In Debt and Desperate: The Hidden Cost of Getting Sick

“Being sued by a big hospital chain is an absolutely cruel experience for people of limited means.” Sally Greenberg, National Consumers League

When most Americans think about debt, they think about overspending, credit cards, luxury purchases, maybe buying something they couldn't afford. But medical debt is a different beast. Nobody plans for a cancer diagnosis or a car accident. Nobody expects their child to get sick in the middle of the night. Yet every year, millions of Americans find themselves facing crushing medical bills, even when they have insurance.

Welcome to **Code WACK!,** where we break down how our healthcare system really works, what it means for you, and how to make it better for everyone. I'm your host, **Brenda Gazzar.**

Today on Code WACK! we're talking with **Sally Greenberg, CEO of the National Consumers League,** about the hidden costs of getting sick in America, the patients whose lives have been upended by medical debt, and why she believes the system is failing the people it's supposed to serve.

The National Consumers League is the nation's oldest consumer advocacy organization and has advocated for both consumers and workers since 1899.

Greenberg said one story in particular captures what's wrong with medical debt in America. It involves a patient who was sued by Johns Hopkins Hospital.

Greenberg: There's a woman named Lakesha Spence who was featured in the Baltimore Sun article, and she lives very close to Hopkins. She learned that her bank account and paychecks were placed on a legal hold by a law firm that was representing Johns Hopkins, over $5,000 in unpaid medical bills. So that's a tiny amount. She works as a security guard for $15 an hour. She checked her account. She thought she had $152 in it. So you can imagine this is a person of very limited means. And she found out that the law firm had taken all of her money from the account, and now she was facing, um, bankruptcy, which is not an uncommon situation for people of modest means who have medical debt. She was treated twice at the hospital. She had some depression episodes. She gave birth to a baby. She was never told about the access to charity care at the hospital.

Clearly, she is somebody at a $15 an hour job with $152 in the bank, should have been processed when she came into the hospital and given access to charity care, which by the way, these hospitals have huge amounts of support and funding for. There's a 340B program where they get massive discounts on drugs and pharmaceuticals that they're supposed to pass on to patients. And what we've found is that many of them don't pass that on to patients, and they don't do any processing of patients to ensure that those who are supposed to get access to charity care are getting it. And then they come after these people who have never been given the right information end up ruining their lives. Wow.

So what strikes you most about these kinds of stories?

Greenberg: Those consumers who are the focus of these hospital medical debt lawsuits are in debt for small amounts of money. But for them, it's a lot. And being sued by a big hospital chain is an absolutely cruel e- experience for people of limited means.

The other thing that we say, Brenda, about medical debt is it's not because of excessive spending by consumers. Nobody's going on a fancy trip to the Caribbean. Nobody's buying, you know, huge amounts of clothing or watches or anything. What happens in medical debt is because of a loved one or oneself, an accident or an unexpected illness lands you in an emergency room or even in a hospital or extended time under circumstances which you weren't expecting. And you have no choice but to get medical care. And without knowing it, many, many

consumers now have begun to fear this, are racking up huge amounts of expenses, both in medical debt and then excessive amounts of charges, fees, and penalties, interest rates for unpaid debts over a period of time.

And it is just a very predatory situation for many people of modest means. Yeah. Even people who have money and have insurance end up with huge amounts of medical debt. And it's so serious that at any one time, Americans who are polled up to 100 million will say they either have had, currently have, or are fearful about medical debt.

That's a staggering number.

And it means that people do things like take Ubers and Lyfts to hospitals because they're so frightened about the excessive costs of an ambulance. And either they have insurance or they don't have insurance and it lands them into many times they're insured, but they're underinsured or they weren't aware that certain kinds of treatment or somebody was out of network and they end up with these massive amounts of debt with no warning or ability to control that debt.

You also have a story about your own family.

Greenberg: I have a son who was a teacher and he happened to walk into a hospital. He was having something like a panic attack, not a serious issue. He wasn't gonna, you know, kill himself. There was nothing like that. They admitted him and did all of his, his vitals and everything else. And, you know, three hours later, he had a $2,500 bill. He had insurance, but it didn't cover it. He was teacher. He wasn't making a lot of money. No one asked him if he had the c - ability to pay. Then they had demanded a credit card. They demanded a credit card upfront. So that happens to a lot of people. We have to tie that in because we always tell people, "Don't give a credit card. But if the condition is, you have to give us your credit card or we won't treat you," which is not legal, but they do that.

