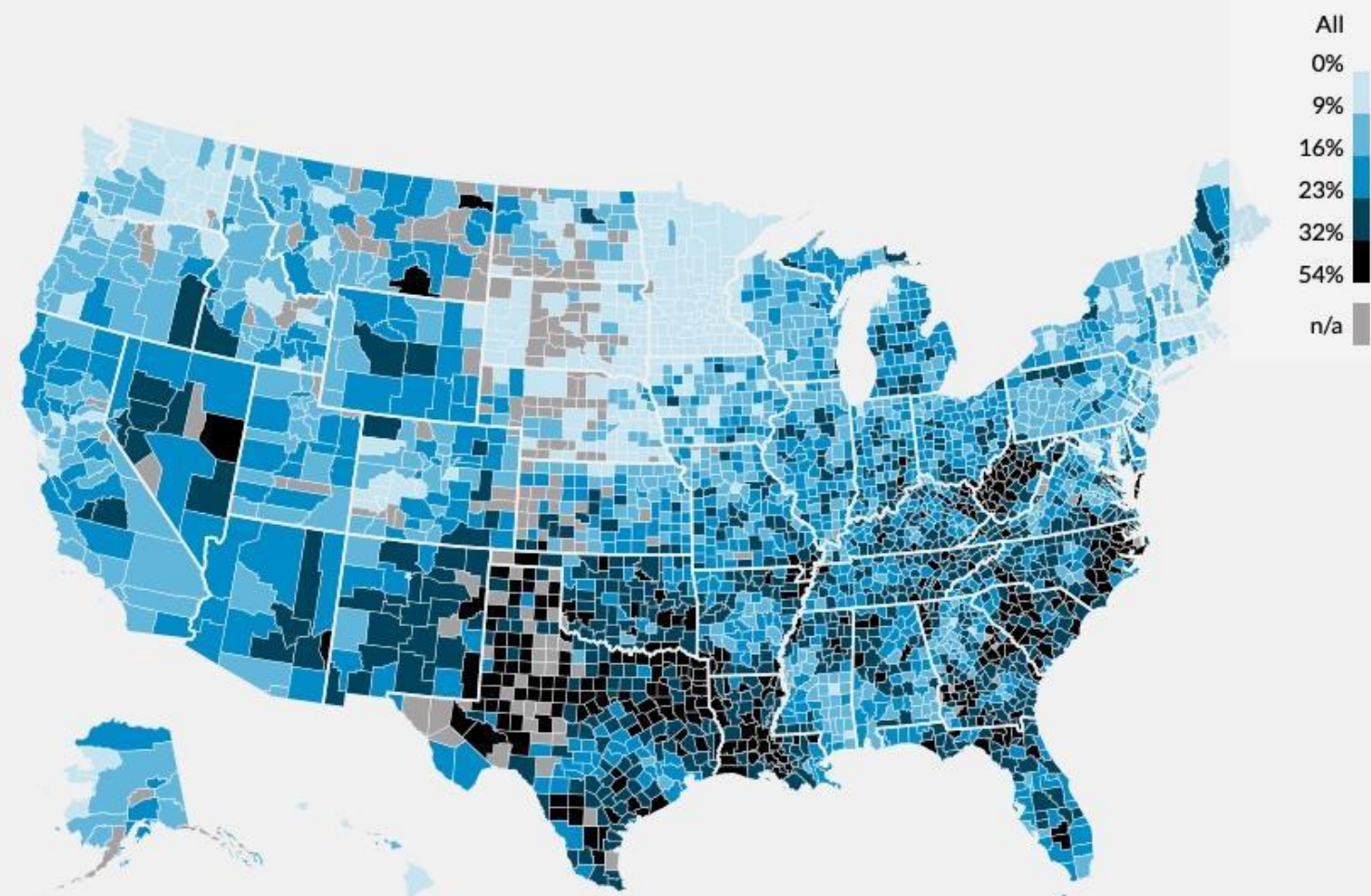
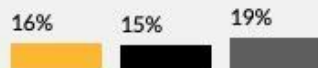
Search for a state or county



