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**EMBARGOED FOR RELEASE**

Wednesday, February 18, 2004 12:01 a.m.

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## **MASSACHUSETTS FAMILIES SUFFER CONSEQUENCES OF MEDICAL DEBT**

### ***STUDY FINDS OUTSTANDING MEDICAL BILLS AFFECT HEALTH CARE ACCESS, FINANCIAL WELL-BEING AND WAY OF LIFE FOR BOTH UNINSURED AND INSURED PATIENTS***

Users of the Massachusetts health care system can accumulate debt that causes them to forgo further care, damages their credit and creates housing and employment problems, according to a report released today.

The report, *Getting Care But Paying the Price: How Medical Debt Leaves Many in Massachusetts Facing Tough Choices*, is by The Access Project, a national resource center based in Boston that serves community groups seeking to expand health care access. The Access Project, along with its research partners from the Heller Graduate School at Brandeis University, worked with community members in Lynn and the Codman Square neighborhood of Dorchester to survey 342 clients of the community health centers there.

More than four in ten (41%) of those surveyed reported having medical debt. Seventy-nine percent of respondents with debt said they owed money for hospital care. Strikingly, three-fifths (59%) of those with debt said that it caused them to delay getting needed care.

“The health care safety net in Massachusetts – MassHealth and the uncompensated care pool in particular – has been generous compared with other states,” said Robert Seifert, Policy Director of The Access Project. “Yet these protections apparently are not enough to prevent medical debt.

We were troubled to learn that respondents with debt would delay seeking care in the future. The burdens of mounting bills diminish the strength of the safety net.”

Other key findings in the report include:

- Over half (53%) of the respondents with medical debt said it caused them housing problems, such as being turned down from renting a house or apartment or having difficulty paying the rent or mortgage.
- Over a third (39%) said it caused employment problems, such as having to increase work hours or being denied a job because of bad credit.
- Almost two-thirds (64%) of respondents with debt said they had been contacted by a collection agency and 16 percent were sued in small claims court.

“Every day we see patients who are struggling with poverty – not because they don’t work but because they are saddled with debt from medical care they received years ago,” said Lori Berry, Director of the Lynn Community Health Center and a partner in the research project. “As hard as they work they cannot hope to eliminate the debt they acquired when a family member was ill. For working families, medical debt is lifetime debt.”

The hazards of medical debt were not restricted to those without health insurance in the survey, though this group was more likely to be affected. Nearly three in ten respondents (29%) who had been insured over the entire past year reported having medical debt (52% of those who were uninsured for the entire year had debt). The problem is not isolated to low-income families. One-third (33%) of respondents with incomes over \$25,000 a year reported medical debt.

Bill Walczak, Executive Director of the Codman Square Health Center, another partner in the study, sees the broad range of effects of medical debt. “The stress of debt exacerbates medical conditions, and can have terrible consequences such as increased violence in the home and disruptive behavior in the workplace. It’s horrendous that our own medical system is a major contributor to these conditions. This will get even worse with the elimination or reduction of medical support programs such as Medicaid and the free care pool,” Walczak said.

Medical debt is different from other types of consumer debt because it is not usually acquired by choice. Medical expenses are often unexpected and frequently large. Individuals and families

may find themselves devastated by large medical bills that are beyond their means, even when they responsibly meet their other financial obligations. Recent research demonstrated that nearly half of personal bankruptcies have medical expenses or a medical event as a significant factor. The Access Project has documented similar problems in its work in other parts of the country – in Illinois, Florida and Virginia – and the issue has lately received increased attention as a result of media reports, lawsuits and state and federal legislative activity.

The Access Project is now initiating a national study to examine the causes of medical debt for people with insurance and the financial arrangements that can cause lingering problems for people with involuntary medical debt. “The findings of this report illustrate that the consequences of medical debt are far reaching,” said Access Project Director Mark Rukavina. “This problem needs further investigation.”

In Massachusetts and elsewhere, discussions about rising health care costs and the costs of uncompensated care tend to focus on institutions that serve the uninsured, such as hospitals and health centers, or on taxpayers generally, rather than on the uninsured and underinsured themselves. This study belies the common perception that the costs of care are not borne in large part by the patients themselves. In addition to hindering access to care, the debt can play havoc with other aspects of people’s lives.

“The alarming frequency of the harmful effects of medical debt highlights the need for policy makers to look at current barriers to health care access much more seriously,” said Carlos Juliá, Organizer/Coordinator at the Lynn Health Task Force, a study partner. “It is imperative that we promote a shift toward a more inclusive policy that reinforces and expands public health programs. Otherwise, our children are going to end up paying our medical debts on top of their own.”

*Getting Care But Paying the Price* urges policy makers to consider the fact of medical debt and its potentially severe effects when crafting solutions to the challenges of rising health care costs and lack of health insurance. As the future of MassHealth and the uncompensated care pool are debated, the protections that now exist to protect consumers from medical debt must be preserved and even strengthened, the authors write. They also urge further research to learn more

about the reasons for the high incidence of debt from hospitals, the nature of medical debt from non-hospital sources, and the reasons for medical debt among insured people.

The Access Project received a grant from The Blue Cross Blue Shield of Massachusetts Foundation to conduct the survey and develop the report. Survey data were collected in the summer of 2003. The Access Project will distribute the report to state policy officials to help them address the challenge of the growing number of people who need financial assistance to afford medical care.

*Getting Care But Paying the Price: How Medical Debt Leaves Many in Massachusetts Facing Tough Choices* is available on The Access Project's website, [www.accessproject.org](http://www.accessproject.org). The site also includes links to various reports on medical billing and medical debt and links to related health issue websites. Printed copies of these reports are available from The Access Project, 30 Winter Street, Suite 930, Boston, MA 02108, (617) 654-9911.