Once it's on your credit card, you cannot fight it. You can fight it with a hospital, but you cannot fight it once it's on a credit card because then your battle is with Visa, MasterCard, or American Express. That's what happened to him. And I talked to the hospital. They wouldn't do a thing about it, even though he had no. Yes, his

pulse was racing for about four minutes. And I suppose all things considered they were doing due diligence, but no one asked him if he could afford to pay a $2,500 bill. And they demanded a credit card. And he thought it was gonna be $200 because that's what they put on initially. And then they came back with these charges and they put it automatically in his card. He obviously has the means and the family backup, but most people don't.

And this is someone who had insurance.

The average consumer is relying on things like, "I have insurance," or companies are honest, or whatever it is. They get a rude awakening.

When people think of medical debt, they often picture a bill. But what you're describing is something much bigger.

Greenberg: I think what happened after these expose articles, in some of the worst cases, the hospital dropped the charges. There were protests outside the hospital from people who said, "Stop charging poor people these huge amounts of money." And people do declare bankruptcy. People spend their child support and their alimony and go into second mortgages on their homes or go borrow money from payday lenders if they're being hounded by these big firms. Some hospitals have said they're gonna stop collecting medical debt, but it's only because of pushback from patients and patient groups and organized patient activity. And groups like ours, you know, will take a little credit for shining a spotlight on these terrible practices. Of course, these hospitals should be paid for some of their services, but the system really has to change dramatically to make sure that they're using the insurance that people have, that they're affording people access to charity care when they walk in the door.

One of the things that surprised me was the amount of money involved in some of these collection efforts. Not because the numbers are large, but because they're actually minuscule compared to hospital revenues.

Greenberg: When the Baltimore Sun did the expose on Hopkins, the median amount saw it was $1,400 from patients. The total amount ended up to $4.4 million. That was less than one-tenth of 1% of Hopkins Hospital's total operating

revenue, okay? A tiny, tiny amount. And yet, they were going after that in this massive way.

When you follow these stories that occur again and again, where do you think the system breaks down? Is it primarily the hospital, the insurance company, the billing system, drug prices, or all the above?

Greenberg: I think all of the above, for sure. Hospital charges, like this lady, Lakesha Spence, she wanted to see the hospital charges break down. They never really provided that to her. I don't think my son saw a real breakdown, so you don't know what you're getting charged for. And you should ask for an audited bill because what you find, like with a credit card bill, if you don't check it, there are things that shouldn't be there sometimes. Not always, but sometimes. And as a good consumer, we're making assumptions about people have the time and the energy and the understanding. You should be able to look at your bill. She asked for a breakdown of her charges. She didn't even know what they were. It's the 340B program, which the law needs to be changed because hospitals are not giving that money up. They're not giving it up.

It's a huge cash cow for them. Now, imagine. It's $100 billion plus, plus. They're not giving that up. We have to fight back.

Medical debt isn't just a healthcare issue. It's a housing issue, a credit issue, a labor issue, a poverty issue. And at its core, it's a story about what happens when illness collides with financial vulnerability.

Greenberg: We had a woman in our office and her son, her son had intellectual disabilities. He fell off Medicaid in DC. He was healthy enough, but he had some things happening. And, and he ended up wracking up a bunch of medical debt, because he fell off Medicaid.

Now, we know that there are many states that have not adopted Medicaid, and they're usually in the South, where they don't make Medicaid available except for a very limited number of people, even though they could have done so and at no cost to them under Obamacare. Well, if you're not eligible for Medicaid, you're gonna be in serious trouble. And so people go to the emergency room. And

people who are falling off Medicaid are gonna end up in the emergency room. We're very worried about medical debt growing and expanding and really exploding because of these terrible cuts in the so-called big, beautiful bill and, and other laws that have been orchestrated by the Trump administration.

As Sally Greenberg notes, people don't choose medical debt. They choose to seek care. And in the wealthiest nation on earth, that's a distinction worth remembering.

Thank you, Sally Greenberg of the National Consumers League. Stay tuned for next time when we talk with Sally about how a federal drug pricing program may be failing patients.

If you've enjoyed this Code Wack episode, subscribe, leave a review, and share it with a friend. This podcast was powered by Healed California, uplifting the voices of those fighting for healthcare reform around the country. I'm Brenda Gazzar. Thanks for listening. And until next time, stay healthy.