

Health insurance doesn't always protect people from medical debt

July 1 2011, By Katherine Kahn



In 2010, about 40 percent of Americans -- or 73 million people -- had trouble paying medical bills, up from 34 percent in 2005. Now, a new study confirms that having health insurance coverage is no guarantee against accumulating medical debt for working-age adults. Not surprisingly, the study likewise finds that both medical debt and lack of insurance coverage lead to reduced access to health care.

“We think of insurance as protecting us from unexpected large financial impact. We have car insurance, house insurance and other kinds of insurance for that reason,” said Patricia Herman, lead study author and an economist at the University of Arizona. “There is an expectation that if you have health insurance that you are protected from being financially devastated by illness or injury. Unfortunately, this isn’t

always the case.”

The study, which appears online and in the August issue of the *American Journal of Public Health*, used data from the 2008 Arizona Health Survey of 4,200 state households. The survey included items about whether households were having trouble paying medical bills, if participants had delayed or not obtained medications or other needed medical care and whether participants had chronic health conditions. It also asked questions about household income, ethnicity and health insurance status.

The study focused on adults, ages 19 to 64, as those 65 and older have access to Medicare.

Although 83 percent of Arizonians have health insurance, nearly 27 percent of insured households reported problems paying medical bills or currently were paying medical bills. For those who had been uninsured in the past year but who now had coverage, 43 percent reported difficulties paying medical bills.

In addition, households reporting either medical debt or inconsistent coverage were five to six times as likely to delay filling prescriptions or getting needed health care, the study found, compared to those households that were without medical debt and with consistent insurance coverage.

Sara Collins, an economist and vice president for Affordable Health Insurance at the Commonwealth Fund, a philanthropic organization devoted to increasing access to care, commented on these findings. “If you have gaps in your health insurance, you’re more likely to have problems paying your [medical bills](#) than someone who is insured all the time,” Collins said. “The study underscores the need to make sure people have smooth transitions when they lose a job or when their income

changes.” Collins is not associated with the study.

Medical debt in patients with health insurance is often due to high out-of-pocket expenses, such as coinsurance, deductibles and annual and lifetime dollar limits. In addition, lost wages due to an inability to work often accompany medical debt, higher credit card debt and increased bankruptcy rates.

“In this country, [health insurance](#) is most commonly tied to our jobs, so you can lose your insurance status,” Herman said. “It’s such a double whammy to be hit by that when you’re sick.”

Collins predicts that the Affordable Care Act will provide relief for many people with inconsistent or incomplete insurance coverage, especially households with lower incomes. However, she says, “It will be really important for policy makers to ensure that people will be protected from high out-of-pocket costs as the law is implemented.”

More information: Herman PM, Rissi JJ, Walsh ME. Health insurance status, medical debt, and their impact on access to care in Arizona. *Am J Public Health* 101(8), 2011.

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