

New Health Law Could Shield Women from Poverty

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Medical debts send far more women than men into poverty and keep them there. If health reform is to offer any aid, it will have to provide women not just more health insurance, but comprehensive coverage as well.

(WOMENSENEWS)--One promise of the new federal health care law is that it will defend against the impoverishing effects of medical debt.

"We learned a lot in Massachusetts about the importance of structuring insurance to make it more affordable and providing the comprehensive benefits people need," said Mark Rukavina, executive director of the nonprofit Access Project, a national health care research center affiliated with Brandeis University in Boston.



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"Let's hope that the federal government and other states will incorporate these lessons in implementing the legislation, so that fewer people will say that the only thing worse than the illness was the debts it left behind."

This promise of health reform is particularly important for women, who are more likely to be sent into poverty by medical bills; women earn less than men and have fewer financial assets to tap.

In 2007, one-third of working-age women, compared to one-quarter of men, were either unable to pay for food, heat or rent; had used up all of their savings; had taken out a mortgage or loan against their home; or had assumed credit card debt because of medical bills, according to a study by the New York-based Commonwealth Fund, a private foundation that studies health policy.

Women with low-to-moderate incomes were hardest hit, with 64 percent of those earning \$20,000 to \$40,000 struggling to pay bills for hospitals, physicians, prescriptions and medical devices.

The Access Project's Rukavina warns that medical insurance alone is no immunization against crushing medical debt.

Massachusetts' 2006 health reform law increased access and provided affordable insurance coverage for thousands of low-income people, he says. But it didn't solve the problem of medical debt, especially for those with inadequate employer-sponsored insurance. In 2008, he says 26 percent of Massachusetts adults with income under 300 percent of the federal poverty level (\$32,508) had medical debt.

"These debts had a profound impact on people's lives," said Rukavina. "Everyone reduced their standard of living and many middle-class people spiraled down into poverty. For some individuals, medical debts compounded other financial problems, such as paying student loans or keeping up with their mortgages. Others ran up huge credit card debt, leaving them with little funds to pay for food, rent and other necessities."

For that reason, some health advocates say it's important that comprehensive coverage be kept in focus as the sprawling health reform law is implemented.

Many Questions Up in the Air

No one knows at this point, however, whether employer-sponsored insurance plans will protect vulnerable women because the enormous task of implementing the statute's more than 2,000 pages of provisions is in its early stages and won't be completed until 2014.

Although the law provides that insurance companies to be required to spend most of the premiums they collect from employers and individuals on the services of physicians, nurses and other providers, the Department of Health and Human Services has not stipulated specific procedures that will be covered and how much employers and individuals will be expected to pay.

Court challenges might drag on for years because many of the provisions in the law are vague, the result of last minute, bitter compromises in Congress. Organizations such as the Chamber of Commerce are already lobbying Congress to amend the law.

Whatever the financial benefits of federal health reform--which starts taking effect in July with a new program for individuals with preexisting conditions who have not had insurance coverage for at least six months--women reach the starting line of this new program with a much heavier burden of unpaid medical bills.

There's nothing the new law does to change that--no provision to extinguish or lower existing bills and debts.

Debt Painful and Pervasive

"Medical debt is pervasive and painful for women," said Judy Waxman, vice president of health and reproductive rights of the Washington-based National Women's Law Center, which studies health, poverty and other issues that affect women and girls.

Deborah Thorne, associate professor of sociology at Ohio University in Athens, says that single women raising children alone often fall into poverty because they are already struggling to put food on the table.

"Many fathers don't provide child support or include the children under their employer-financed medical insurance," she said. "A doctor's bill of \$500 can wipe these mothers out because they have low wages and little savings."

Moreover, 62 percent of all bankruptcies in the United States in 2007 were linked to medical debts, according to a study by Thorne and researchers at Harvard University in Cambridge, Mass. Health insurance offered little protection.

"Three-fourths of the 2,314 women and men in our study who filed for bankruptcy had health insurance at the onset of their illness," said Thorne. "Those with insurance reported an average of \$17,749 in medical debts, compared to \$26,971 for those without insurance and \$22,568 for those who lost insurance during the course of their illnesses."

Women are at high risk for incurring medical debt as they often don't qualify for employer-paid insurance since they work part time or for companies that have less than 50 workers; these companies are not required to provide insurance.

Little Debt, Great Harm

"The most worrisome finding of our 2007 study of medical debts in California was that it didn't take much debt to harm people's lives," said Shana Alex Lavarreda, director of health insurance studies at the UCLA Center for Healthpolicy Research, which is affiliated with the School of Public Affairs of the University of California at Los Angeles. "Of the 2.2 million Californians with medical debt, 1.4 million owed \$2,000 or less."

The study found that problems such as high co-payments can lead to medical debts and inhibit people from seeking medical attention.

Those with debts in the study by Lavarreda and her co-researchers at the center were twice as likely to delay or forego needed health care as those without debts. Delays were higher as the amount of debt increased. Forty-three percent of those with more than \$8,000 in debt reported delays in obtaining care compared to those without debts.

"Nearly 40 percent had high deductibles, which made monthly premiums more affordable," said Lavarreda. "Unfortunately, these policies didn't protect individuals when they suffered a heart attack or developed cancer and had to pay thousands of dollars out of pocket until the insurance took effect."

High co-pays were also problematic, especially for individuals who had chronic conditions such as multiple sclerosis and diabetes. These illnesses are more common in women and require frequent doctors' visits, medications and monitor tests.

As a result, inadequate insurance was a major reason why 1 in 7 working-age adults in California had medical debts in 2007, the study found.

"The problem has probably gotten worse in the last three years because California has been hard hit by rising unemployment," said Lavarreda. "That is why it is so important that the health reform statute be implemented to ensure that people not only have insurance but comprehensive coverage."

Sharon Johnson is a New York-based freelance writer.

For more information:

National Women's Law Center:

<http://www.nwlc.org>

Access Project:

<http://www.accessproject.org>

UCLA Center for Healthpolicy Research:

<http://www.healthpolicy.ucla.edu>

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