Medical Bills The Number One Reason For Filing Bankruptcy - How To Reduce Medical Costs

October 14, 2013 - A study conducted by NerdWallet earlier this year found that unmanageable medical bills are now the number one reason for bankruptcy filings in the United States. The study, which included court data, found that large medical bills now surpass being overextended on credit cards as the primary reason for bankruptcy filings. More importantly, it's not just the uninsured being forced into bankruptcy court as a result of medical bills. The study found that by the end of the year, more than 10 million insured American adults will have unpaid medical bills for services rendered in 2013. The good news is that patients may be able to reduce the amount they owe with a little leg work.

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One of the primary reasons for unpaid medical bills among the insured is that many people have high-deductible insurance policies. This type of policy may have out of pocket maximums of $10,000 or more. The value of such a plan is dubious at best. It may very well help you if you have a major illness or accident requiring hospitalization, but it may only partially cover your charges in other areas. And most people would probably agree that an unexpected medical bill of $10,000 would impact their standard of living.

Overall, medical bills will force nearly 2 million Americans into bankruptcy this year. There is a pretty good chance that some of these filings could be avoided with a little work on the part of consumers. Here is some information to keep in mind when facing medical situations.

Planning

It may be tough to plan for certain medical conditions. If you leave for work tomorrow morning and get into a major accident, there isn't much you can do about that. But a surprising number of medical situations can be planned. This is true for many medical tests and may even be true with things like major surgeries.

Hospitals don't typically publish price lists. But they will give you pricing on services if you ask for them. You can also check the Center for Medicare and Medicaid Services database. The database doesn't cover all procedures or all hospitals but it will give you information on charges for a wide variety of hospital procedures. The difference from one hospital to another can be tens of thousands of dollars.

There may be other resources available to you, depending upon where you live. Start out on Google and search using your state's name and the term "hospital pricing comparison" (don't use the quotation marks). I did that in my area and

then looked at coronary artery bypass graft surgery on one of the comparison websites I went to. At Harbor UCLA Medical Center, the charge for surgery was $64,264. While that may seem like a lot, consider that the same surgery at Garfield Medical Center was listed at $452,592. Both facilities are in Los Angeles County. It pays to plan.

If you know that you are going to be taking prescription drugs while you are in the hospital, have your doctor prescribe them ahead of time. Get them at your local pharmacy and tell the hospital to use your already dispensed prescriptions rather than to give you their own drugs. The savings from doing this can be huge.

If you think that you will need sleeping pills, or analgesics like Ibuprofen or Acetaminophen, bring your own from home. That could mean the difference between a headache that costs you 25 cents (using your own medicine) or $60 (using the hospital's medicine).

Dealing with hospitals

If you are uninsured, or underinsured, start calling hospitals ahead of time if you can. If you need to have a specific surgery or procedure, ask the hospital for their rates for the procedure you are going to have. Make sure that they know you don't have insurance. Some hospitals may not agree to work with you, but other may very well have a different lower rate for you.

Depending upon which state you live in, there may be state laws that allow you to get discounted or free hospital services if you are uninsured or within certain income levels. Check with your state insurance commissioner and with your state's Department of Health.

If you are dealing with an already incurred medical bills - say, from an emergency - call the hospital's billing office. If you are uninsured, let them know this. They don't want you to file bankruptcy because they will get absolutely nothing if that happens. Tell them what you can afford and see if they will agree to take that amount. If not, tell them that you need a payment plan and let them know what you can afford (both monthly and in total) with that.
Prescription Drugs

There are tremendous price breaks for many prescription drugs if you know where to look. Many major pharmacies provide lists of generic drugs that they will sell to the uninsured for $4 to $10. Call around before you try to fill your prescription.

Drug manufacturers also offer assistance. If you meet certain income restrictions, you may be able to get your prescription drugs for free. And many pharmaceutical companies offer discounts of 20% or more to anyone. But you will have to search for printable coupons online.

Additionally, a number of pharmacies offer their own programs for the uninsured. This includes major discount warehouses like Costco.

If you are looking for pricing and discount information on prescription medications, there are two very good online resources worth taking a look at. NeedyMeds.org provides information on name brand and generic drugs, with links to discount and manufacturers' assistance programs. Make sure you take a look at the "First Time Users" section the first time you visit. It can really simplify your time on the site.

Another great site is GoodRx.com. This site will allow you to search for drugs, find the least expensive pharmacy near you, and may provide a coupon for your purchase. Using the site can reduce your medication costs by up to 80% and may be more cost effective than using your insurance.

Will the Affordable Care Act reduce bankruptcies?

While we can't definitively answer this question, we don't think so. It is certainly unlikely to help anyone who is already

insured. The reason for this is that many of the plans being offered on the healthcare exchanges are the high deductible plans we mentioned at the beginning of this article. For those who don't have insurance, the ACA may reduce the risk of bankruptcy but it won't come close to eliminating it for people that have major unplanned medical expenses.

The bottom line here is that just about everyone needs to take an active role in reducing their medical bills. Using the procedures above can help significantly.
byJim Malmberg
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