Currently viewing **Share with medical debt in collections**

All ■ White communities ■ Communities of color ■

National



Click on the variables below to see how debt affects communities across the US^a

Share with any debt in collections

31%	26%	42%
All	White communities	Communities of color

Median debt in collections

\$1,639	\$1,614	\$1,643
All	White communities	Communities of color

Share with medical debt in collections

16%	15%	19%
All	White communities	Communities of color

Share of student loan holders with student loan debt in default

13%	11%	17%
All	White communities	Communities of color

Auto/retail loan delinquency rate

4%	3%	6%
All	White communities	Communities of color

Credit card debt delinquency rate

4%	3%	7%
All	White communities	Communities of color

Nonelderly Black Americans Are More Likely to Have Past-Due Medical Debt

Share with past-due medical debt



Source: McKernan, Braga, and Karas calculations from the 2015 National Financial Capability Study, adults age 18-64.

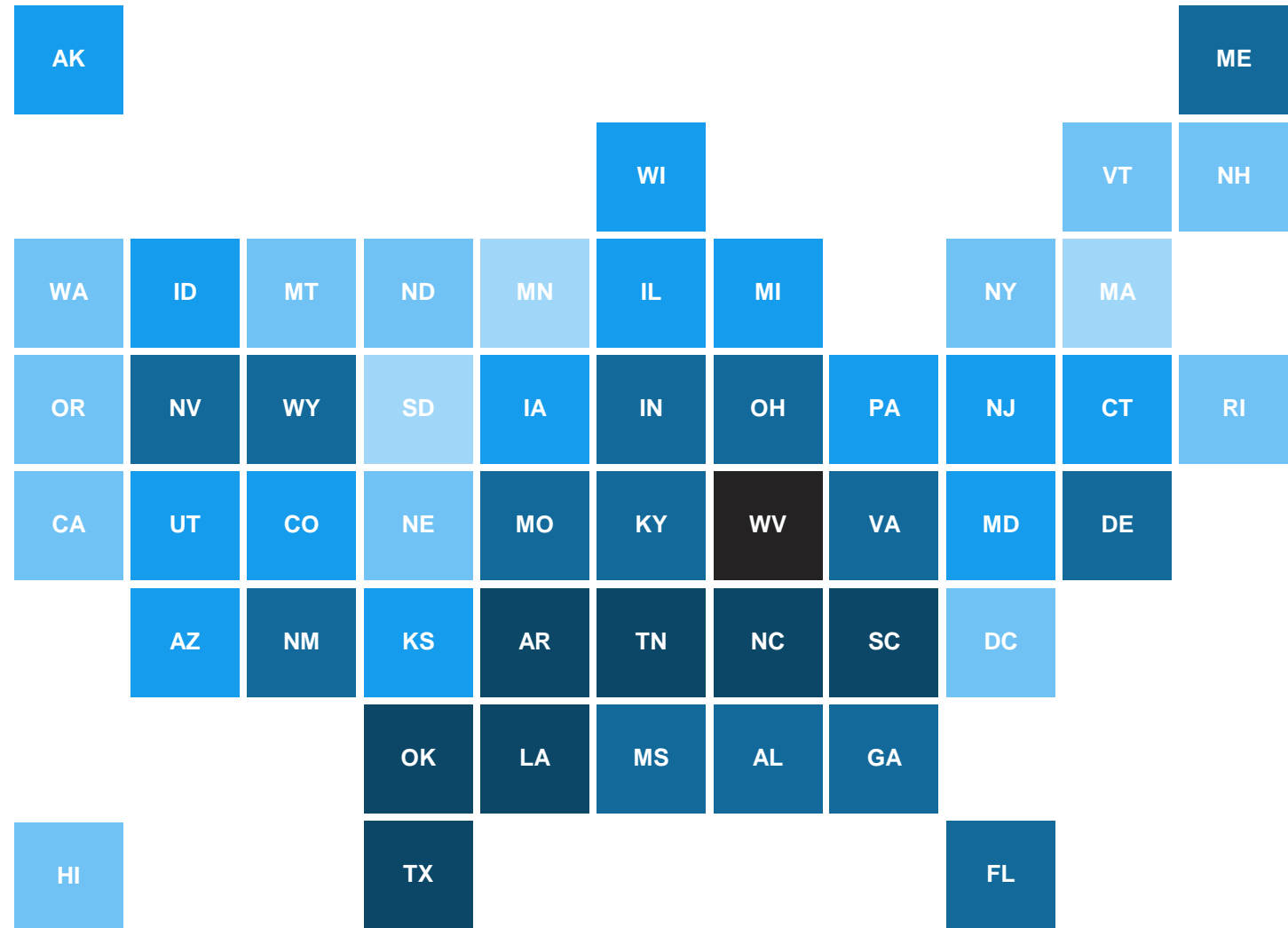
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Share of Americans with Medical Debt in Collections: **14.6%**

