

Medical Bankruptcy – Fact Sheet

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- 1.458 million individuals or couples filed for bankruptcy in 2001. These bankruptcies involved 1.925 million debtors and 1.939 million dependents- a total of 3.864 million people.
- Between 46.2% and 54.5% of all bankruptcies (midpoint estimate 50.35%) were caused, at least in part, by illness or medical debts. Thus, medical bankruptcy involved between 1,850,098 and 2,227,000 Americans in 2001 (midpoint estimate = 2,038,549). (For further details and definitions see: “Illness and Injury as Contributors to Bankruptcy” Exhibit 2 – available after February 1 at <http://content.healthaffairs.org/webexclusives/index.dtl?year=2005>)
- The number of medical bankruptcies increased approximately 2200% between 1981 and 2001.
- Most medical debtors had some health insurance, but many suffered gaps in coverage:
 - ✓ 75.7% had health insurance at the onset of the bankrupting illness.
 - ✓ 68% had coverage at the time of their bankruptcy filing
 - ✓ 62% had continuous coverage
 - ✓ 1/3 of those with private coverage at onset lost it during the course of illness
 - ✓ Only 2.9% of the uninsured went without coverage voluntarily – most others couldn’t afford it
- High medical bills contributed to 60% of medical bankruptcies, with drug costs contributing to 48%. (Drug costs were the major problem for most Medicare-insured debtors, and many of those with psychiatric disorders). In 35% of cases lost income due to illness was a factor.
- Out-of-pocket medical costs since the onset of illness averaged \$11,854
 - ✓ The privately-insured had the highest costs - \$13,460 – due to the very high costs incurred by those who initially had private coverage but then lost it.
 - ✓ Cancer patients’ costs averaged \$35,878.
- Families in medical bankruptcy suffered many privations. In the 2 years before filing for bankruptcy:
 - ✓ 22% went without food
 - ✓ 30% had a utility shut off
 - ✓ 61% went without needed medical care
 - ✓ 50% failed to fill a doctor’s prescription
- Only between 7.1% and 14.3% of Canadian bankruptcies are due to “health/misfortune” according to previous studies. Many of these may be due to other catastrophic events (e.g. loss of income or property due to death or fire).