

# Money Matters

## Medical Debt Guide: How To Deal With High Medical Bills

(NAPSA)—A comprehensive 2016 survey conducted by Kaiser Family Foundation and The New York Times found that one in five (20 percent) working-age Americans with health insurance and 53 percent of uninsured Americans reported having problems with medical bills in the past year.

In fact, “being able to pay for the care I need” was the most important characteristic of the health care system for 36 percent of the respondents in the 5th Annual Transamerica Center for Health Studies Consumer Healthcare Survey. In addition, nearly one in five (19 percent) Americans reported they were unable to afford routine health care expenses in addition to their premiums.

### Payments with Health Insurance

Patients are responsible for paying deductibles, co-insurance and co-payments for health care services. Below are definitions of common terms relating to cost-sharing for health care services including prescription drugs.

- **Out-of-pocket costs:** Expenses for medical care that are not reimbursed by insurance.
- **Deductibles:** The amount paid for covered medical care by the patient before the health insurance provider begins to pay.
- **Co-insurance:** The insurance company pays a specified percentage of medical care cost (often 70 or 80 percent).
- **Co-payments:** A fixed dollar amount for covered medical care paid by the patient (often \$15–\$40 per service/prescription drug).
- **Out-of-pocket maximum/limit:** The maximum amount the patient will have to pay for covered services in a plan year.

Health insurance plans with lower monthly premiums generally have higher deductibles. Plans with higher monthly premiums generally have lower deductibles.

### In-Network vs. Out-of-Network Health Care Providers

Health care providers are considered in-network if they have set rates with the health insurer, which lessens costs for patient care. Providers that are out-of-network have no contract with the health insurer. Check with the insurance company to determine which providers are in-network so the patient is not surprised with high medical bills for going out-of-network.

Under the Affordable Care Act, insurance companies are required to cover out-of-network charges for medical emergencies. Insurance companies must cover emergency care at the same cost sharing as at an in-network provid-



### You may have more ways to pay for your medical care than you realize.

er. However, this can still leave the patient with large bills.

The following are common health insurance plan types:

- **Exclusive Provider Organization (EPO):** Managed care plan with health care services covered only when using doctors, hospitals and other providers within the plan's network.
- **Health Maintenance Organization (HMO):** Managed care plan that limits coverage to care from doctors, hospitals and other providers who work for or have a contract with the HMO. An HMO may require patients to live or work in its service area to obtain coverage.
- **Preferred Provider Organization (PPO):** Health insurance plan with lower costs when patient uses doctors, hospitals and other providers in the plan's network. Out-of-network providers can be used without a referral but with additional cost.
- **Point of Service (POS):** A mix—like an HMO plan, the patient chooses an in-network primary care physician who provides health care or referrals to specialists or other providers. Like a PPO plan, out-of-network health services are permitted but the patient pays more for those services.
- **Fee for Service:** A traditional health insurance in which the health plan pays for medical expenses based on fixed amounts or a percentage of cost. The patient chooses the doctor, hospital or health service with no networks.

### Options for Health Care Costs Without Health Insurance

Note that hospitals cannot deny care based on a patient's inability to pay.

### Care at a Federally Qualified Health Center

Individuals in need of primary or nonemergency care who do not have insurance or may not have the ability to pay out-of-pocket costs can seek care at a Federally Qualified Health Center (FQHC). Nearly 1,400 health centers operate more than 11,000 service delivery sites nationwide. Primary care services are provided based on ability to pay. To

find a Health Center, enter zip code at <https://findahealthcenter.hrsa.gov>.

### Hospital Charity Care

Charity care can reduce or eliminate medical bills at a hospital if the patient is unable to pay. There is typically an application process to receive charity care and inability to pay must be proven through income, assets and lack of insurance coverage, and it can be applied for before hospital treatment.

### Hospital No-Interest Payment Plan

Some patients may have an income that is too high to qualify for charity care. However, if the patient still has high medical costs and is unable to pay, the hospital may offer a low- or no-interest payment plan. This is an alternative to using a credit card or borrowing money with a high interest rate.

### Ensure Bill Accuracy/Negotiate Amount

Always check a medical bill for accuracy or billing errors before paying. Call the billing department, usually listed on the bill itself, for clarification. The hospital may also accept a lower amount for the bill if the patient is unable to pay the full amount; patients are able to negotiate a medical bill or the cost of treatment.

### Medically Needy Medicaid Program

In some states, individuals who have high medical costs compared to their income may qualify for the Medicaid Medically Needy program. The Medically Needy program allows individuals to qualify for Medicaid (not Medicare) coverage if they have high monthly medical expenses that reduce their income to below their state's Medicaid income limit. More information can be found at [www.TransamericaCenterforHealthStudies.org](http://www.TransamericaCenterforHealthStudies.org).

### Crowdsourcing Fundraising

Asking friends, family and extended networks for help paying for medical care can be expanded with websites like GoFundMe and YouCaring. These crowdsourcing websites let patients solicit donations for medical treatment online for a fee of the amount that is donated (usually around 5 percent). Please note that crowdfunding websites may not work for everyone, with about 90 percent of donation campaigns failing to meet their target amount. In addition, some churches and charity organizations assist with medical expenses. Also, there are disease-specific charities such as the American Kidney Fund and the Leukemia & Lymphoma Society.

Navigating health care insurance coverage and costs can be a daunting process. Fortunately, there are various options available when it comes to choosing coverage and paying for medical care costs.