



Medical Debt

HIGHLIGHTS FROM THE AHS 2010



National Report Highlights the Importance of Medicaid

A lot of attention has been paid recently to the role that health insurance plays in protecting people from medical debt and psychological distress.

A landmark National Bureau of Economic Research study (NBER Working Paper No. 17190) shows that Medicaid – the state and federally funded health insurance program for low income individuals – plays a critical role in protecting people from financial and emotional harm. The study received widespread media attention not only because of the importance of the research and findings, but also because Medicaid cuts are currently being contemplated by the federal government and implemented at the state level.

New Arizona Evidence Concur

Arizona's Medicaid Program Protects People From Economic Distress

A recently completed study by Dr. Patricia Herman at the University of Arizona using data from the 2008 and 2010 *Arizona Health Survey* also highlights the importance of Medicaid in protecting people from economic distress in Arizona.

The study, available in full at arizonahealthsurvey.org, shows that people enrolled in Medicaid (called AHCCCS in Arizona) are less likely to report problems paying their medical bills. Interestingly, other types of insurance do not necessarily offer that same protection. People who have other insurance are just as likely as those who are uninsured to experience medical debt due to large out-of-pocket expenses.

Medical Debt on the Rise, Affecting Access to Care

Dr. Herman published further analysis in the *American Journal of Public Health* showing that medical debt takes more than just a financial toll on individual and families. It affects their access to care. The study found that medical debt and lack of insurance coverage are both substantial and independent predictors of delayed or missed care and medication.

Medical debt also appears to be on the rise in Arizona. Dr. Herman's *Arizona Health Survey* study shows that the prevalence of medical debt increased slightly between 2008 and 2010. Reports of currently paying off medical bills increased from 19 percent in 2008 to 21 percent. The percent of those reporting problems paying bills increased from 20 percent in 2008 to 22 percent in 2010.

Looking Forward

All three studies – the national study as well as the two Arizona-specific studies – have several important implications for policy makers. Beginning July 8th, Arizona implemented dramatic policy changes to AHCCCS which are likely to result in approximately 135,000 losing coverage by next July.¹ These three studies suggest that the cuts will not only affect whether or not many low income individuals have health insurance. These policy changes may also affect the economic, physical and emotional well-being of individuals and families. Moreover, resulting increases in medical debt may take the toll on health care providers who care for those with AHCCCS coverage – as well as those with other types of insurance.

¹ Reihhart, Mary K. (1 July, 2011) Arizona Medicaid cuts on hold for now. *The Arizona Republic*.



St. Luke's Health Initiatives

A Catalyst for Community Health

© 2011 All Rights Reserved. Material may be reproduced without permission when proper acknowledgement is made.

2929 N Central Ave, Suite 1550, Phoenix Arizona 85012 | 602.385.6500 ph | 602.385.6510 fx