

# Pathways to a Healthy Bernalillo County

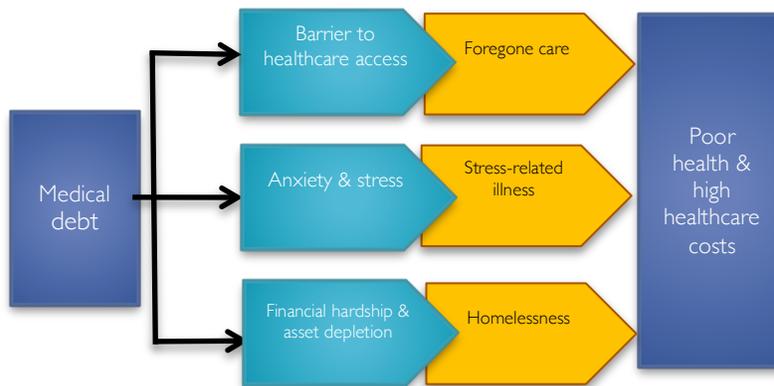
## Medical Debt Pathway Return on Investment Analysis

Completion of the Medical Debt pathway has reduced participants' medical bills by roughly \$3.7 million since late 2009. Clients who completed the Medical Debt pathway not only eliminated almost two-thirds of their outstanding medical debt, they reduced their hospitalizations and emergency department (ED) use by over 50 percent. The savings from more efficient utilization of the healthcare system were enough to fully offset the cost of administering the Medical Debt pathway.

Medical Debt is one of the most cost-effective pathways because it removes, with relative speed, one of the most significant barriers to healthcare access for Pathways participants. People with outstanding medical debt, regardless of insurance status, are far more likely than those without debt to forego needed medical care. Failure to address health problems in their early stages increases the likelihood of poor outcomes and costly interventions later on. Unmanageable medical debt directly compromises health by contributing to anxiety, stress, and depression. These problems are greatly exacerbated by the aggressive tactics of some debt collectors. Medical debt is also a leading cause of personal bankruptcy<sup>1</sup> and is associated with major health risk factors including housing instability, food insecurity, and unemployment.<sup>2</sup>

Resolving outstanding medical debt is a gateway through which many Pathways clients must pass in order to begin engaging effectively with the healthcare system. Applying for Emergency Medical Services for Aliens (EMSA), hospital charity care programs, or negotiating balance reductions with hospital business offices are frequent first steps in establishing a medical home or obtaining treatment for debilitating medical or dental problems.

**Figure 1 Medical debt impact on health and healthcare costs**



Credit counseling and debt management programs appear to mitigate some of the negative outcomes of medical debt, including being contacted by collection agencies, exhausting savings, delaying education or career plans, and foregoing preventive screenings, medical tests, or treatments due to cost.<sup>3</sup> Debt management programs have also been shown to increase participants' self-reported health status and sense of financial wellbeing. The Medical Debt pathway may produce similar benefits.

## The Medical Debt pathway

Community Health Navigators (CHNs) help Medical Debt clients negotiate with creditors and apply for financial assistance programs. To complete the Medical Debt pathway, clients must have obtained financial assistance or set up affordable payment plans and they must understand and be able to document the terms of their remaining debt.

According to navigator notes, individual client debts ranged from \$300 to \$20,000, averaged \$25,177, and totaled roughly \$5.5 million. Most client debts were incurred at University Hospital (UNMH), but roughly one-in-four clients had outstanding bills from Presbyterian Hospital. Most clients who owed Presbyterian qualified for the hospitals' Charity Care program, which eliminated their debt entirely. Clients who sought to resolve UNMH debt were typically offered a 45 percent self-pay discount and a \$25 monthly payment plan. Since 2009, completion of the Medical Debt pathway has reduced client balances by roughly two-thirds, from \$5.5 million to \$1.8 million.

Analysis of navigator notes indicates that roughly one quarter of clients who completed the Medical Debt pathway had immigration concerns and 15 percent qualified for Emergency Medical Services for Aliens (EMSA), a government program that covers emergency medical care provided to immigrants who do not qualify for Medicaid solely on the basis of their immigration status.

