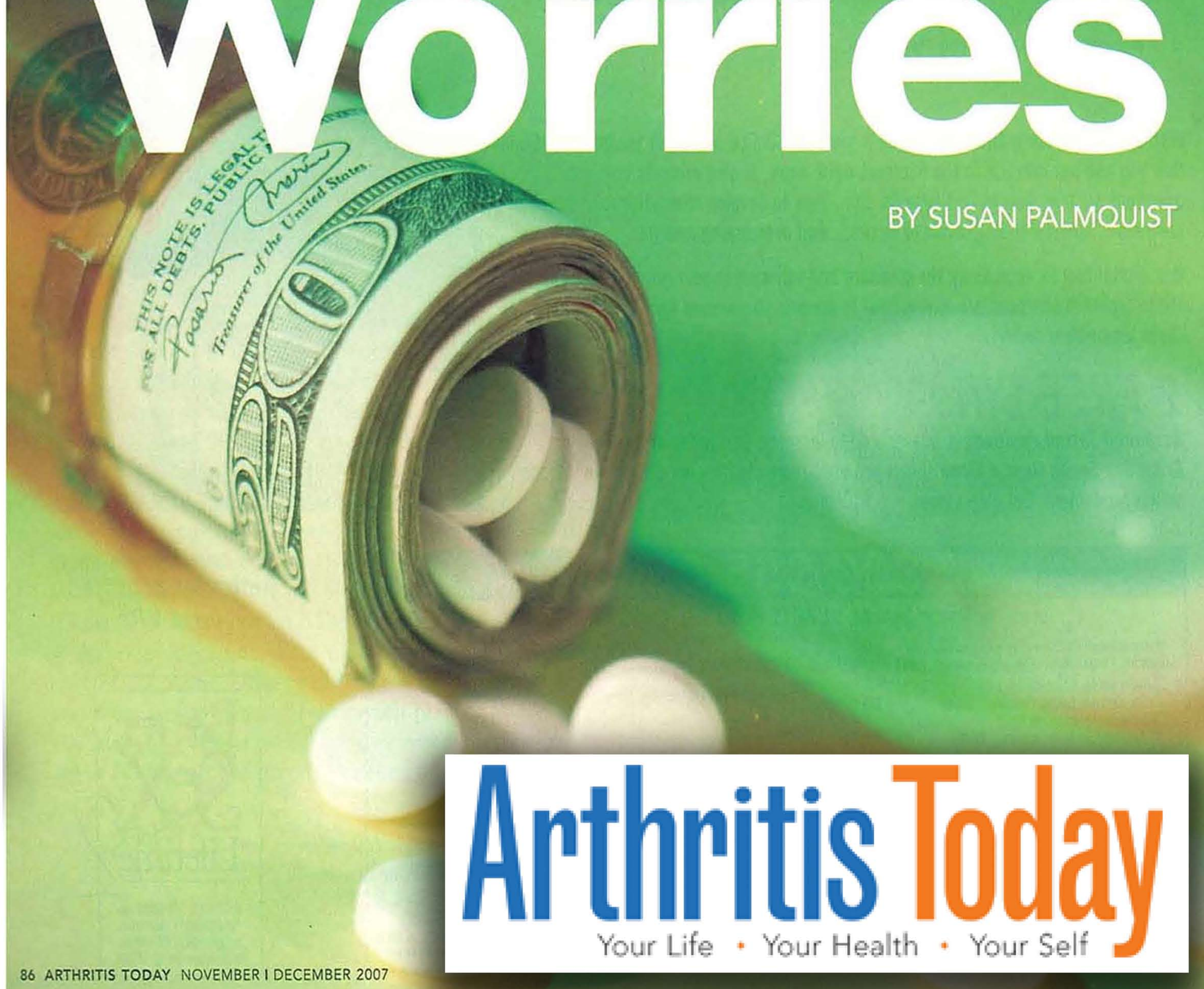
Big Bills, Big Worries

Out-of-pocket health-care costs are a huge problem – even for those with insurance. Find out how to ensure you're not left with bills you can't pay.

BY SUSAN PALMQUIST



Arthritis Today

Your Life • Your Health • Your Self

MARGARET WALL, A 65-YEAR-OLD RETIRED COMMERCIAL INSURANCE ACCOUNT REPRESENTATIVE IN DALLAS, HAS BOTH OSTEOARTHRITIS (OA) AND RHEUMATOID ARTHRITIS (RA) severe enough that she underwent thumb surgery in 1996. Her rheumatologist's practice stopped accepting her insurance plan, but because he was one of the few physicians who had been able to help her, she didn't want to change doctors. As a result, she had to go out of network and pay 60 percent of her medical costs.

