

Medical bills underlie 60 percent of U.S. bankrupts: study

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By Maggie Fox, Health and Science Editor

Washington (Reuters) – Medical bills are behind more than 60 percent of U.S. personal bankruptcies, U.S. researchers reported on Thursday in a report they said demonstrates that healthcare reform is on the wrong track.

More than 75 percent of these bankrupt families had health insurance but still were overwhelmed by their medical debts, the team at Harvard Law School, Harvard Medical School and Ohio University reported in the American Journal of Medicine.

“Unless you’re Warren Buffett, your family is just one serious illness away from bankruptcy,” Harvard’s Dr. David Himmelstein, an advocate for a single-payer health insurance program for the United States, said in a statement.

“For middle-class Americans, health insurance offers little protection,” he added.

The United States is embarking on an overhaul of its healthcare system, now a patchwork of public programs such as Medicare for the elderly and disabled and employer-sponsored health insurance that leaves 15 percent of the population with no coverage.

The researchers and some consumer advocates said the study showed the proposals under the most serious consideration are unlikely to help many Americans. They are pressing for a so-called single payer plan, in which one agency, usually the government, coordinates health coverage.

“Expanding private insurance and calling it health reform will fail to prevent financial catastrophe for hundreds of thousands of Americans every year,” Dr. Sidney Wolfe of the Health Research Group at Public Citizen said in a statement.

About 170 million people get health insurance through an employer but President Barack Obama says soaring healthcare costs hurt the economy and force businesses to drop medical insurance for their workers.

CANCELED COVERAGE

“Nationally, a quarter of firms cancel coverage immediately when an employee suffers a disabling illness; another quarter do so within a year,” the report reads.

Obama told Congress on Wednesday he was open to making mandatory health insurance part of the overhaul.

Neither Congress nor Obama are considering the kind of single-payer plan advocated by Public Citizen, Himmelstein and his colleague Dr. Steffie Woolhandler.

“We need to rethink health reform,” Woolhandler said. “Covering the uninsured isn’t enough.

“Only single-payer national health insurance can make universal, comprehensive coverage affordable by saving the hundreds of billions we now waste on insurance overhead and bureaucracy.”

The researchers studied 2,134 random families who filed for bankruptcy between January and April in 2007, before the current recession began.

They used public bankruptcy court records and surveyed 1,032 people by telephone.

“Using a conservative definition, 62.1 percent of all bankruptcies in 2007 were medical; 92 percent of these medical debtors had medical debts over \$5,000, or 10 percent of pretax family income,” the researchers wrote.

“Most medical debtors were well-educated, owned homes and had middle-class occupations.”

The researchers, funded by the Robert Wood Johnson Foundation, said the share of bankruptcies that could be blamed on medical problems rose by 50 percent from 2001 to 2007.

Patients with multiple sclerosis paid a mean of \$34,167 out of pocket in 2007, diabetics paid \$26,971, and those with injuries paid \$25,096, the researchers found.

(Editing by Bill Trott and Jackie Frank)

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