(as of 12/20)

Geography of Medical Debt in Collections has not changed much since 2018.

2.4-5%	15-19.9%
5-9.9%	20-24.9%
10-14.9%	25-27%

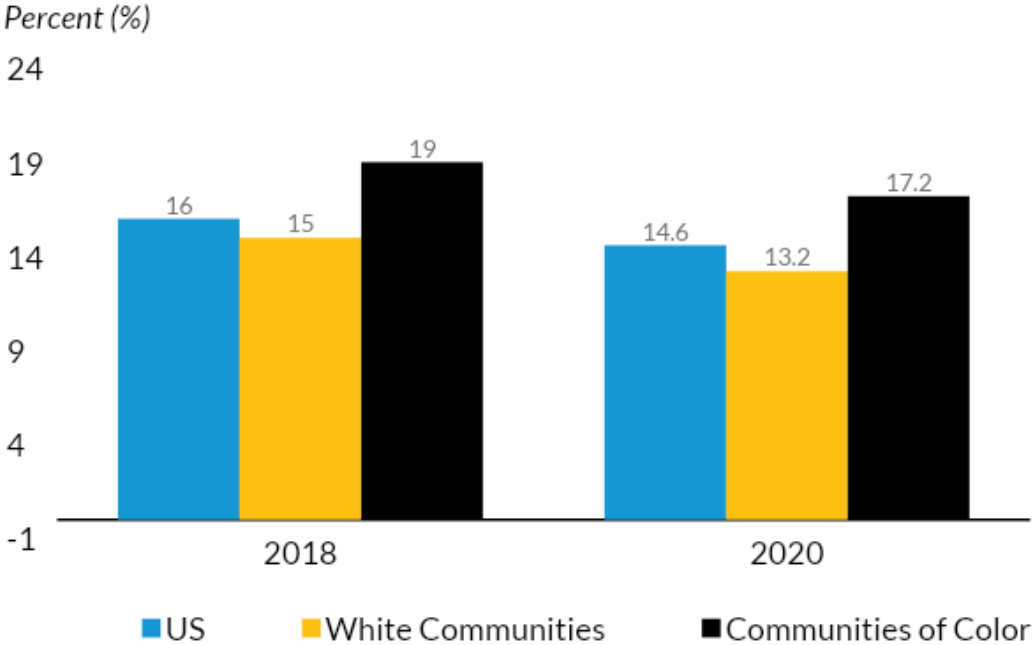


Among the 100 counties with the highest share of residents with medical debt in collections (at least 34.8%), nearly all are located in Southern states

State	Number of Counties
Texas	41
North Carolina	13
Georgia	10
South Carolina	8
Virginia	8
Arkansas	4
Louisiana	3
Missouri	3
Florida	2
Kentucky	2
Mississippi	2
West Virginia	2
Arizona	1
Oklahoma	1

