

An Apple a Day Keeps the Doctor Away... What about the Creditors?

As the saying goes, “*An apple a day keeps the doctor away, if that were true I’d send bushels to you.*” If only it was that easy. For more and more families, paying for health care is becoming increasingly difficult. Fewer workers receive health coverage through their jobs, and those who have employer-sponsored coverage must pay ever-increasing cost-sharing amounts out of pocket. Health care spending continues to rise at a rapid rate forcing businesses to cut back on health insurance coverage and forcing many families to cut back on basic necessities such as food and electricity, and, in some cases, their homes. Not surprisingly, more and more families must go into debt to pay for the health care services they need.

Over the last decade, employer-sponsored health insurance premiums have increased 131%. Employees have seen their share of job-based coverage increase at nearly the same rate during this period jumping from \$1,543 to \$3,515. The cumulative increase in employer-sponsored health insurance premiums rose at four times the rate of inflation and wage increases during the last decade. This increase has made it much more difficult for businesses to continue to provide coverage to their employees and for those workers to afford coverage themselves. The average employer-sponsored premium for a family of four costs close to \$13,400 a year, and the employee pays about 27% of this cost.

Economists have found that rising health care costs correlate with significant drops in health insurance coverage, and national surveys show that the primary reason people are uninsured is due to the high and escalating cost of health insurance coverage. A recent study found that 62 % of all bankruptcies filed in 2007 were linked to medical expenses. Of those who filed for bankruptcy, nearly 80% had health insurance. According to another published article, about 1.5 million families lose their homes to foreclosure every year due to unaffordable medical costs.

Who are the Uninsured?

The majority of the uninsured are individuals from working families. Two-thirds of the uninsured have at least one full-time worker in their family and 14% have part-time workers. About 80% of the uninsured are U.S. citizens. Uninsured non-citizens include legal permanent residents with green cards, refugees and undocumented immigrants. Uninsured workers are more likely to have low-wage or blue-collar jobs and to work for small firms or in service industries. More than half (61%) of uninsured workers have no education beyond high school, making it difficult for them to get jobs that are more likely to provide benefits.

Those with low incomes make up a disproportionately large share of the uninsured. More than two-thirds of the uninsured have family incomes below 200% of the Federal Poverty Level (\$44,100 a year for a family of four). Aside from the elderly, who are almost all covered by Medicare, the uninsured span all ages. Adults age 30 and over comprise more than half (52%) of the uninsured. About 30% are younger adults (age 19 to 29), who are beginning their careers and often have low incomes or are in jobs that are less likely to provide health benefits. Despite efforts to broaden public coverage for children, 18% of the uninsured are under age 19.

Uninsured and the Difference Health Insurance Makes

About two million people lost their employer-sponsored insurance in 2008. The share of adults who are uninsured, particularly lower-income adults, has been rising because fewer have access to private coverage and they are less likely than children to qualify for public coverage. More than one in six individuals under the age of 65 (17%) was uninsured in 2008, which puts their health and financial security at risk.

While public insurance has lessened the impact of these losses, Medicaid and the Children’s Health Insurance Program (CHIP) do not reach all of those who cannot afford health insurance. Medicaid covers many low-income children, but coverage for adults is more limited. Parent income eligibility levels are set much lower than those of children, who also have

access to coverage through CHIP. Unless severely disabled, even the poorest adults are generally ineligible if they do not have children. Some of those who are eligible for Medicaid are unaware that they qualify for the program and others face hurdles when they apply for coverage.

Medical bills after a temporary illness or bills due to chronic medical problems can force many people to the edge of financial ruin. People have to draw on resources to pay for health care costs, such as using savings, withdrawing money from a retirement account, taking out a loan, or incurring credit card debt. A common perception is that medical debt results from catastrophic medical incidents that can leave people with hundreds of thousands of dollars in unpaid medical bills. These situations do occur, however, out of pocket expenses for health care, such as co-payments, deductibles, or payments for prescription medications or uncovered services are some of the main reasons for people to incur medical debt. Also, people with chronic illnesses often need to seek medical care and use medications on a frequent and ongoing basis.

Delaying or forgoing needed health care can lead to serious health problems, making the uninsured more likely to be hospitalized for avoidable conditions. Overall, the uninsured are less likely to receive preventative care, and consequently uninsured cancer patients are diagnosed later and die earlier compared to those with insurance. Cost barriers to health care have been growing in the past decade, even among insured adults. But the uninsured have lost the most ground and it impacts their health and leaves them vulnerable to high medical bills. **The uninsured are almost three times more likely than the insured to be unable to pay for basic necessities because of their medical bills.**

Even when people are insured, the time off of work and loss of income can make their debt situation go from bad to worse. When the rising costs of healthcare are coupled with the high cost of medical insurance for employers who in turn pass the increases on to employees, it can make just affording health insurance a financial challenge. It can become costly if you or a loved one become sick or suffer a long term illness. If the illness causes you to not be able to work, than this can compound your situation by incurring debt from medical expenses and doctor bills while having little or no income.

