Of Households Currently In Medical Debt:

- **43%** Delayed or did not fill a prescription.
- **62%** Did not see a doctor for a medical problem.
- **43%** Did not get a recommended test or medical treatment.

Source: The Burden of Medical Debt: Results from the Kaiser Family Foundation/NY Times Medical Bills Survey, Jan 5 2016.

**Background**

Millions of people in the US each year are at risk for losing their health, homes, credit standing, and financial security because of the harms of medical debt. A widespread and growing problem, medical debt currently affects 1 in 4 individuals regardless of age, income, insurance status or ethnicity. Unlike regular consumer debt, which is often incurred in a voluntary and predictable manner (such as in buying a car), a serious illness diagnosis or other medical emergency is unplanned, can strike at any time, and leaves families little room to anticipate and prepare for the unexpected costs of treatments or potential reduction in the patient’s or caregiver’s ability to work and maintain steady income.

Credit evaluators and other private organizations have confirmed that medical bills are often reported to credit reporting agencies in error, forcing patients and families to try and fix a billing problem that occurred through no fault of their own. Even in cases where a medical bill has been paid in full or otherwise resolved, the recorded debt may remain on credit reports and negatively affect a patient’s credit score for up to seven years.

Fortunately, the three major credit reporting agencies - Experian, Equifax and TransUnion - have recently responded to these concerns by instituting a 180-day waiting period before medical debt can be included on a consumer’s credit report. This reform is an important first step in giving consumers more time to resolve coverage or billing disputes with insurers, so they are not unfairly penalized in circumstances where they may delay making payments pending a resolution. Additional consumer protections for patients and families are still necessary, however, to minimize the impact of medical debt and its distressing consequences.
The Issue

Patients will often cut corners in their own health care in an effort to maintain financial viability and avoid medical debt. CDC data show that adults will try numerous methods to lower their prescription drug costs, including not taking a prescribed medicine or missing diagnostic tests. Patients have reported being disapproved for loans or mortgages due to medical debts and, as a result, are unable to purchase a new car or home for their family. They also report inability to afford basic cost of living expenses. In a survey conducted by the Patient Advocate Foundation in 2015:

- 42% of patients reported paying utility bills late.
- 39% reported they could not afford groceries.
- 27% reported they have missed rent or mortgage payments.

The Solution

NPAF supports policies and practices that protect patients and families from the distressing harms of medical debt, specifically to:

1. **Promote fairness** in credit rating and reporting practices by addressing the crippling manner that medical debt can follow patients for years, even after the debt has been settled.

2. **Assess all patients for their financial support needs** to help navigate to safety-net services.

3. **Increase cost transparency** concerning patients’ out-of-pocket cost-sharing requirements for medical treatments, drug pricing, etc.

4. **Enhance notification and support for patients** of their eligibility for charity care prior to sending medical debts to collections.

DID YOU KNOW?

Approximately **32 million** Americans report a lower credit rating as a result of medical bills.

Over **70 percent** of those with medical debt were insured at the time care was provided.

Over **20 percent** of medical bills are sent to collection in error.

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5 Collins et al. Insuring the Future, April 2013