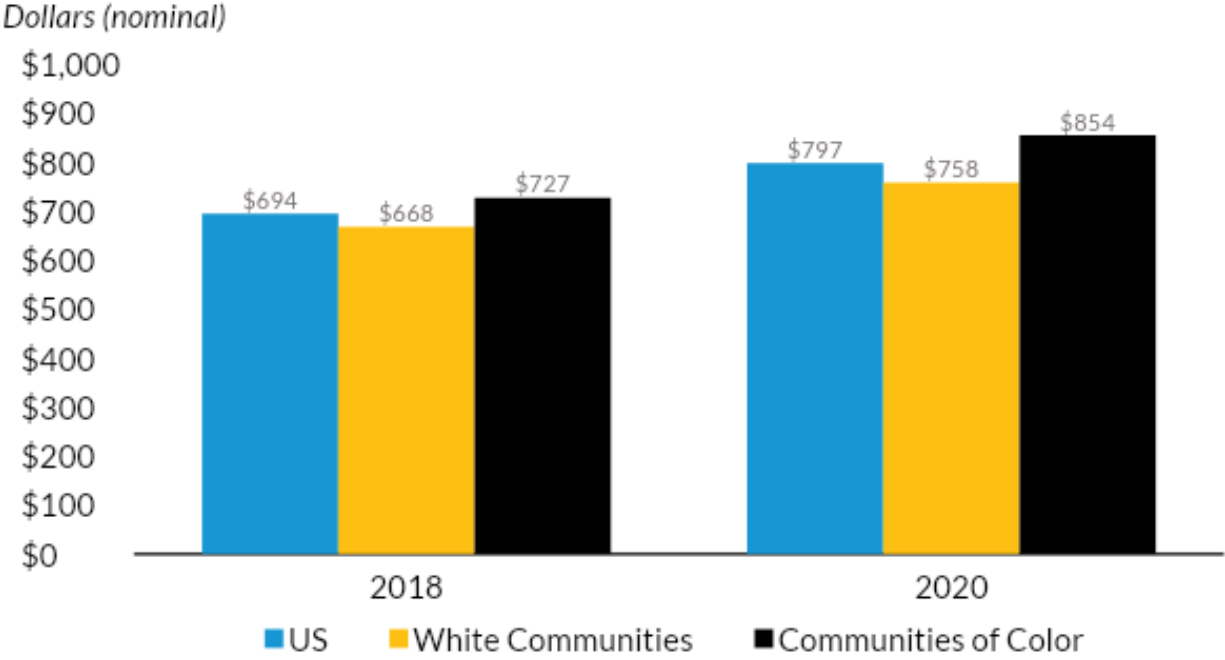
Percentages in debt down, but amounts up slightly

Share of Adults with Medical Debt in Collections



Source: Urban Institute analyses from credit bureau data, drawn from *Debt in America* and *Credit Health during the COVID-19 Pandemic*.

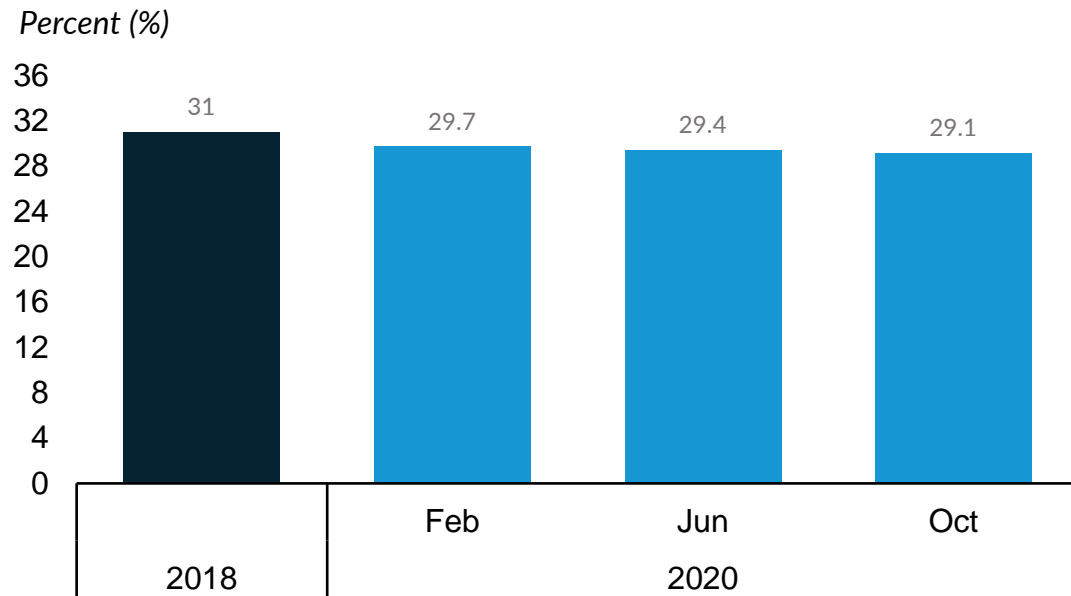
Median Amount of Medical Debt in Collections



