

MONEY & MAIN ST.

# Medical bills prompt more than 60 percent of U.S. bankruptcies

updated 9:33 a.m. EDT, Fri June 5, 2009

STORY HIGHLIGHTS

- Study: More than 60 percent of bankruptcies are linked to medical bills
- Three-quarters of people with a medically-related bankruptcy had health insurance
- Researcher: "You're one illness away from financial ruin in this country"
- Situation likely to worsen: study was done a year before recession

[Next Article in Health »](#)

By Theresa Tamkins

## Health

TEXT SIZE

This year, an estimated 1.5 million Americans will declare bankruptcy. Many people may chalk up that misfortune to overspending or a lavish lifestyle, but a new study suggests that more than 60 percent of people who go bankrupt are actually capsized by medical bills.



GETTY IMAGES

Expert: "Medical bills ... are an issue that can very easily and in pretty short order overwhelm a lot families."

Bankruptcies due to medical bills increased by nearly 50 percent in a six-year period, from 46 percent in 2001 to 62 percent in 2007, and most of those who filed for bankruptcy were middle-class, well-educated homeowners, according to a report that will be published in the August issue of The American Journal of Medicine.

"Unless you're a Warren Buffett or Bill Gates, you're one illness away from financial ruin in this country," says lead author Steffie Woolhandler, M.D., of the Harvard Medical School, in Cambridge, Mass. "If an illness is long enough and expensive enough, private insurance offers very little protection against medical bankruptcy, and that's the major finding in our study."

Woolhandler and her colleagues surveyed a random sample of 2,314 people who filed for

bankruptcy in early 2007, looked at their court records, and then interviewed more than 1,000 of them.

[Health.com: Expert advice on getting health insurance and affordable care for chronic pain](#)

Don't Miss

- [Don't get scammed by fake health plans](#)
- [What's a recent college graduate to do about health insurance?](#)

They concluded that 62.1 percent of the bankruptcies were medically related because the individuals either had more than \$5,000 (or 10 percent of their pretax income) in medical bills, mortgaged their home to pay for medical bills, or lost significant income due to an illness. On average, medically bankrupt families had \$17,943 in out-of-pocket expenses, including \$26,971 for those who lacked insurance and \$17,749 who had insurance at some point.

Overall, three-quarters of the people with a medically-related bankruptcy had [health insurance](#), they say.

"That was actually the predominant problem in patients in our study -- 78 percent of them had health insurance, but many of them were bankrupted anyway because there were gaps in their coverage like co-payments and deductibles and uncovered services," says Woolhandler. "Other people had private insurance but got so sick that they lost their job and lost their insurance." [Health.com: Where the money goes -- A breast cancer donation guide](#)

However, Peter Cunningham, Ph.D., a senior fellow at the Center for Studying Health System Change, a nonpartisan policy research organization in Washington, D.C., isn't completely convinced. He says it's often hard to tell in which cases medical bills add to the bleak financial picture without being directly responsible for the bankruptcies.

"I'm not sure that it is correct to say that medical problems were the direct cause of all of these bankruptcies," he says. "In most of these cases, it's going to be medical expenses and other things, other debt that is accumulating."

Either way, he agrees that medical bills are an increasing problem for many people. [Health.com: 5 quick](#)

ADVERTISEMENT

## Most Popular on CNN

### ▼ STORIES

Most Viewed    Most Emailed    Top Searches

- 1 [Three more bodies from plane found](#)
- 2 [Kin tried to save kids from fire](#)
- 3 [Mother, baby dead, 1 charged](#)
- 4 [Heidi Pratt rushed to hospital](#)
- 5 [MN teen reported dead in Mogadishu](#)
- 6 [Contractors held in Iraq death](#)
- 7 [King: The nation's housing crisis](#)
- 8 [Footage captures police beating](#)
- 9 [Japan's 'herbivore men' - less...](#)
- 10 [Commentary: Cool guy, hidden past](#)

[more most popular »](#)

### ▶ VIDEOS

### ▶ TOPICS

## More from Health »



[How I cope with my 'inevitable mucus-fest'](#)



[Meth ads talk to teens in Spanish](#)



[Former drug addicts find new fixation on triathlons](#)

More in: [Living Well](#) | [Diet & Fitness](#) | [Mental Health](#) | [Conditions](#)

**careerbuilder.com**

- Part Time Jobs
- Sales & Marketing Jobs
- Customer Service Jobs

#### Quick Job Search

keyword(s):

enter city:

State

Job type

**SEARCH**

[more options »](#)

## We Recommend

Stories you may be interested in based on past browsing

[Democrats buckle down on health care reform](#)

[Meth ads talk to teens in Spanish](#)

[Guatemalan in Atlanta awaits word on transplant](#)

[The five big health-care dilemmas](#)

POWERED BY  
Google

SEARCH

© 2009 Cable News Network. Turner Broadcasting System, Inc. All Rights Reserved.

[Terms of service](#) | [Privacy guidelines](#) | [Advertise with us](#) | [About us](#) | [Contact us](#) | [Help](#)

[CNN en Español](#) | [Arabic](#) | [Japanese](#) | [Korean](#) | [Turkish](#)

[International Edition](#) | [CNN TV](#) | [CNN International](#) | [HLN](#) | [Transcripts](#)