

UNDERSTANDING MEDICAL DEBT:

An Economic Millstone Around America's Neck



In 2020, Americans were shocked by a number tossed around during the presidential campaign:

\$81 billion, the estimated cost of American medical debt.

It turns out, though, that **\$81 billion** was a gross underestimate.

Later studies pegged American medical debt at more than

\$140 BILLION

but even that number may be too small.

An October 2021 *Forbes* article noted that estimates of American medical debt usually do not include "credit card balances and unpaid medical bills that haven't hit consumers' credit reports."

“With those categories included, Americans may actually owe as much as **\$1 trillion** in medical debt.”



Two years after its star-turn as a presidential election issue, medical debt remains an economic millstone tied to the country's neck—and it's the leading cause of bankruptcy among Americans.

A solution to this existential threat requires understanding what's driving it—information that most people don't know. This infographic, which offers a snapshot of the causes of medical debt and the breadth of the issue, can help.

WHAT MAKES MEDICAL DEBT SO HARD FOR MANY PEOPLE TO MANAGE?



Conditions that cause catastrophic health costs are unpredictable.

It's hard to prepare financially for things like car accidents and cancer diagnoses.



Insurance premiums, co-pays, and deductibles for health coverage are skyrocketing.

Even if a person has coverage, they still may not be able to afford care.



Health care costs are not transparent.

There's no menu at a doctor's office or a hospital. Patients can't accurately calculate out-of-pocket costs or comparison shop for better prices before agreeing to undergo—and pay for—care.



Billing errors and disputes can happen behind closed doors.

Patients don't always immediately know when an insurer denies a claim or is late in paying a provider—so big costs can pass on to the patient.

Source: [The Sycamore Institute](#)

WHO CARRIES MEDICAL DEBT? MORE PEOPLE THAN YOU THINK



23 million Americans > nearly **1 in 10** adults > carry medical debt of more than **\$250**

16 million Americans > nearly **16%** of adults > owe more than **\$1,000**

3 million Americans > **1%** of adults > owe more than **\$10,000**

Source: [Peterson-KFF Health System Tracker](#)

RACE, INCOME LEVEL, AND REGION ARE ASSOCIATED WITH HIGHER MEDICAL DEBT

Black Americans are more likely than other racial or ethnic groups to carry significant* medical debt



Black Americans



White Americans



Asian Americans

12% of adults with incomes below 400% of the federal poverty line reported carrying significant medical debt.



People living in rural areas or in states that did not expand Medicaid under the Affordable Care Act are more likely to incur significant medical debt.

*significant defined as more than \$250
Source: [Peterson KFF Health System Tracker](#)

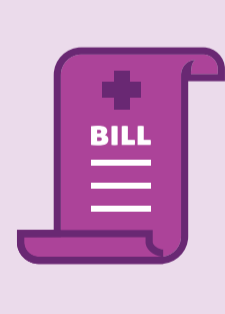


THE UNITED STATES IS FAR AND AWAY THE MOST MEDICAL DEBT-RIDDEN COUNTRY IN THE WORLD



1 in 6

U.S. workers with health insurance reported taking on extra work or cutting back on necessities because of medical bills



Fewer than **1 in 35** households in France, Great Britain, Germany, Ireland, Japan, and Sweden reported having medical bills that affected their financial security