Source: Urban Institute analyses from credit bureau data, drawn from *Debt in America* and *Credit Health during the COVID-19 Pandemic*.

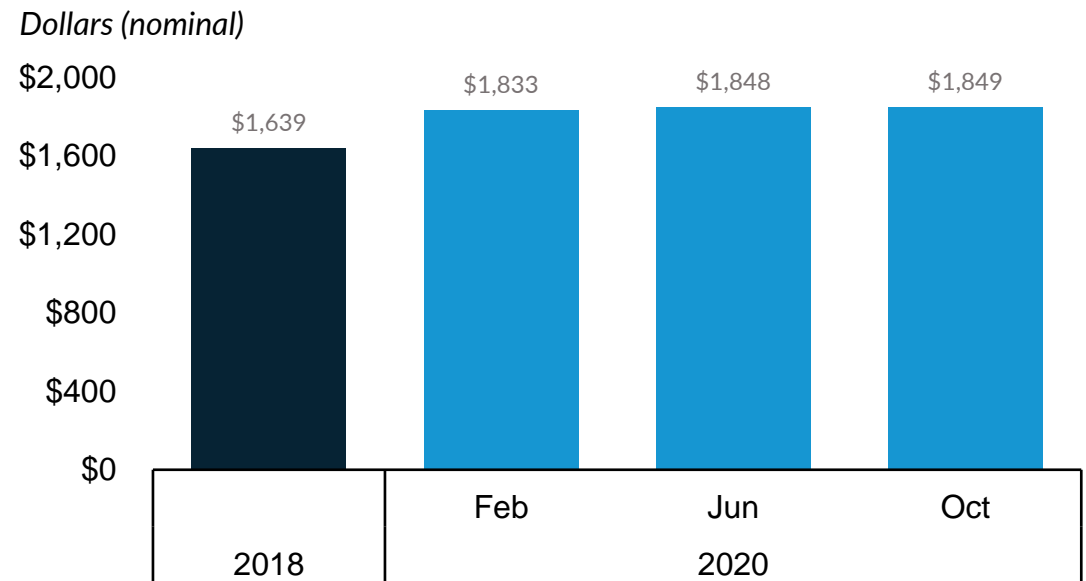
Trends for Medical Debt Follow Any Debt

Share of Adults with Any Debt in Collections



Source: Urban Institute analyses from credit bureau data, drawn from *Debt in America* and *Credit Health during the COVID-19 Pandemic*.

Median Amount of Debt in Collections



Source: Urban Institute analyses from credit bureau data, drawn from *Debt in America* and *Credit Health during the COVID-19 Pandemic*.

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Pathway to Medical Debt

INCUR EXPENSE

- Lack of or insufficient **insurance coverage**
- Often onus on individuals to determine **eligibility** for Medicaid and hospital's charity care
- Lack of **transparency and misinformation** on price and cost of care

MANAGE BILLS

- Lack of **pricing transparency** and **complexity** in insurance coverage results in unexpected or larger than expected bills
- High prevalence (30 to 80%) of **errors or overcharges** in medical bills burdening patient to try to resolve
- Impact of medical debt on **credit scores** can result in people paying bills they might not even owe

DEAL WITH DEBT

- Unpaid bills leads to **debt in collections**, with one-fifth of all consumers' credit affected by medical debt
- Debt sold to third-party makes it **harder for patients to negotiate** or clear an error
- Collectors can report the debt to credit bureaus, negatively impacting credit, and can initiate **litigation** which often leads to default judgements

Q & A



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Q&A

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