Exit interviews conducted with 16 percent (36) of clients who completed the Medical Debt pathway suggest a greater than 50 percent reduction in ER utilization and/or hospitalization.<sup>1</sup> This change alone would produce well over \$1,000 in average savings per client, enough to completely offset the cost to Pathways of administering the Medical Debt pathway.<sup>2</sup>

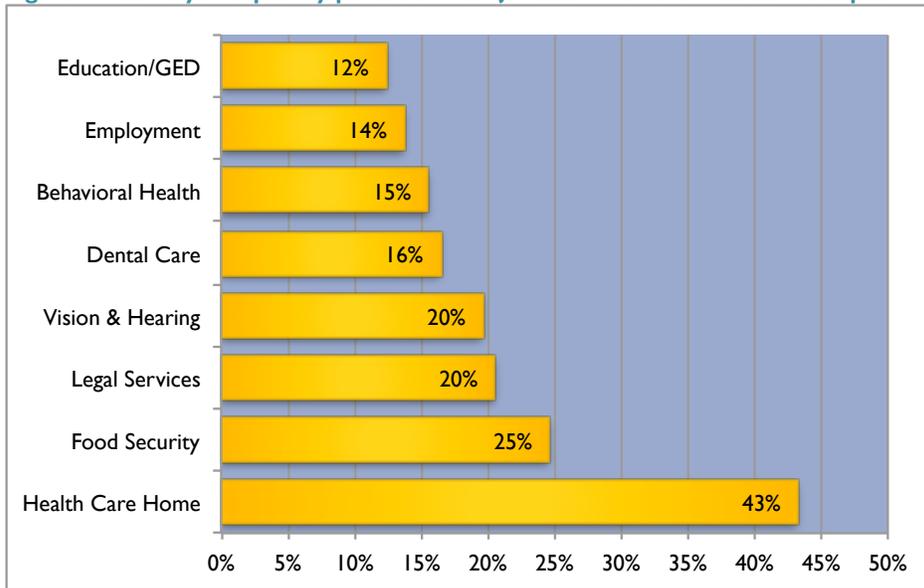
Since 2009, 393 Pathways clients have initiated the Medical Debt pathway and 220 (56%) have completed the pathway. Over 40 percent of clients who complete the Medical Debt pathway also pursue the Health Care Home pathway. Other pathways commonly pursued in conjunction with Medical Debt include Food Security, Legal Services, and Vision and Hearing.

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<sup>1</sup> Estimate based on comparison of data from the risk assessment conducted at program entry and interviews conducted shortly after program exit for clients who completed both. At entry to the program, 69 percent of Medical Debt pathway participants reported having utilized the ER three or more times in the past 12 months. Upon exit from the program, an average of 264 days later, only 33 percent of clients who completed the medical debt pathway said they had used the ER even once since entering the program, suggesting a reduction in ER use of at least 50 percent. Differences in the wording of the ER utilization questions posed at program entry and program exit make a more precise estimate impossible.

<sup>2</sup> Total cost (maximum) = 393 Medical Debt clients \* \$530 per completed pathway = \$208,290. Total benefits (minimum) = 220 (Medical Debt completers) \* \$1,000 (average cost reduction) = \$220,000

**Figure 2 Pathways frequently pursued in conjunction with the Medical Debt pathway**



## How does medical debt impact health and healthcare costs?

There is an established link between medical debt and lack of access to healthcare and an even stronger link between lack of access and poor health outcomes. Further, not attending to urgent medical needs often leads to worse outcomes and considerably higher future healthcare costs the burden of which are borne by the individual patient, their families, employers and society at large.<sup>4</sup>

