



# Medical Debt

Defining the Problem  
and Examining Potential Solutions

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# Causes of Medical Debt

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- Medical debt is the result of multiple issues
  - Sheer cost of medical care (rising)
  - Increased cost-sharing
  - Shrinking coverage of services/medications
  - Lack of transparency/lack of awareness of cost and/or charity care options
  - Fear/lack of education about the possibility of negotiating with provider to reduce debt or develop payment plan
  - Insurance status



# Medical Debt and Insurance Status

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## ■ Uninsured

- High risk of medical debt
- (No) benefit of negotiated rates

## ■ Underinsured

- Not as well understood
- Having insurance does not necessarily protect you from medical debt



# Underinsurance

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Definition from recent KHI convening:

“(Being underinsured means) someone has inadequate health insurance coverage to address the financial expenses associated with healthcare services, resulting in financial strain, medical debt, or postponing needed care due to cost”



# Medical Debt and the Underinsured

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- Insured individuals with medical debt are three times more likely than those without debt to postpone or forego needed care or cut back on prescription medications
- From 2002-2006, approximately 500,000 adults in Kansas, who were insured, did not seek medical care due to cost



# Impact of Medical Debt

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- Avoiding needed medical care due to cost
- After debt is accrued, access to care may be limited
- Adverse effect on credit rating
- Bankruptcy, loss of property
- Limited resources for other necessities (housing, groceries, etc.)



# Looking Forward

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- KHI's Underinsurance Project:
  - Recently held convening, gathered insight from various stakeholders
  - Further work will define and quantify underinsurance in Kansas
- KHI's Medical Debt Project
  - Will evaluate legal treatment of medical debt in other states and at the federal level
  - Will examine current and proposed policies and their potential utility in Kansas