A few years later, a three-month supply of her medicine, etanercept (*Enbrel*), was $3,900, for which her co-pay was $350. At the same time, she also was responsible for 20 percent of a $700 bill for lab work.

Wall couldn't cover the costs and says that from 1998 to 2001 she was in constant pain. She recalls being in an emotional fog, worrying about how she was going to pay not only for her medicine, but also for her everyday living expenses.

Wall isn't alone. Nearly half of all Americans worry about paying for their health care – even those who have insurance – according to a February 2007 poll by public opinion tracker Zogby International. In fact, another recent poll by Harris Interactive shows that more Americans are concerned about paying for health care than are concerned about the Iraq War, global warming or rising fuel costs.

Arthritis is an ongoing condition that often involves relentless expenses – numerous office visits; expensive medications; physical or occupational therapy sessions; medical devices, such as braces; and major expenditures, such as joint surgery. And people with arthritis, whether OA or an autoimmune form, such as RA, often have additional medical conditions – cancer, diabetes or heart disease, to name a few.

So you've got insurance. That's good. But is it enough? What do you do to pay for the treatment you need now, and how can you also save for future needs? Read on to see what several experts recommend.

Seeing Holes in the Net

Medical bills are the leading cause of bankruptcy, according to a Harvard University study, which also showed that more than 75 percent of those who declared bankruptcy because of mounting medical bills had health insurance at the start of their illness.

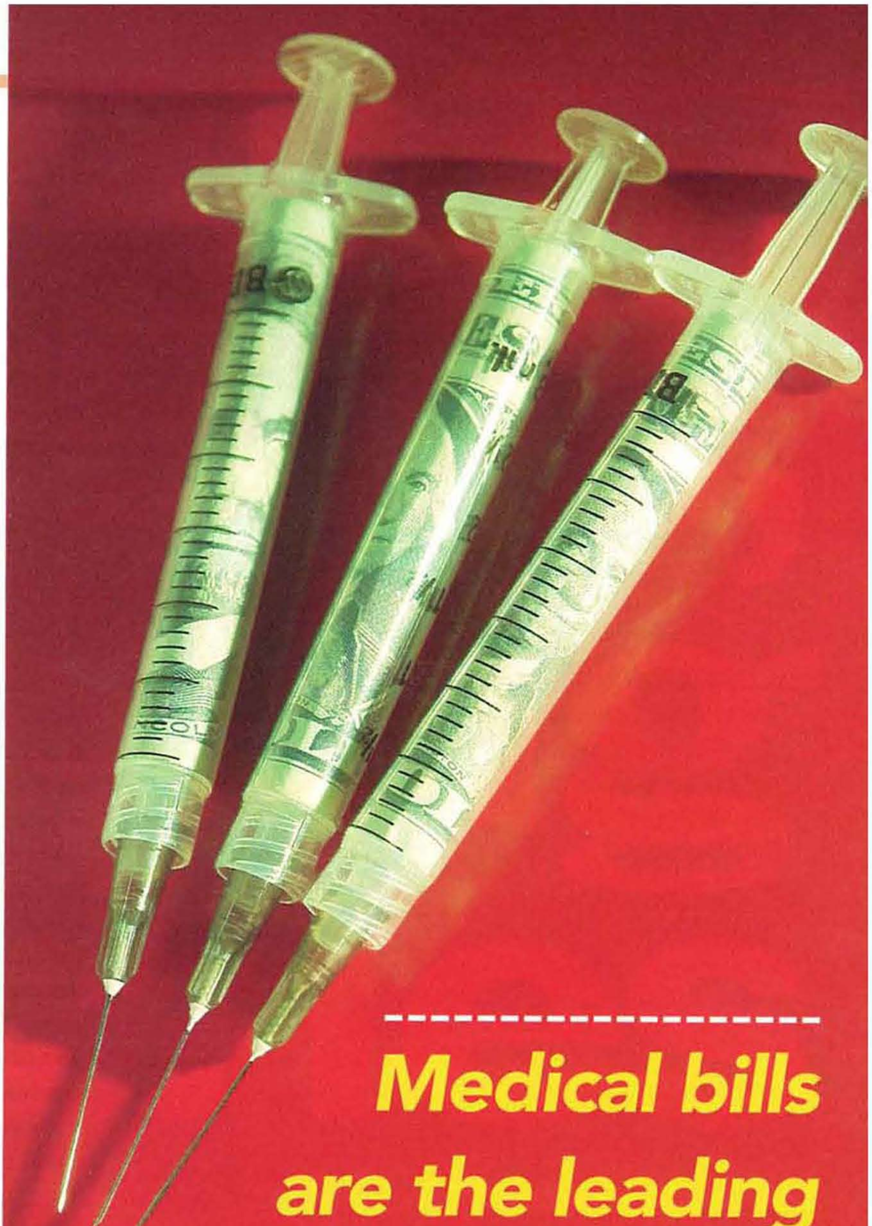
These days, the word "insurance" may be a misnomer: Health-care coverage no longer ensures that the bulk of your medical costs will be paid. The safety net that medical insurance provided in the past has become riddled with holes so large that many people are falling through, leaving them nearly as vulnerable as those without insurance. These people are considered underinsured.