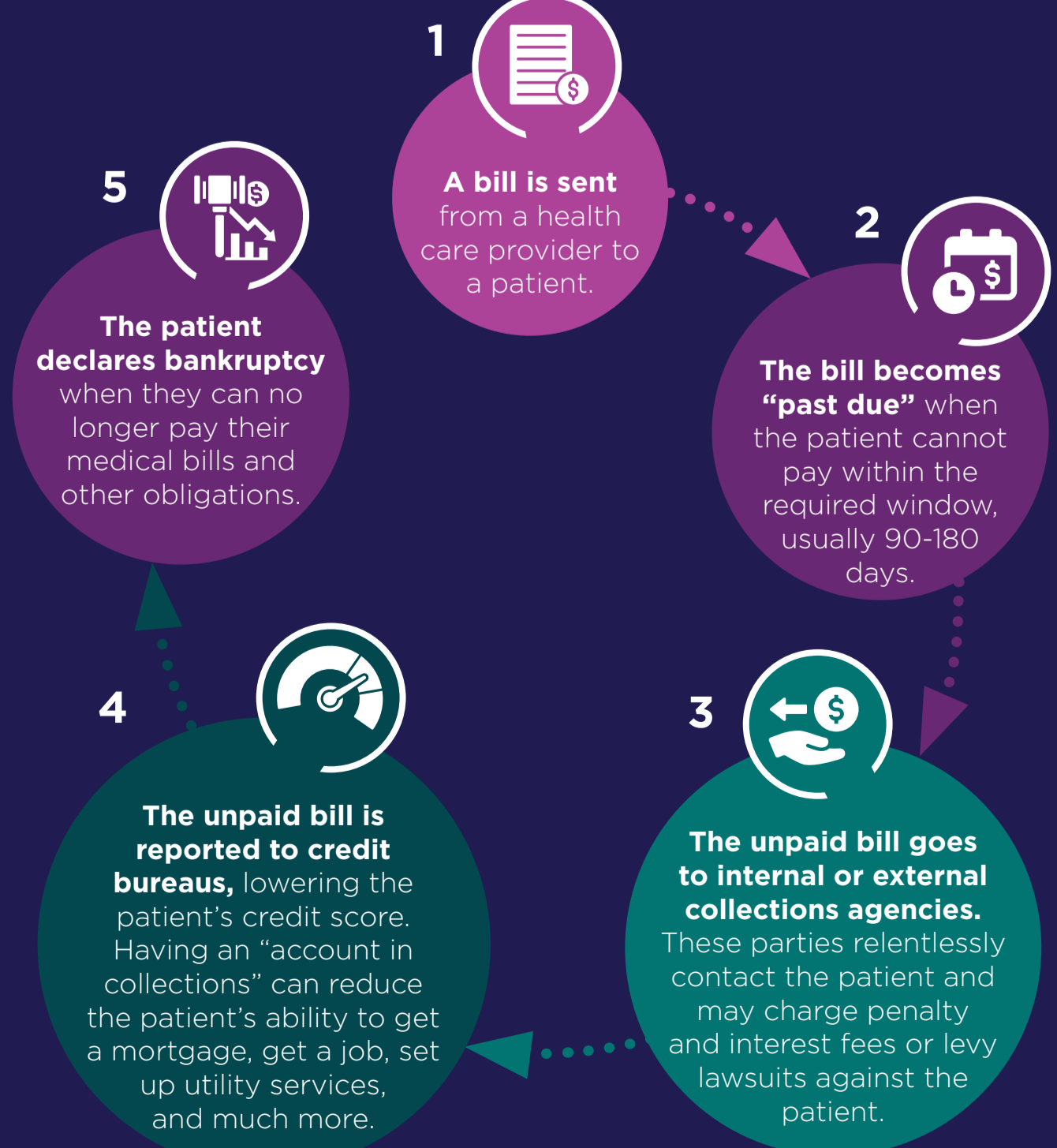
Just **1 in 90** households in the Netherlands faced medical costs that could be termed "catastrophic."

Source: [Los Angeles Times](#) and [Kaiser Family Foundation](#)

“Medical debt is uniquely American, and it's a by-product of the broken financing of our healthcare system.”

Allison Sesso, executive director of the nonprofit RIP Medical Debt, speaking to *Forbes* in October 2021

HOW CAN MEDICAL DEBT LEAD TO BANKRUPTCY?



Adapted from: [The Sycamore Institute](#), "The Path from Medical Bill to Medical Debt"

Learn more about the threats presented by medical debt—and how patients and providers can address them—in our post, "How to Fight the Health Care System and Win."



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