

# HOW DO MEDICAL BILLS LEAD TO BANKRUPTCY?

On average, an uninsured family can afford to pay only 12% of their hospital bills and associated follow-up costs (USA Today). Even if one is insured, they're still liable to incur high medical bills resulting from out-of-network specialist's visits and exorbitant, multiple co-payments.

More than 1.4 million people in the United States filed for bankruptcy in 2011, more than double since 2006. (American Bankruptcy Institute)



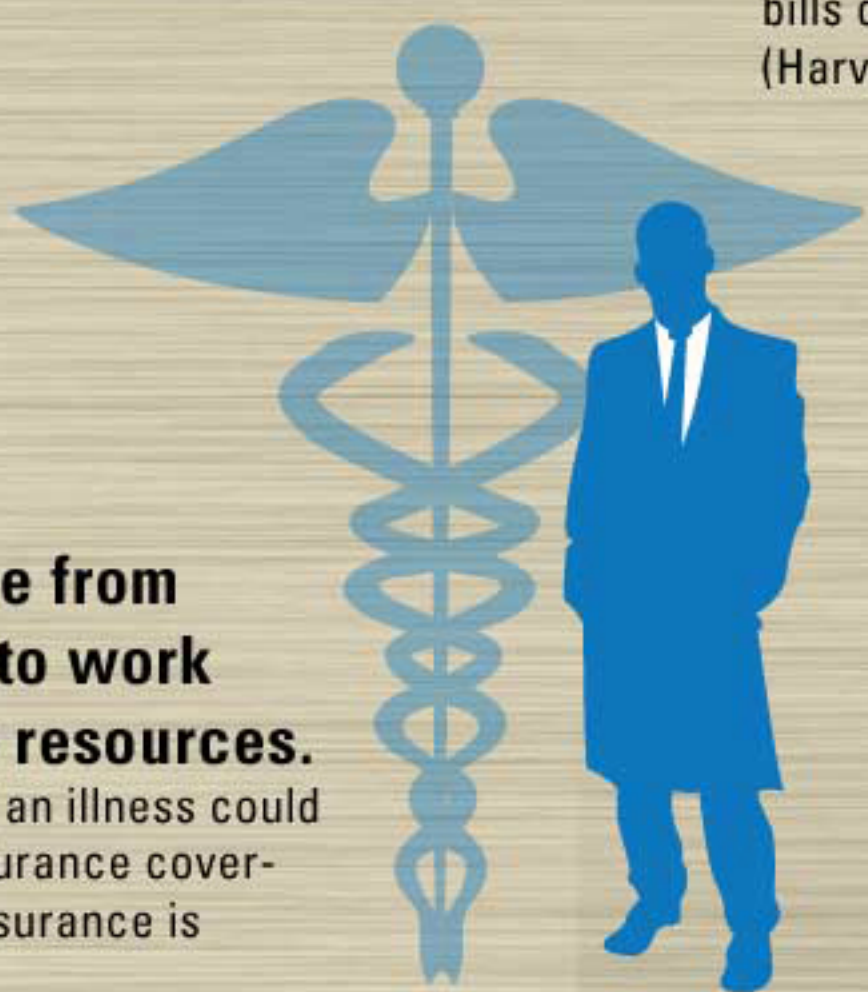
Medical debt is the number one cause of bankruptcy, representing 62% of all personal bankruptcies. 78% of filers had some form of health insurance. Medical bills do not affect only the uninsured. (Harvard University)

If the illness is long enough or serious enough, virtually anyone can fall into financial ruin. Hospital bills, even after insurance, can quickly wipe out savings, retirement accounts, college education funds, and home equity. Once these have been exhausted, bankruptcy may be the only option left.



Loss of income from being unable to work further drains resources.

Losing a job during an illness could result in loss of insurance coverage, and COBRA insurance is costly.



Using credit cards to pay medical bills can be disastrous.