"Every day I see people who can't afford to pay for health care; most of them are underinsured," says Jerri Scarzella, vice president and chief financial officer of HealthWell (www.healthwellfoundation.org) – a nonprofit organization that offers financial assistance to patients with serious and chronic illnesses to help pay insurance co-payments, premiums and even prescription drug costs. Currently, under the arthritis umbrella, HealthWell assists those with RA, psoriatic arthritis and ankylosing spondylitis.

Scarzella cites two reasons for the recent upsurge of people who are worrying about health-care costs and struggling to pay their premiums, even if they are employed and have health benefits through work or are eligible for Medicare.

First, health-care costs are rising – at twice the rate of inflation – and most Americans can't keep up. Bigger chunks of a person's income now go toward paying for insurance and treatments. A study recently published in the journal *Arthritis & Rheumatism* shows that adults with arthritis and other rheumatic conditions paid an average of $1,635 for prescriptions in 2003 compared with only $899 in 1997. One reason for this increase can be attributed to new treatments and drugs, such as biologics – including *Enbrel*.

Second, employers are passing more of the financial responsibility for health care onto their employees. In an attempt to save money, employers are switching from comprehensive coverage – a broad contract that provides coverage for almost all types of medical expenses, with a few internal limits, and usually subject to a small deductible and co-insurance – to high-deductible coverage. As of 2007, this meant deductibles of $1,100 for individuals and $2,200 for families. The result is that employees bear more of the cost. Premiums for health insurance through employers increased nearly 8 percent in 2006, averaging nearly $4,200 per person or, in 2007, $14,500 for a family of four enrolled in a major medical plan, according to the actuarial firm Milliman.



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Rising Costs, Rising Temptations

With the costs of maintaining health skyrocketing, consumers are desperately seeking ways to keep out-of-pocket costs as low as possible. Unfortunately, some options look good at first glance, but could end up further emptying your pockets.

One danger is the temptation to take a higher deductible, which keeps the cost of premiums lower. The idea sounds smart at first – you'd pay more in the form of a deductible only if you needed medical treatment – but it might not be the best route to take if you have a chronic illness, such as arthritis. If you do decide to commit to a high deductible, you run the risk of paying thousands of dollars from your own pocket, warns Scarzella.

One way you can ease your worries is to fund your own health care by putting money in reserve. There are two ways to do this: flexible spending accounts and health savings accounts (HSAs).

Flexible spending accounts allow you to set aside money from your paycheck before taxes are taken out and use the account to pay for medical expenses throughout the year. Because you lose whatever money is left in the account at the end of the year, flexible spending accounts work best for known recurring expenses, such as regular prescription costs.

An HSA works somewhat like a long-term flexible spending account, enabling you to save for medical expenses on a tax-free basis, but you also must have an HSA-qualified high-deductible health plan. Anyone younger than 65 who buys this type of policy can open an HSA. You can't be enrolled in Medicare, however, or covered by another insurance policy that isn't a qualified high-deductible plan. The insurance must have a minimum deductible of at least $1,100 for individuals or $2,200 for families, and the annual out-of-pocket expenses cannot exceed $5,500 for an individual or $11,000 for a family. Contributions to HSAs are limited and adjusted annually. Unlike with a flexible spending account, the money in an HSA is yours and can be rolled over and used in future years, and even grow through investment earnings.

Many people overlook HSAs as a way to save for future medical costs. But they may not be right for everyone. According to a Kaiser Family Foundation report, analyses of available data and relevant research suggest that HSAs and high-deductible health plans are no more affordable for low-income families than existing plans. The high deductibles associated with these plans may shift even more health-care costs onto them. HSAs are likely to be more attractive to healthy individuals and families who have had few major medical expenses.

So what options are you left with? See "Whittling Away Debt." There are plenty of actions you can take to take control of health-care expenses.

Susan Palmquist is a freelance writer in Minneapolis.