

RIP MEDICAL DEBT

About 80 million Americans must choose between paying medical bills or basic needs like food and shelter. Hardships from healthcare debt may devastate any person or family.

Below are practical tips for reducing your risk of generating unpayable medical bills.

Stay Healthy and Safe — Help yourself avoid medical bills through wellness and fitness practices. Sensibly practice precautions to avoid injury or infection.

Understand Your Health Insurance — Be clear on your insurance policy terms and conditions for co-insurance, co-payments, deductibles, and out-of-network costs. Be a conscious healthcare consumer. *Read the fine print.*

Are you Underinsured or Uninsured? — Your policy's deductible should not exceed *five percent* of your gross income. If your deductible is higher, you are *underinsured*. Any illness or injury could cause financial hardships that endure for years. If you cannot pay for full insurance, the Affordable Care Act's Marketplace may help. If you can't afford this, be sure to ask if you qualify for Medicaid.

Identify All Your In-Network Providers — Before you need care, find out which care providers are and are not covered by your in-network plan. A hospital may be in-network, but the providers there may not be, such as the ambulance, emergency room, radiologists, and clinical laboratories. You may get a "surprise bill" up to ten times higher than in-network charges for the same services.

Examine Itemized Bills Carefully — Medical bills often contain errors, so insist upon receiving an itemized bill rather than a summary statement. Do an internet search for "reasonable and customary charges" for each of the procedure codes on your bill. Compare these to your charges. Billing mistakes usually are due to miscoding, but wait 30-45 days before calling since it often takes three months for insurance billing to go through. This also applies to Medicaid and Medicare statements. In the end, your due diligence may prove rewarding.

Visit the ER only in a Real Emergency — Call your doctor if a health issue is not life-threatening. Go to the Emergency Room *only* if your doctor says to go. To avoid issues with your insurance, document the doctor's office advice or referral to visit the ER. Note the day, exact time and name of who told you. Insist upon a notation in your records that your condition warranted an ER visit.

Beware of Facility Fees — Before you incur medical bills, ask if any hospital-owned practices will charge a "facility fee" above any service charges. Fees may apply to any office, on and off a hospital campus, or if a doctor is only "affiliated" with a hospital. If there is a facility fee, ask if your procedure instead can be done at a location that doesn't charge such a fee. Ask *before* any service is rendered since fighting it afterwards is often impossible.

Always File Out-of-Network Claims — Insurance companies can process and pay out-of-network bills as much as seven years after a bill was generated. You can be reimbursed well after a bill was paid, so always submit out-of-network charges to your insurance company. Do not ask a doctor or hospital to file the claim for you. It's not in their interest to do so. They've already been paid.

If on Medicare, Get a Good Supplemental Plan — Medicare only covers 80 percent of authorized charges. If you can afford a Medicare supplemental plan, buy one. Covering that 20 percent gap could mean the difference between solvency and hardship if you get sick or injured.

Apply for Medicaid in Case of Low Income — Ask your local state Medicaid office if you qualify. Those on Medicaid *never* incur new medical debt. Medicaid may fully pay off medical expenses already incurred within a set timeframe, about 90 to 180 days, so apply quickly.

Check Eligibility for Charity Care — In advance of any hospital visit, research its website for their "charity care policy" or "financial assistance policy." You may qualify for free care or services on a sliding scale, but *you must ask for charity care when admitted*. Hospitals rarely offer free or lower-fee care on their own. Once you're admitted as a "self-pay" patient, the hospital expects to be paid in full. Thirty percent of all hospital accounts in collections had qualified for charity care, but patients did not get it.

Communicate with Providers and Collectors — If you did not apply for charity care, and if paying the bill will cause hardship for you or your family, tell your hospital or bill collector. Answer their calls. Explain the situation. *Be honest and realistic.* They may actually help you.

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A SURVIVAL GUIDE FOR MEDICAL BILLS

Always Pay On-Time — Try to avoid missing any agreed payment. Inform the creditor when you are going to miss a payment, or your circumstances change in ways that adversely affect your ability to pay. On-time payments tend to uplift your credit rating, which benefits your ability to secure vehicles, housing, and jobs.

Don't Pay with Credit Cards or Loans — Never pay medical bills with high-interest credit cards or payday loans. Unless repaid quickly, such financial instruments may cost you double the actual debt. Instead, negotiate an *interest-free installment payment agreement* with the medical provider. No credit is needed for that, and it will not show on your credit report. Never miss a payment!

Pay only 3-6 Percent of Your Gross Income on Out-of-Pocket Expenses or Medical Debt — If medical bills pass two percent of your gross income, fiscal hardship can occur. You may have some resiliency, yet stay within three to six percent of your gross income. If any account is in collections, pay only what you can afford. No one can force you to pay a bill instead of life necessities. Do not stop taking medications, going to a doctor, or paying rent and utilities. You alone say whom to pay and what to pay.

Start or Max-Out Your Health Savings Account — Save money for future medical expenses in a federally insured tax-free account to use as you wish for self-pay medical care, such as diagnostic testing. You own and control the money in your HSA, not your employer or insurer. Fund the maximum annual contribution to an HSA, which can pay for itself. (NOTE: Once on Medicare, you can't contribute, so start now. Stop funding the HSA six months before joining Medicare to avoid issues.)

FOR CAREGIVERS

About 48 million family caregivers annually provide \$470 billion in unpaid care. If you're a caregiver, your gift of love should not harm you.

Claim Due Income Tax Deductions — If you meet the IRS requirements, if you care for an aging parent in your home, you may qualify to file as the head of household. If you pay a parent's medical expenses not reimbursed by insurance, if you itemize, you might claim a deduction.

Get The Caregiving Tax Credit — Under the Credit for Caring Act, eligible family caregivers can get a tax credit for 30 percent of qualified expenses above \$2,000 paid to help a loved one. The maximum credit amount is \$3,000. The Credit for Caring Act of 2021 may raise this to \$5,000.

Use Medicaid-Paid Caregiving Programs — Most state Medicaid programs offer some form of self-directed care, used by 800,000 patients nationwide. Your state also may offer ways to pay you for taking care of a family member, friend or neighbor. Ask your local Medicaid office.

Get Compensated as a Caregiver — Beyond Medicaid, long-term care and worker compensation insurance may pay family members to be caregivers, as does VA home and community services. Alternatively, draft an *Eldercare Contract*, generally among family members, that outlines the care duties and provides a way to pay the caregiver.

NOTE: These educational tips are not comprehensive and should not to be considered legal or professional advice. RIP makes no promises or warranties, yet we believe that applying these tips can help save you or your family from medical debt hardships.