How to Get Rid of Medical Debt — Or Avoid It in the First Place

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Lori Mangum was 32 when apple-size tumors sprouted on her head. Now—six years and 10 surgeries later—the skin cancer is gone. But her pain lives on, in the form of medical debt.

Even with insurance, Mangum paid $36,000 out-of-pocket, charges that stemmed from the hospital, the surgeon, the anesthesiologist, the pharmacy, and follow-up care. And she still has about $7,000 more to pay.

While she was trying to manage her treatment and medical costs, Mangum remembers thinking, "I should be able to figure this out. I should be able to do this for myself."

But medical billing and health insurance systems in the United States are complex, and many patients have difficulty navigating them.

"It's incredibly humbling—and sometimes even to the point of humiliating—to feel like you have no idea what to do," Mangum said.

If you're worried about incurring debt during a health crisis or are struggling to deal with bills you already have, you're not alone. Some 100 million people—including 41% of U.S. adults—have health care debt, according to a recent survey by Kaiser Family Foundation (KFF).

But you can inform and protect yourself. Kaiser Health News (KHN) and NPR spoke with patients, consumer advocates and researchers to glean their hard-won insights on how to avoid or manage medical debt.

"It shouldn't be on the patients who are experiencing the medical issues to navigate this complicated system," said Nicolas Cordova, a health care lawyer with the New Mexico Center on Law and Poverty. But consumers who inform themselves have a better chance of avoiding debt traps.

That means knowing the ins and outs of various policies—whether it's your insurance coverage, or

a hospital's financial assistance program, or a state's consumer protection laws. Ask a lot of questions and persist. "Don't take 'no' for an answer," said Cordova, "because sometimes you might get a 'yes.'"

Even people with health insurance can land in debt; indeed, one of the biggest problems, consumer advocates said, is that so many people are underinsured, which means they can get hit with huge out-of-pocket costs from coinsurance and high deductibles.

Here is some practical advice about facing down medical debt, at every stage of care and after.

Before You Get Care

Get familiar with your insurance coverage and out-of-pocket costs. Get the best insurance coverage you can afford—even when you're healthy. Make sure you know what the copays, coinsurance and deductibles will be. Don't hesitate to call the insurer and ask someone to walk you through all the potential out-of-pocket costs. Keep in mind that you cannot make changes to your policy except during certain windows of time, such as open enrollment (typically in the fall or early winter) or after a major life event.

Sign up for public insurance if you qualify. If you're uninsured but need health care, you might qualify for public insurance like Medicaid or Medicare. Ask the provider or hospital if they can help you check your eligibility before you commit to a care plan — and then stay with providers who participate in those programs.

Check whether the specifics of your care are covered. After your doctors map out your treatment plan, check whether all the providers you need to see are in-network and whether any part of the treatment needs to be preauthorized. Ask lots of questions of your insurance provider, doctor's office or hospital, especially for planned procedures, said Joy Dockter, a lawyer at Central California Legal Services, a public interest law firm. "'Are my authorizations in place? What are my copays going to be?' Find all that out beforehand, if you can," she said.

Additionally, said Mark Rukavina, a program director at health equity advocacy group Community Catalyst, if the drug you want isn't covered by your insurance, ask whether the drugmaker has a patient assistance program; many do, though eligibility requirements vary.

Get a cost estimate. If you're uninsured, ask for a cost estimate in advance. Rukavina noted that the federal No Surprises Act, which took effect in January, requires providers to give uninsured patients "good faith" estimates of what planned care will cost.

Find out whether you're eligible for financial assistance—and come prepared to make your case. Almost every hospital offers some form of financial assistance, or "charity care." Each hospital sets its own eligibility requirements but typically will waive or discount bills for patients earning less than two to three times the federal poverty level. (Three times the federal poverty level for a

household of four in 2022 would be $83,250.)

People who are employed often still qualify for a discount, if not for free care, said Jared Walker, founder of Dollar For, a nonprofit group that helps patients secure charity care. His group developed a database of hospital charity care policies and has an online tool that allows patients to check their eligibility.

Even if you're not sure whether you qualify, it's worth trying. Gather up documents such as pay stubs or income tax returns. Do not expect this to be an easy process. For example, Walker said, health care providers often require documentation to be faxed. "One of the most common refrains I heard from experts: Persistence pays," Walker said.

If you've already qualified for government benefits like the Supplemental Nutrition Assistance Program, or SNAP, that may streamline applying for a hospital's financial aid.

If you're not a U.S. citizen or legal resident, check whether your state bars the hospital from considering immigration status, as is the case in New Mexico and Maryland.

Check for other forms of financial assistance. Ambulance services, which can lead to huge bills, might offer charity care programs, so ask whether you qualify. Also ask your medical providers if they know of other charitable programs that would cover costs for things like rides to medical appointments.

During Treatment or Soon After

Ask for line items of the costs for every service, prescription or treatment you receive. Keep an eye on costs as they come up, said Louisville cancer patient Lori Mangum, who is now chief operating officer of Gilda's Club Kentuckiana, a cancer support group she relied on. Ask a family member or a support group to help you keep track, she said. And never assume that just because insurance covers one part of your treatment, that goes for everything else.

