

# Medical debt keeps rising, new report shows

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Hard hit by one of the worst recessions in nearly a century, hundreds of thousands of Californians lost insurance coverage across the state as employers shed jobs and the health plans that came with those jobs, according to a new report from the UCLA Center for Health Policy Research.

Among the most alarming trends resulting from the so-called Great Recession: a significant jump in California's already high rate of residents with [medical debt](#).

In 2009, 2.6 million non-elderly Californians had some kind of medical debt — an increase of 400,000 since 2007, the new "State of Health [Insurance](#) in California" [report](#) shows.

The report, published every two years with grant funding from The California Endowment and The California Wellness Foundation, uses the latest data from the California Health Interview Survey (CHIS) to paint a comprehensive picture of health insurance trends, access and coverage status for California's more than 37 million residents.

The report found that medical debt was highest among those [uninsured](#) all of the year (of whom 18.4 percent had debt) and among those uninsured for part of the year (23.2 percent). But even 9.1 percent of those with employment-based coverage reported some kind of medical debt.

"No Californian should have to take on debt to pay medical bills or go

without access to health care just because they lost their job," said Shana Alex Lavarreda, lead author of the report and director of health insurance studies at the UCLA Center for [Health Policy Research](#). "As this [recession](#) has so clearly shown us, linking health care to a volatile job market puts us all at risk."

Yet the report also discusses the potential positive implications of health care reform on California's uninsured population.

"This data clearly indicates the need for successful implementation of the Affordable Care Act," said Dr. Robert K. Ross, CEO and president of The California Endowment. "The rate of uninsured Americans increases annually, and the burden that presents to our health care system is economically unsustainable. Health care reform will ensure that many millions of Californians need not fear a potential health catastrophe just because of an economic downturn."

## **Among the report's findings:**

### **Californians living on 'thin margin'**

About half of those with medical debt reported the amount to be below \$2,000. "It's an indication that people are living on a very thin margin if they don't have even \$2,000 in savings to put towards medical debt," Lavarreda noted.

### **Medi-Cal under stress**

Among enrollees in Medi-Cal, the program that is intended to provide comprehensive care for low-income residents, 18.2 percent had medical debt, a level comparable to the uninsured (18.4 percent). "This suggests that the program may not be providing everything its enrollees need,

either because certain services are not included in coverage or there are increasingly fewer doctors that accept Medi-Cal patients," said Lavarreda.

## **Increasing reliance on high-deductible coverage**

More than 50 percent of Californians with individually purchased insurance participate in high-deductible [health plans](#). Of these, only 8.8 percent purchase these risky plans with a health savings account that might protect them from financial hardship.

## **Recession's toll**

In 2007, 61.8 percent of the uninsured were in families with a full-time worker. In 2009, only 46.3 percent of the uninsured were in families with a full-time worker. The proportion of the uninsured living in poor families (families with incomes below 100 percent of the federal poverty level) climbed from 29.0 percent in 2007 to 33.1 percent in 2009, the highest level in a decade.

## **Lack of insurance equals lack of care**

Uninsured children and adults were significantly more likely to report not seeing a health care provider in the past year (41.8 percent of children and 49.9 percent of adults) than children and adults with employment-based insurance (8.3 percent and 13.4 percent, respectively).

"This report provides yet more evidence of the need for change of our current system of [health care](#) and also of the devastating effect California's budget crisis has had on the programs that support our state's most vulnerable residents," said Diana M. Bontá, president and CEO of

The California Wellness Foundation.

The authors noted that the estimated number of uninsured [Californians](#) may have grown since 2009 (when the data was collected), as the federal subsidy that enabled many laid-off workers to retain their employer-provided [health insurance](#) through COBRA has since expired.

**More information:** The report is titled "The State of Health Insurance in California: Findings from the 2009 California Health Interview Survey."

Provided by University of California - Los Angeles

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