There are resources to assist people with health care. BadgerCare is a Wisconsin Medicaid Program that provides affordable health care for Wisconsin's low- to moderate-income families with children. This program provides coverage for families who do not have health insurance; families who can't afford to purchase health insurance; families who are working in a job where family health insurance coverage is not offered; or families who experience a temporary job layoff or job loss. To qualify for BadgerCare, a family must be at or below 185% Federal Poverty Level (\$40,792 a year for a family of four).

The BadgerCare Plus Core Plan provides access to basic health care services to long-term uninsured adults. If your monthly income is at or below (\$1,805 for a single person and \$2,428.33 for a married couple); and you are age 19 through 64 who do not have children or do not have dependent children under age 19 living with you, you may be able to enroll in the BadgerCare Plus Core Plan, however, on October 9, 2009, the BadgerCare Plus Core Plan enrollment process was suspended. They will no longer be enrolling new members in the Core Plan because the total number of applications received is greater than the number of slots available. A BadgerCare Plus Core Plan waitlist will be created and people on the waitlist will be able to enroll as space becomes available.

Coping with Medical Bills and Debt

- **Disputing your bill.** If you are unable to resolve a billing dispute with a hospital, clinic, or doctor's office, contact the Wisconsin Department of Agriculture, Trade and Consumer Protection at (608) 224-4960 or 1-800-422-7128 (in Wisconsin only).
- **Paying off your debt and protecting your credit.** Unless you have successfully challenged your bill, you are responsible for paying all of your medical bills. If you cannot pay, here are some things to consider: try to negotiate a payment plan; get information on charity care in Wisconsin hospitals; apply for Medicaid or BadgerCare Plus (when available); go for credit counseling; find help from outside sources; don't ignore bills; and don't transfer debt to a credit card.
- **Dealing with collection agencies.** If your hospital or other health care provider has turned your bill over to a collection agency, you are protected against harassment by the Fair Debt Collection Practices Act (FDCPA). If you have questions about your rights or the conduct of a collection agency, contact the Department of Financial Institutions at (608) 264-7969, or 1-800-452-3328 (in Wisconsin only).

- **Bankruptcy.** The decision to file for bankruptcy should be the last resort. More information on how bankruptcy works and the different types is available from the Wisconsin Department of Agriculture, Trade and Consumer Protection. Call (608) 244-4960 or 1-800-422-7128 (in Wisconsin only).
- **Legal Help.** If you find that you need legal help to deal with your medical debt, the Wisconsin State Bar Association's Legal Explorer website provides general information on finding a lawyer, and information on finding a lawyer if you have a low income. The Legal Service Corporation Services, a private, non-profit corporation established by Congress, allows you to search for a local legal aid program from its website, www.lsc.gov. Legal Services Corporations in Wisconsin include Legal Action of Wisconsin Inc. www.legalaction.org and Wisconsin Judicare Inc. www.judicare.org.

Couleecap and Health Care

Every three years Couleecap conducts a comprehensive needs assessment of the most serious needs of low-income people. For decades, the greatest need has been health care including the cost of health care, the cost of insurance, and the cost of dental care. 657 families completed our last survey in 2007, and once again health care was the most serious concern. The health care issue is not new for low-income people.

The Couleecap Board is committed to being an excellent employer and has provided health insurance to its employees for over forty years. The agency has seen astounding increases in their health insurance premiums over the years. From 2000-2009, in order to contain costs Couleecap has looked at alternative coverage; increased deductibles, and increased co-pays. Employees pay 25% of the health insurance premiums, with Couleecap paying 75%. Despite cost containment efforts, costs have sky rocketed, having an impact on the budgets of Couleecap as an employer and service provider, and the Couleecap employees who pay 25% of the premium.

For the same number of employees in the time period of 2000 to 2009:

- Our total annual health insurance cost went from \$196,528 to \$645,186. It more than tripled!
- For an average employee, family coverage went from 31.46% of payroll to 83.26% of payroll. Health insurance almost costs as much as the wages we pay some of our employees.
- During this nine year time period, our cost of living wage increases totaled 29%, but the health insurance increase has been 228%. The increases in the cost of this benefit are out of control and beyond our control.
- In 2000 an average employee used about 8% of their paycheck, or \$155 to pay for family health insurance. That percentage is now 21%, or \$530 a month. Almost a quarter of the paycheck is eaten up for health insurance instead of buying a home or car, saving for retirement, or building a college fund for the kids.

Something needs to be done about this issue to provide care for all of our citizens. That our nation can be so behind other industrialized nations on this issue is a source of shame for America.

Couleecap, Inc. is a private non-profit 501(c)3 charitable organization created in 1966. Our mission is to fight poverty and promote self-sufficiency for people in the Coulee Region. Our four-county service area includes Crawford, La Crosse, Monroe, and Vernon counties in Wisconsin. We currently implement over 50 contracts in the areas of housing, emergency assistance, child and family development, business development, employment, transportation, and health. Each year, Couleecap helps more than 15,000 people work towards self-sufficiency. For more information about our People Helping People Initiative or to make a donation, contact Couleecap's Development Coordinator, Kadie Brueggen, at 608-634-7363 or Kadie.Brueggen@couleecap.org.

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References: Grace Jones, Executive Director, Couleecap; www.couleecap.org
 National Coalition on Health Care, Health Care Facts: Costs; www.nchc.org
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 Legal Services Corporation: America's Partner for Equal Justice; www.lsc.gov
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