

Affordability & the Medical Debt Crisis

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Medical Debt in America

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Medical Debt is Upending Millions of Lives "It makes me sick about medical costs and how this whole thing is done." DEBT: \$350K

"My doctor saved my life, but my medical bills are stealing from my children's lives." DEBT: \$30K

"I am taken aback by how callous they have been." DEBT: \$20K "Every day, I'm thinking about what I owe, how am I going to get out of this?" DEBT: \$1.4K

"I was being haunted by this zombie bill." DEBT: \$131

"It was five years of hell." DEBT: \$250K

How Big Is the Problem?

100 Million People with Health Care Debt

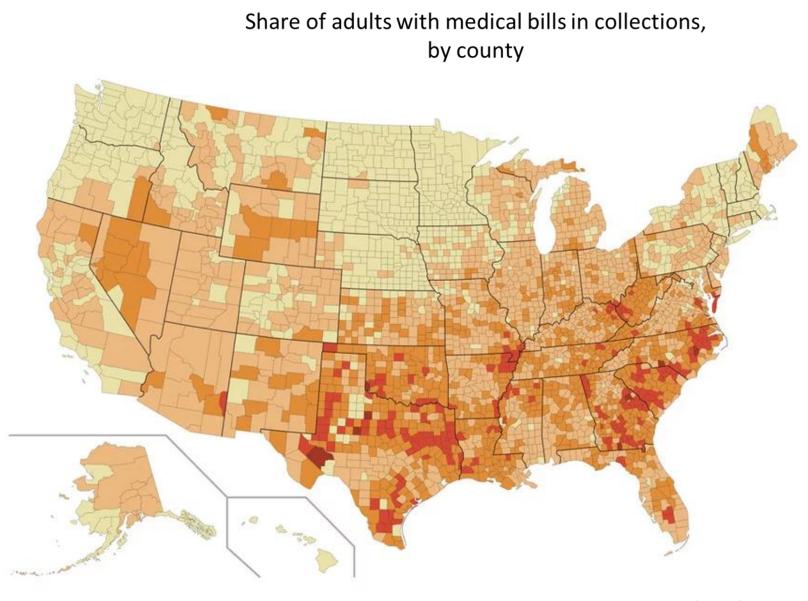
Medical or dental bills that are past due or that they are unable to pay	24%
Medical or dental bills they are paying off over time directly to a provider	21%
Debt they owe to a bank, collection agency, or other lender that includes debt or loans used to pay medical or dental bills	17%
Medical or dental bills they have put on a credit card and are paying off over time	17%
Debt they owe to a family member or friend for money they borrowed to pay medical or dental bills	10%
Yes to any of the above	41%

How Much Medical Debt?

What Americans estimate they owe in health care debt

- A third owe less than \$<u>1,000</u>
- A quarter owe at least \$<u>5,000</u>
- 1 in 8 owe at least \$10,000
- 1 in 5 don't expect to ever pay it off

Where is Medical Debt?



Source: Urban Institute

Impact of Medical Debt

More than half of adults have made a difficult sacrifice

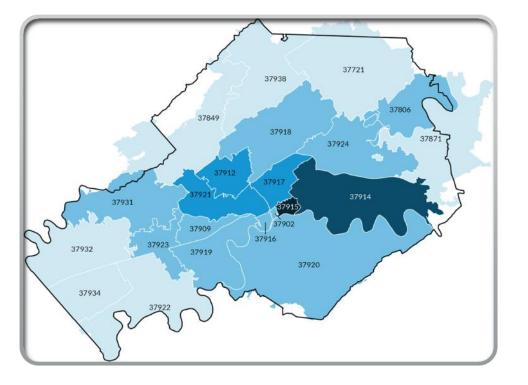
- 63% cut spending on food, clothing & other basics
- 40% took on extra work
- 19% changed their living situation
- 12% were denied medical or dental care

Medical Debt's Unequal Toll

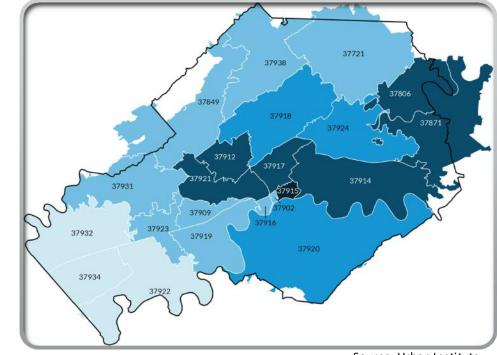
- Black Americans are 50% more likely to have health care debt
- Young people (18-29) are twice as likely as seniors to have debt
- Parents are almost twice as likely as non-parents to have debt
- Sick Americans are a third more likely to have debt
- Low-income Americans are more than twice as likely to have debt

Deepening Racial Disparities

Share of non-white residents by zip code in Knox County, Tenn.



Share of adults with medical bills in collections in Knox County, Tenn.



What Are Patients Doing?

