

Medical Bankruptcy Alternative

A total of approximately one million people filed for bankruptcy last year in the United States. Over one-half of these bankruptcies were the result of unpaid medical bills. Although many of these medical bills by themselves are not overwhelming, many people were still declaring bankruptcy. Why? Sometimes a serious accident or illness to a loved one can result in the priorities of a family shifting from paying credit card bills to paying medical bills. Also, the medical problem sometimes results in either a temporary or permanent loss of income.

National studies conducted have found that approximately 21% of American adults under the age of 65 have medical bills of one form or another that they are paying over time. A 2003 study concluded that about 20% of bankruptcy filings involve a medical debt of less than \$1,000; about 40% involve a medical debt of less than \$5,000; and 13% of bankruptcy filings involve a medical debt of over \$10,000. As it turns out the people that are most affected by medical issues are people that have some insurance, however they do not have enough insurance to cover the full cost.

There are programs some hospitals administer where a person can apply to have some or all of a bill forgiven. Hospitals don't like to publicize such programs, but sometimes it could be possible to negotiate with the hospital for reductions. Unfortunately, physicians, anesthesiologists, and other medical professionals don't always participate in these programs and funding for these programs are limited, so only a select few qualify.

In the event that you can't get any aid from the medical provider and regardless of the amount of the medical debt, some people are required to file a bankruptcy in order to relieve themselves from these obligations. One reason for such filings is related to the collection process that some medical practitioners engage in when attempting to recover outstanding debts. Medical offices are more likely to turn over their accounts, regardless of the amount, within the first 30 to 60 days of non-payment rather than waiting the traditional 150 days that most other creditors do.

Another reason for such large medically related bankruptcy filings is that medical provider creditors would rather sue first and ask questions later. Instead of working out a payment arrangement with the party who owes the money, medical offices are more likely to utilize the small claims court system themselves in order to recover

these outstanding accounts. These types of suits clog the system and force the parties who owe an account balance to file bankruptcy in order to protect their paycheck from being garnished.

Medical issues such as these are becoming more common as the economy worsens. As parties are losing their jobs, they are also losing health insurance coverage. Such catastrophic events mean that a family's medical costs can increase dramatically which can have devastating effects. Bankruptcy can be an aid to those in need when such times arise.

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