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Bankruptcy Study Highlights Need For National Health Insurance

Most Bankrupted by Illness Had Insurance Physicians' Group Decries Fake Reforms and "Counterfeit Coverage"

A new Harvard study of medical bankruptcies highlights the growing number of Americans with dangerously skimpy health insurance coverage and the need to address the problems of the insured as well as the uninsured, according to Physicians for a National Health Program (PNHP). The study, published today as a Web Exclusive by the journal *Health Affairs* found that half of U.S. bankruptcies, affecting 2 million people annually, were attributable to illness or medical bills. (Copies of the article can be accessed at: www.pnhp.org/bankruptcy)

The physicians' group pointed out that three-quarters of those bankrupted by illness were insured when they first got sick. While politicians acknowledge the need to cover the uninsured, they have ignored the worsening plight of those with coverage. Rising health care costs, skimpier policies and the cancellation of coverage when illness causes job loss have augmented the financial risk for those with insurance. This heightened risk is reflected in the 2200% increase in medical bankruptcies since 1981 found in the Harvard study.

PNHP highlighted two causes of the high rate of medical bankruptcy among the insured. First, many employers are cutting back coverage through larger co-payments, deductibles and exclusions – often under the euphemism of “consumer-driven health plans.” Second, the current link between coverage and employment means that insurance often evaporates when it is needed the most – when illness is so severe that breadwinners are unable to work. The COBRA law, which allows people to continue their coverage when they lose a job, has failed to address this problem because the premiums for continued coverage are unaffordable (often \$10,000 per year or more).

Only national health insurance (NHI) can solve the problem, according to the group. The NHI plan proposed by the group in the Journal of the American Medical Association (see www.physiciansproposal.org for text of proposal) would de-link coverage from employment, cover all medically necessary care without co-payments or deductibles, and cover all Americans. Previous studies have shown that the administrative savings under NHI from eliminating private

insurance companies could fund comprehensive care for all Americans without any increase in overall health costs.

Dr. Claudia Fegan, Director of Ambulatory Care at Provident Hospital in Chicago and Immediate Past President of PNHP commented “Only national health insurance can fix the health care mess. Without national health insurance, the best we can do is rob Peter to pay Paul – cut back coverage for the insured in order to cover a few of the uninsured. But with national health insurance we can achieve massive savings on insurance bureaucracy and profits – more than enough to guarantee full coverage for every American.”

“It’s a cruel irony that in trying to help our patients we often ruin them financially. We heal their bodies, but inflict lasting financial wounds.” said Dr. John Geyman, PNHP President and former Chair of the Department of Family Medicine at the University of Washington. “The huge number of people affected by medical bankruptcies – 2 million each year - means the average doctor has two or three of them in their practice. Yet I suspect that few of us have been aware of this epidemic.”

Dr. Quentin Young, PNHP National Coordinator remarked “The paradox is that the costliest health system in the world cannot provide decent, accessible health care to all Americans. In contrast, all other industrial democracies have the answer: national health insurance financed by progressive taxes. In American terms, Medicare for all.”

Copies of the paper are available from PNHP at (312) 782-6006 or info@pnhp.org

“Illness and Injury as Contributors to Bankruptcy,” Himmelstein et al, *Health Affairs* Web Exclusive, February 2, 2005.

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Physicians for a National Health Program is an organization of 12,000 physicians advocating for non-profit national health insurance. PNHP has chapters and spokespersons across the country. For contacts, call (312) 782-6006