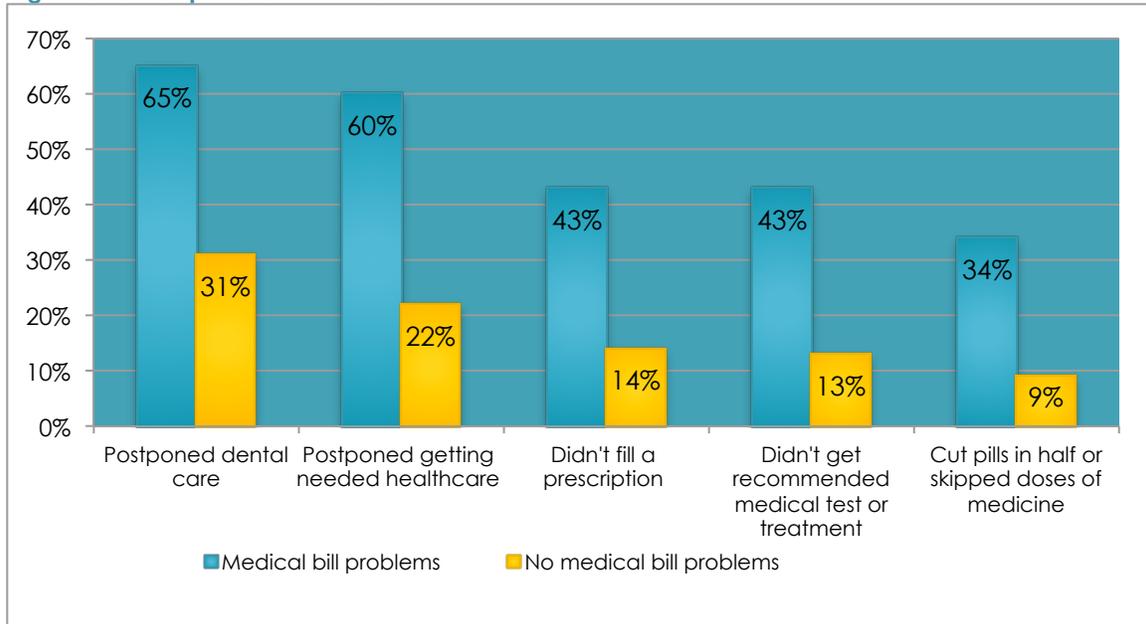
### Access to Care

Medical debt prevents patients from receiving the healthcare they need.<sup>5</sup> Studies have shown that even after controlling for income and insurance coverage, patients with medical debt were significantly more likely than patients with no medical debt to prematurely halt ongoing treatment, skip preventative screenings, and forego doctor-recommended treatments, tests, and follow up care (**Figure 4**).<sup>6 7 8 9 10</sup> Ninety-six percent of Medical Debt clients say they have been unable to obtain needed medical care in the past year. They are also significantly more likely than other Pathways clients to report having used the ED or having been hospitalized three or more times in the past 12 months (**Figure 5**).

Medical debt is a problem for both insured and uninsured patients. In fact, the majority of U.S. adults with medical debt were insured at the time they incurred the debt.<sup>11</sup> Medical debt is as significant a barrier to care as lack of insurance. Privately insured adults with medical debt are as likely as uninsured adults to forego needed healthcare.<sup>12 13</sup>

Medical debt also creates a hole in the safety net for low-income communities. One-in-four uninsured adults who owed money to a community clinic or other safety net provider said that they would avoid seeking care at that facility in the future.<sup>14</sup>

**Figure 3: Consequences of medical debt**



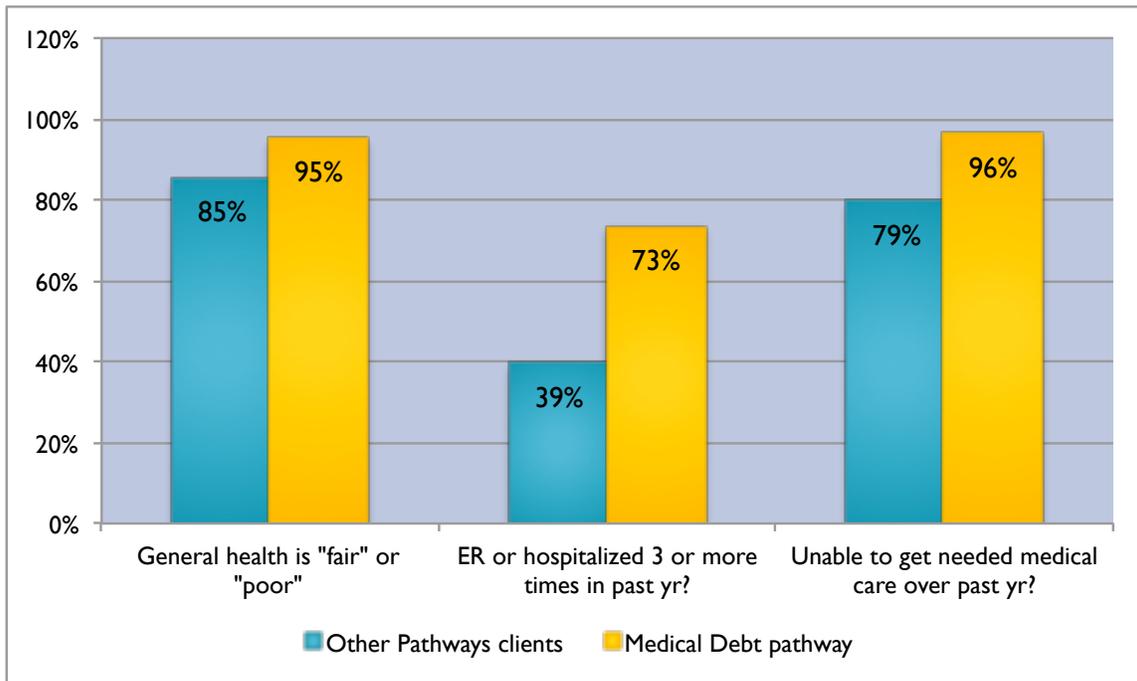
Source: The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey. <http://kff.org/report-section/the-burden-of-medical-debt-section-3-consequences-of-medical-bill-problems/>

### Medication non-adherence

Ninety-seven percent of Medical Debt pathway clients say they have been unable to afford recommended procedures, medications, or treatments during the past year. Medication underuse has been associated with increased disability and worse psychological health.<sup>15</sup> Patients with medical debt are less likely than patients without debt to take prescribed medications as directed. A recent study in Arizona found that patients with unpaid medical bills were over six times more likely than patients without unmanageable medical debt to delay taking their medications.<sup>16</sup> The likelihood of medication non-adherence, and thus the likelihood of a poor outcome, increases with the size of the medical debt.<sup>17</sup>

