

Medical Bankruptcy: Get Sick and Go Broke

The American health care system offers services undreamed of a generation ago. But even routine care now comes at a cost that is increasingly unaffordable for millions of middle class families. This summer I will work on a project to learn more about families who have been wiped out financially by an accident or illness.

My coauthors' and my earlier work gives some indication of how our current system of financing health care is making more families financially vulnerable. We estimate that this year about three-quarters of a million middle class people will file for bankruptcy in the aftermath of a serious medical problem. Perhaps more shocking, among the families filing a medical bankruptcy, about three-quarters had health insurance at the onset of the illnesses or accidents that ultimately landed them in bankruptcy.

About 90 percent of the medically-bankrupt filers will have established solidly middle class lives. They will have gone to college, gotten decent jobs and bought homes. Many will have married and had children. By the time they file for bankruptcy, however, they will be deep in debt, often owing more than a year's worth of income in short-term, high-interest debt and facing foreclosure on their homes.

I have been working two physicians from the Harvard Medical School and Harvard School of Public Health, Dr. Steffie Woolhandler and Dr. David Himmelstein, and a sociologist from Ohio University, Dr. Deborah Thorne. Our work this summer will build on my coauthors' and my work published last year, *Illness and Injury as Contributors to Bankruptcy*, HEALTH AFFAIRS (February 2, 2005) and on our piece published in April 2006, *Discounting the Debtors Will Not Make Medical Bankruptcy Disappear*, Health Affairs No. 2, 25 (2006). It will also expand on my work with Professor Melissa Jacoby, *Beyond Hospital Misbehavior*, which will appear in June in *Northwester Law Review*. This work examines the debt collection issues involved in collecting for health care services.

This summer we are preparing to return to the field for direct interviews of the families who file for bankruptcy. We are designing interviews to learn more about the path that led these families to the bankruptcy courthouse. We will combine those data with court record data to expand the scope of our vision of what has gone wrong for these families.

In addition to our continuing efforts to document how many families are going broke and whether health insurance provides the degree of protection that it promises, we will be breaking new ground. We expect to look at the special difficulties facing entrepreneurs and others without access to group health insurance. The link between lost jobs and lost health insurance will also be part of the inquiry.

We also plan to examine the health care circumstances of older Americans. The data permit us to probe the holes in the Medicare financing system and to explore how older Americans are trying to cope. We expect to analyze our data by various other demographic profiles as well, so that we can look at whether families with children, women heads of household or other groups are particularly vulnerable to extreme financial setbacks when they are ill. We also expect to collect data on the impact of race and geography on financial stress following a medical problem.

~ E. Warren