Millions Are Skipping or Postponing Care

Not gotten a medical test or treatment that was recommended by a doctor because of the cost



Put off or postponed getting health care they needed because of the cost



Source: KFF

What's Going on Here?



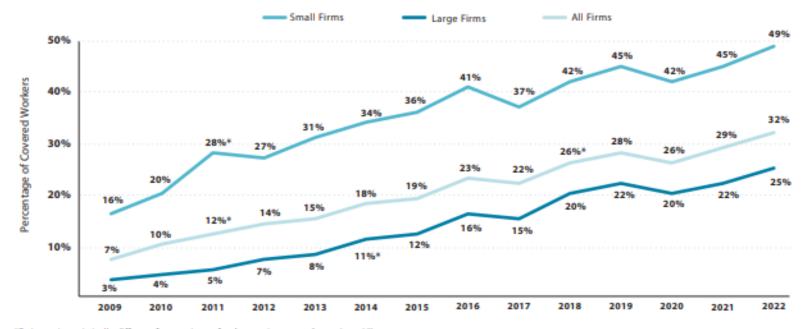
The Hospital Collection Machine

- <u>Two-thirds</u> sue patients or take other legal action, such as garnishing wages or placing liens on property
- <u>**Two-thirds</u>** report patients with outstanding bills to credit rating agencies</u>
- A quarter sell patients' debts to debt collectors
- <u>**1** in 5</u> deny nonemergency care



The Bigger Problem

Share of US workers in a health plan with a deductible of \$2,000 or more for single coverage



*Estimate is statistically different from estimate for the previous year shown (p < .05).

NOTE: Small Firms have 3-199 workers and Large Firms have 200 or more workers. These estimates include workers enrolled in HDHP/SOs and other plan types. Average general annual deductibles are for in-network providers.

SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2009-2017



Whose Problem Is This?



A Threat to Health Insurance Profits?

For-Profit Health Insurance Companies Are Earning Billions of Dollars

174.1



Source: Company earnings reports By Randy Leonard



Revenue

\$287.6B

292.1

Big Opportunities for Patient Financing

Annual revenues of the U.S. patient financing industry: **§9.5 billion**



Gross Domestic Product of Rwanda:

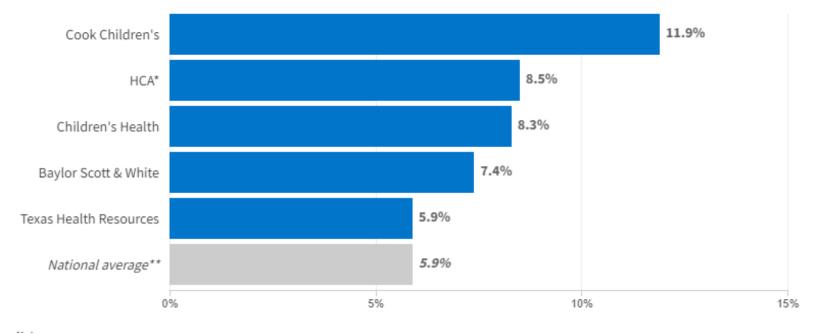
\$9.1 billion



A Threat to Hospital Margins?

Operating Margins at Major Hospital Systems Around Dallas-Fort Worth

The average operating margin for leading hospital systems in the Dallas-Fort Worth area from 2018 to 2021 was very strong. All the systems below are nonprofit, except HCA.



Source: KFF

A Flashing Light for Employers?



How do Americans rate their insurance coverage?

Percent who rate the following aspects of their current health insurance as either fair or poor:

	Total insured ESI		Marketplace	Medicare	Medicaid
The amount they have to pay out-of-pocket to see a doctor	41%	50%	55%	21%	11%
The amount they have to pay for their health insurance each month	39%	46%	55%	27%	10%
The amount they have to pay out-of-pocket to fill a prescription	32%	35%	43%	24%	14%
NOTE: See topline for full question wording. SOURCE: KFF Survey of Consumer Experiences with Health	Insurance (Feb. 21	-Mar. 14, 2023)			KFF

Who Likes ESI?

Big Cost Barriers

Who is skipping care due to costs, by insurance type?

Percent who say they delayed or went without the following in the past 12 months because of the cost:

		Main insurance coverage				
	Total insured adults	ESI	Marketplace	Medicare	Medicaid	
A visit to a doctor's office	14%	17%	18%	5%	10%	
Prescription drugs	13%	12%	14%	11%	14%	
Dental care	28%	25%	37%	26%	39%	
Vision services, including eyeglasses	19%	17%	27%	14%	28%	
Hearing services, including hearing aids	6%	5%	5%	10%	5%	
Any of these types of care in the past year	41%	38%	50%	36%	51%	
NOTE: See topline for full question wording.		\bigvee			KEE	

SOURCE: KFF Survey of Consumer Experiences with Health Insurance (Feb. 21-Mar. 14, 2023)

Questions

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