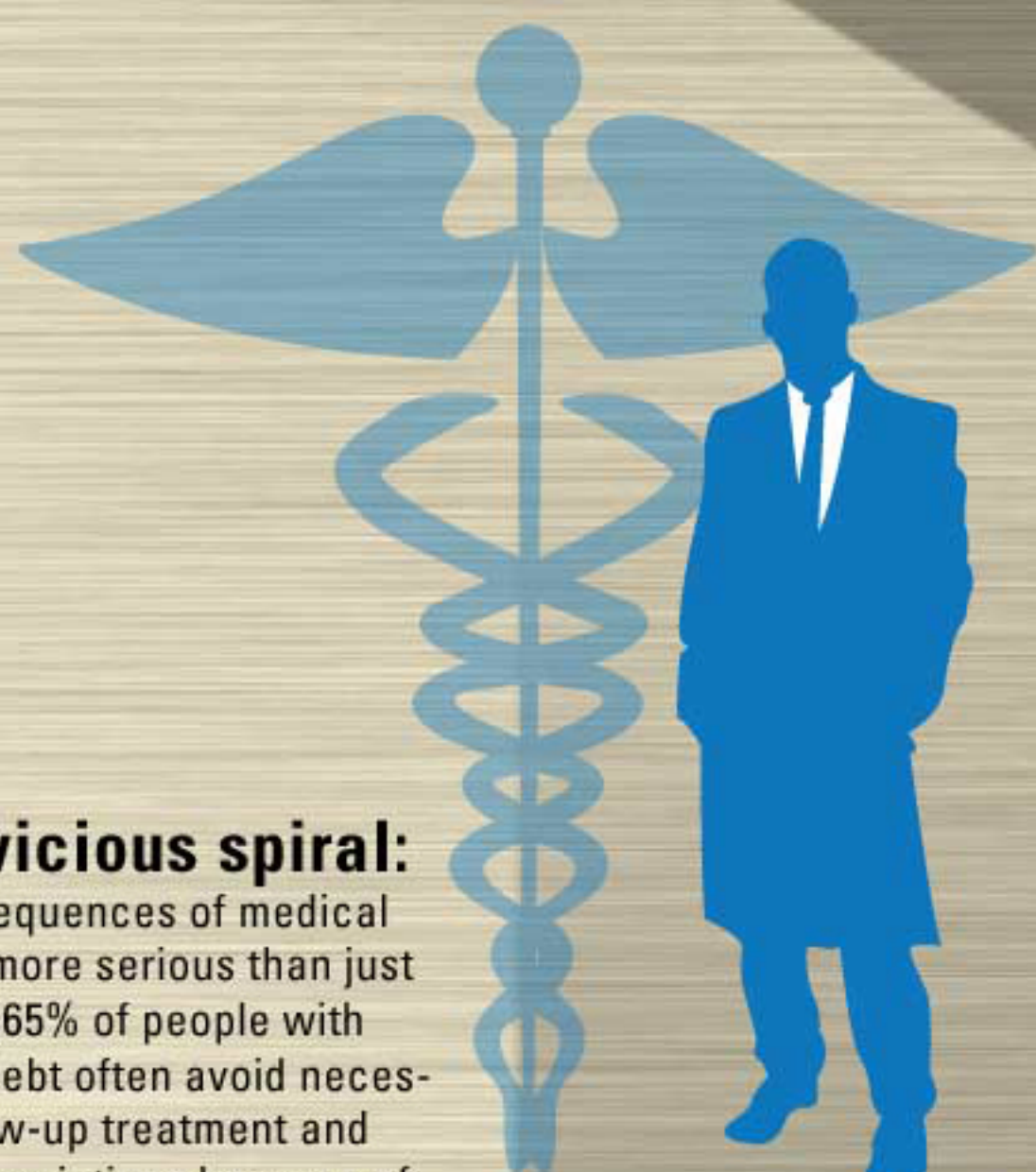
When you convert medical debt into credit card debt, it becomes consumer debt, for which you are then subject to hefty penalties and fees. Consumer debt can affect your ability to secure a mortgage, or pass a credit check for a rental application or a job.

Hospital billing adds to the confusion because some hospitals send individual invoices for the ambulance, the hospital stay, the doctor, lab services, and prescription medications.



It's a vicious spiral:

The consequences of medical debt are more serious than just finances. 65% of people with medical debt often avoid necessary follow-up treatment and filling prescriptions because of the cost, further compromising their recovery. (Access Project)



Don't take out a home equity loan to cover medical debt.

Medical debt is unsecured debt, but a home equity loan is a secured debt, meaning it's backed by collateral, in this case, your home. If you can't repay the debt, you could lose your home.



In the state of Maryland, 25,662 people filed for bankruptcy protection in 2011, a 30% increase from just three years earlier.

<http://www.uscourts.gov/Statistics/BankruptcyStatistics/12month-period-ending-december.aspx>



Bankruptcies due to medical debt have risen by almost 50% over the past decade, and most bankruptcy filers fell into the demographic of middle-class homeowners with significant education. (American Bankruptcy Institute)

## Health care consumers have rights!

You have the right to be allowed to examine a copy of your bill and your medical chart before you pay. Scrutinize your invoice carefully. The dates on your billing statements should match the dates of your treatment, and services rendered should match your medical chart.

**Look for misprints.** An extra zero can make the bill jump from three figures to four.



Contact Sirody, Freiman & Associates at (410) 356-3500 or [www.freshstartlaw.com](http://www.freshstartlaw.com) for a FREE consultation and advice from attorneys that specialize in bankruptcy law. Let our attorneys restore your peace of mind and help you rebuild your life.