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PATIENT MONEY

When Medical Bills Outpace Your Means, Seize Control Swiftly

By LESLEY ALDERMAN

MEDICAL bills have a way of piling up — especially when you're sick or underinsured. Just ask Kirk Kupka, 48, and his wife, Susie, 53.

Mr. Kupka has [multiple sclerosis](#). The Kupkas, who live in Lindstrom, Minn., have an annual income of \$45,000 — a combination of her salary as an office manager and his disability payments.

More than 20 percent of that income goes toward health care. Their annual [insurance](#) premiums total \$5,400, and then there's the \$4,000 Mr. Kupka spends on drugs, doctor's visits and lab fees before he fulfills his policy's deductible.

In the three years since Mr. Kupka's disability forced him to stop working as a [mental health](#) therapist, he has accumulated \$12,000 in debt.

"It's frustrating," he says. "We earn too much to qualify for state and county assistance, but not enough to stay ahead of the bills. I've thought maybe my wife and I should get divorced. But not only is it against our faith, it turns out it wouldn't help."

Medical debt can lead to drastic measures, forcing people to raid their [401\(k\)s](#), tap into home equity lines and, in some cases, declare bankruptcy. Surveys by the [Commonwealth Fund](#), a nonprofit health care research foundation, found that 41 percent of adults said they were struggling to pay their health care bills in 2007, up from 34 percent in 2005. That percentage is almost surely growing.

And as Mr. Kupka's situation illustrates, it's not just uninsured patients who rack up large bills. Nearly two-thirds of those with debt problems, according to Commonwealth, had [health insurance](#).

But insurance covers less and less these days, as employers continue shifting more health care costs to their employees, and as consumers resort to lower-cost plans that come with high deductibles or less generous benefits.

“People who have been faithfully paying insurance premiums for years are coming in with medical bills they can’t pay,” said Gail Cunningham, a spokeswoman for the National Foundation for Credit Counseling, an umbrella group for services that help consumers cope with debt.

But if you’re having trouble paying your medical bills, you’re not helpless, either. There are ways to reduce, or at least more effectively manage, medical debt.

CONFRONT, DON’T IGNORE Procrastinating only leads to trouble. If your bills are turned over to a collection agency, the debt goes on your credit report and will remain there for lenders, and even potential employers, to see. You may have difficulty getting a [loan](#) and, if you do get one, you’ll be charged higher rates. So take action — even if that doesn’t mean writing any checks right away.

Proceed to Step 2:

SCRUTINIZE YOUR BILLS Look over your outstanding bills and make sure the listed services actually square with the care you received. Errors are common. If terms or procedures confuse you, call the hospital’s or doctor’s billing department and ask for an explanation.

If your insurer denied one or more of your claims, resubmit the bills, advises Mark Rukavina, executive director of the Access Project (www.accessproject.org), a nonprofit group in Boston that helps consumers cope with medical debt.

“If that doesn’t work, file a formal grievance or appeal with the insurer,” Mr. Rukavina said. “Even if that fails, most states allow insured patients the right to an external review by a certified third party, often a state agency. And patients should exercise this right.”

HIRE AN EXPERT Try first to [negotiate with your providers](#) for a discount or an extended payment plan. Explain that you simply can’t pay your bills in full right now, and you need some leeway.

If this tactic doesn’t work, or you don’t have the time or energy to haggle, consider hiring a billing specialist — a professional trained to spot errors who speaks the language that medical providers understand and respond to. (You can find a medical mediator at the Medical Billing Advocates of America Web site, www.billadvocates.com).

Some billing experts charge only if they save you money. Others may ask for a retainer up front. Make sure you clarify the terms at the outset.

BE WARY OF PLASTIC It's tempting to get rid of your medical debts by paying them off with a [credit card](#). But if you don't pay off your card balance swiftly, a \$1,200 doctor's fee could balloon to \$1,500 or more over the course of a year. Your large debts might also cause a rate increase on other lines of credit. And while medical debt on your credit report is often viewed with some sympathy, credit card debt is not.

If a hospital offers you a medical credit card at zero percent interest, be skeptical, warns Ms. Cunningham of the credit counseling foundation. The rate typically jumps to double-digit interest if you miss a payment.

SET BOUNDARIES If your debts are turned over to a collection agency, you do have rights. "Debt collectors can be very aggressive and frightening," says Tena Friery of the Privacy Rights Clearinghouse, a nonprofit consumer advocacy organization. "If they call, ask for the name of the caller, and insist that they send you in writing the name of the collector and the amount you owe."

According to federal law, a collector can call only between 8 a.m. and 9 p.m. They cannot threaten you with a lawsuit just to scare you into paying the debt. And they can't garnish your wages, unless they take you to court and win.

For a guide to debt collection, see the Privacy Rights Clearinghouse's Web site, www.privacyrights.org/fs/fs27-debtcoll.htm.

If a collector is harassing you, you can file a [formal complaint](#) with the Federal Trade Commission. And many states have their own consumer protection laws on medical debt.

And Next Time...

LEARN YOUR POLICY'S RULES. Study your plan's Explanation of Benefits carefully so you won't be blindsided by unexpected charges.

"Not knowing is what gets people in the most trouble," says Arden Lee Taber, a lead negotiator for [HealthCare Mediation](#), a mediation firm based in Austin, Tex. He handles hundreds of billing disputes each year.

KEEP A DIARY. Write down every instance of medical care you receive — all exams, tests, medications and procedures. This will help you or a mediator when reviewing your bills.

NEGOTIATE BEFOREHAND. If possible, discuss ahead of time the fees you will be charged for a procedure, test or exam. If you expect difficulty paying, ask about price breaks.

“You can often get discounts of up to 50 percent if you offer to pay right away,” says Mr. Rukavina. “We’re seeing more flexibility these days on the part of providers. Everyone wants to avoid the collection process.”

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