If relieving patients of the burden of unmanageable medical debt increases medication adherence it will likely generate a positive return on investment. Increased medication adherence has been associated with significant reductions in hospitalizations, emergency department visits, total healthcare use and costs.<sup>18 19</sup> Efforts to get patients to take prescribed medications as instructed have been shown to decrease medical costs by \$8.40 for every a \$1 spent on patient information and additional medication.<sup>20</sup> Among patients with diabetes, adherence decreased hospitalization by between 4 percent and 31 percent and reduced healthcare costs by 8.6 percent to 28.9 percent.<sup>21</sup>

**Figure 4 Health and healthcare of Pathways clients who did and did not pursue the Medical Debt pathway**



Psychological stress and stress related-illness

Indebtedness is correlated with suicidal ideation and depression-related symptoms such as anxiety and anger. Burdensome debt has been linked to poorer subjective health and health-related behavior.<sup>22</sup> This relationship is likely bi-directional: the stress, anxiety, and additional work pressure caused by unmanageable debt compromise health;<sup>23</sup> and poor health, in turn, undermines earning capacity and financial stability. In 15 percent of Medical Debt cases, CHNs noted that clients experienced acute stress and anxiety as a result of debt collection efforts. Ninety-five percent of Medical Debt pathway clients characterize their general health as “fair” or “poor” (Figure 5).

Other financial impacts

Medical debt is a factor in more than half of all personal bankruptcies<sup>24</sup> and contributes to long-term financial hardships including housing instability, asset depletion, inability to meet basic expenses such as food and utilities, bankruptcy, and poor credit,<sup>25</sup> all of which have the potential to negatively impact health.<sup>26 27 28</sup>

Housing problems are particularly pernicious consequences of medical debt. Half of foreclosures have been shown to have medical causes.<sup>29</sup> Surveys indicate that over half of people with significant outstanding medical bills have experienced at least one a housing problem such as inability to obtain a mortgage or rent a house, inability to afford rent or mortgage payments, being forced to move, being evicted, or even becoming homeless.<sup>30</sup> A 2016 Arizona study found that medical debt and health problems frequently contributed to foreclosure, even among insured families. Foreclosure, in turn, worsened self-reported health and reduced access to healthcare and basic necessities.<sup>31</sup>

Ninety percent of clients who complete the Medical Debt pathway say they have difficulty providing clothing for their family and 93 percent have difficulty providing their family with adequate food, rates slightly higher than those of Pathways participants overall.

## Navigators provide essential support for clients with limited English

A recent national survey found that about half of people with problems paying hospital bills did not know if the hospital at which they received care had a financial assistance program.<sup>32</sup> Language barriers likely contribute to this lack of awareness. Lack of English proficiency can also impede patient efforts to apply for assistance or advocate on their own behalf. Ninety-four percent of clients who complete the Medical Debt pathway speak a language other than English and 91 percent have difficulty speaking and reading basic English.

The expansion of Medicaid under the Patient Protection and Affordable Care Act (ACA) has lessened the impact of medical debt on some low-income households,<sup>33 34</sup> but it has not, and will not, eliminate the problem of medical debt, particularly for immigrants. Nationwide, medical debt held by individuals who gained Medicaid coverage is estimated to have declined by an annual average of \$600 to \$1,000 per patient since 2014.<sup>35</sup> However, this trend is not readily evident among the extremely low-income adults served by Pathways.

## Financial assistance and debt mitigation reduce the negative impact of medical debt

There is an established link between self-perceived financial wellbeing and self-reported health status.<sup>36</sup> Associations have also been found between credit counseling programs that improve financial wellbeing and improvements in clients' physical health.<sup>37,38</sup> Debt management programs appear to mitigate some of the negative outcomes of medical debt including being contacted by a collection agency, exhausting savings, delaying education or career plans, and foregoing preventive screenings, medical tests, or treatments due to cost.<sup>39</sup>

## Conclusion

Medical debt creates major barriers to healthcare for both the insured and uninsured. Patients with unpaid medical bills often forego physician visits, put off needed care, and fail to fill prescription medications. The inability to access care negatively impacts health. There is little doubt that not attending to urgent medical needs leads to worse health outcomes, significantly increasing healthcare costs over the long run. Medical debt is particularly damaging to Bernalillo County's immigrant population, many of whom, despite being very poor, do not qualify for Medicaid or other health insurance subsidies. Unmanageable debt has been correlated with health risk behaviors and worse self-reported health. In addition to contributing directly to psychological stress and its physical correlates, medical debt is correlated with many of the major risk factors for poor health outcomes including food insecurity and homelessness.

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