Scrutinizing your care can help you avoid costs. Mangum said she realized too late that she could've taken her own Tylenol, instead of paying "exorbitant" markups on the same medicine at the hospital. She said self-advocacy begins with pressing for answers about how much each service, treatment and medication will cost—in advance, if possible.

Check whether providers are in-network. Consumer protections in the No Surprises Act should help limit out-of-network charges. That law bans "surprise" billing for most emergency care, as well as for some routine care with out-of-network providers. It also limits what providers can bill for out-of-network doctors, Rukavina said, and gives patients greater ability to dispute charges.

Make sure all your providers—including an anesthesiologist, for example—are in-network for your insurance. If it wasn't disclosed to you in advance, that charge may be worth appealing.

Rukavina noted that if you are not insured or not using your insurance and asked for an estimate in advance, you can dispute bills that exceed the estimates by $400. For patients seeking more information about the No Surprises Act and what it covers, Rukavina recommended calling the government's No Surprises Help Desk at 1-800-985-3059. For patients with complaints, he recommended filing an online complaint with the Consumer Financial Protection Bureau.

Check for double billing. Go through each item on your bill. Mangum said that "it's not infrequent for something to be double-billed." Even if you've already been discharged and gotten behind on payments, it is worth checking to make sure you weren't overcharged.

Negotiate with the hospital directly. Consumer advocates said people mistakenly think medical costs are fixed and nonnegotiable. That was the case for John DeAnda, who fainted while working as a cleaner at a New Mexico hospital. Doctors couldn't figure out what was wrong with him after four days of tests, but the hospital billed him for $8,000, which he's still trying to pay off, with interest, nine years later.

"I actually didn't realize you could negotiate," said DeAnda. "What I would've done differently is I would've talked to the hospital first, to see if they could work out a deal with me" before the bills were sent to collections.

If you know you cannot pay the bill, negotiate with the hospital administration or billing department. "That's almost always possible" because hospitals want to avoid the costly administrative burden of sending bills to collections, said Ge Bai, a professor of accounting and health care policy at Johns Hopkins University.

Ask repeatedly about any other forms of financial assistance the hospital might offer. Negotiate the terms of payment to a monthly level that is affordable for you. This also saves the hospital the administrative headaches of unpaid bills, and it might help you avoid having bills sent to collections.

Prioritize paying for food and shelter over medical bills. Financial institutions and lenders treat medical debt differently than unpaid consumer bills. People choose to take a loan to buy a car; they don't choose to get ill or injured. So just because people have medical debt does not mean they are unreliable or less likely to pay their bills in general. The three major credit-rating agencies recently agreed that unpaid medical bills will not affect people's credit scores for a year. Once a bill is paid, it should come off your credit report immediately. Starting in 2023, unpaid medical debt under $500 should not appear on reports either.

That means you should focus first on paying for life necessities—rent or mortgage, gas to get to work, and food, said Marceline White, executive director of the Maryland Consumer Rights Coalition.

Do not sign up for credit cards that offer to pay medical bills for you. Experts warn against using credit cards offered by dentists, hospitals and doctors' offices to pay medical charges. Once you take out credit cards, personal loans, or second mortgages, the debt will get lumped in with any

other form of consumer debt—the same as if you overspent on clothes or a luxury SUV. That's one reason medical debt is often underreported; a lot of it masquerades as other forms of debt. Once you convert a medical bill to a credit card or personal loan, it's more likely to hurt your credit score and therefore your ability to borrow in the future.

If You Are Already in Debt or in Collections

Try to qualify, even after the fact, for charity care. Hospitals sometimes overlook or fail to screen patients eligible for their financial assistance programs. Nonprofit hospitals are required by law to offer charity care and other community benefits. This is where self-advocacy can make the biggest difference. Sometimes hospitals will retroactively qualify patients and write off their debts. Volunteers at Dollar For will help patients push for that.

Dispute your bill if it is inaccurate. Rukavina said that under the Fair Debt Collection Practices Act, debt collectors are required to provide a written notice, within five days of contacting a patient, detailing the amount owed, the name of the creditor, and how to dispute the bill. Patients can dispute inaccurate bills if they respond within 30 days. Rukavina said even patients whose bills are in collections can tell bill collectors they wish to apply for financial assistance if they haven't already. If the patient qualifies, the collector cannot charge more than what the patient would've had to pay.

Contact free legal aid services. Lawyers around the country will represent consumers free of charge to resolve legal cases, including medical debt cases. They often have experience dealing with hospitals and third-party collections companies and might be able to argue your case on your behalf, especially if one or both have violated your state's consumer protection laws.

Do not ignore the issue. The impulse is understandable, but it will not help and will likely make the debt even more complicated to address, said Rukavina. As daunting as it might be, try to keep advocating for yourself and your family and get help.

"Diagnosis: Debt" is a reporting partnership between KHN and NPR exploring the scale, impact, and causes of medical debt in America.

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