

## **Bitter Pill: A Demographic Analysis of Unpaid Medical Bills**

*Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Jake Spiegel, Employee Benefit Research Institute*

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### AT A GLANCE

In this paper, we explore the relationship between past-due medical bills and worker demographics. For comparative purposes, we also look at other forms of debt. We focus on adults of working age, because they experienced an increase in cost sharing in their health benefits. Data from the FINRA Foundation's 2021 National Financial Capability Study (NFCS) are used for this study. In our analysis, we observe:

- Despite the increase in cost sharing, the percentage of Americans who reported having past-due bills from a health care or medical service provider remained unchanged between 2015 and 2021.
- Since 2015, the percentage of Americans who reported past-due medical bills has remained in the low 20 percent range, down from 26 percent in 2012.
- Compared with other sources of debt, Americans were less likely to report that they had past-due medical bills.
- Women were slightly more likely than men to report that they had past-due medical bills.
- The likelihood of having past-due medical bills increased with age for younger adults but decreased with age for older adults.
- Black adults were more likely than other race/ethnicity groups to report that they had past-due medical bills.
- Adults with a high school degree or less were more likely than those with a college or graduate degree to report that they had past-due medical bills.
- As income increased, the odds of having past-due medical bills decreased.
- Health insurance and living in a Medicaid expansion state reduced the percentage of individuals reporting that they had past-due medical bills.
- Past-due medical bills were highly correlated with a lower level of use of health care services.
- Individuals with past-due medical bills were more likely than those without past-due medical bills to report several other financial challenges.

Although levels of medical debt are often low, there is still the potential for adverse effects as a result of that debt. Medical debt on credit reports can affect one's ability to obtain a mortgage, get a lease for an apartment, get insurance, get a job, and obtain other forms of credit. Medical debt may also affect credit worthiness, which affects the interest rate that a consumer can get on a loan. Medical debt may also lead to delay or avoidance of health care, which can result in not just higher health care costs in the long term, but also worse health outcomes. Beginning in July 2022, the three major credit reporting bureaus began phasing in changes to the way medical debt is included in credit reports to address some of these adverse effects.

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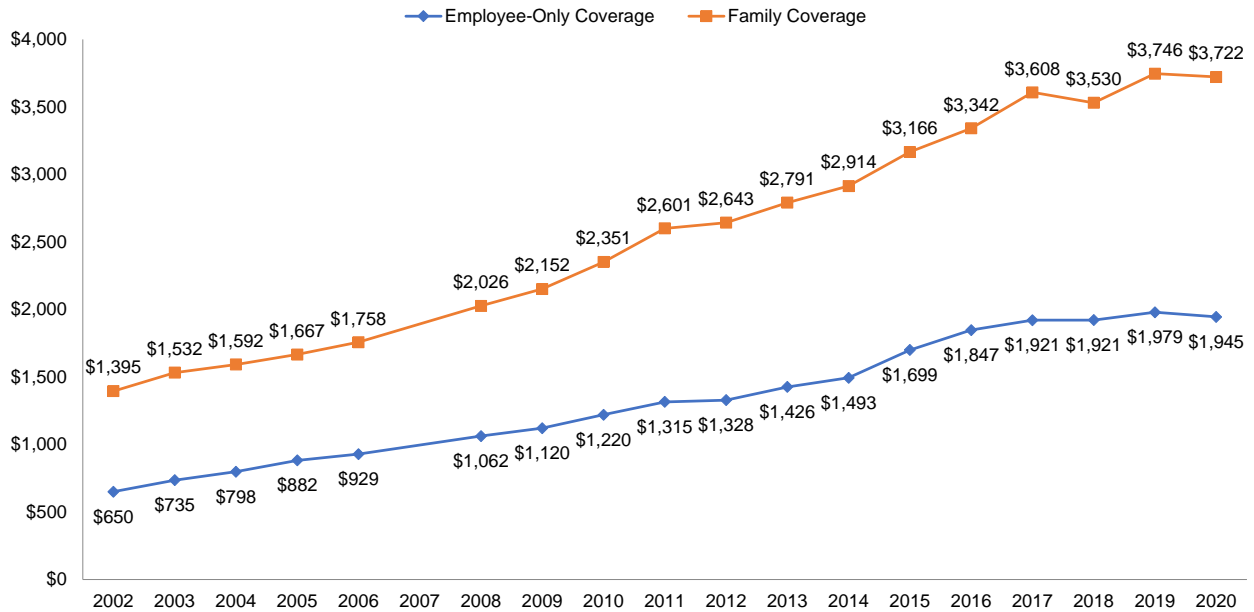
# Bitter Pill: A Demographic Analysis of Unpaid Medical Bills

Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Jake Spiegel, Employee Benefit Research Institute

## Introduction

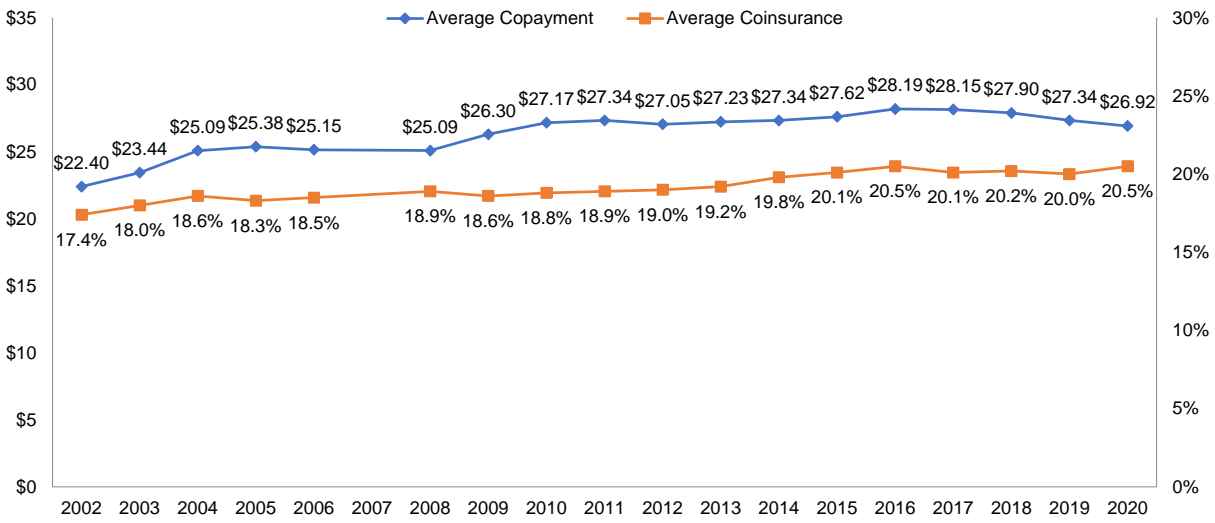
Over the past two decades, cost sharing in employment-based health plans has been increasing. Hence, workers with health coverage through their job often pay more out of pocket for health care services than they did in the past. For example, a greater number of workers have a deductible as part of their health plan. And among individuals with a deductible, the average deductible has been increasing. Between 2002 and 2020, the average deductible increased from \$650 to \$1,945 among those with employee-only coverage, and it increased from \$1,395 to \$3,722 among those with family coverage (Figure 1). Copayments have been increasing as well. The average copayment for an office visit increased from \$22.40 in 2002 to \$26.92 in 2020 (Figure 2). Coinsurance rates for office visits increased more modestly, but since coinsurance requires plan participants to pay a percentage of the charge, out-of-pocket payments for coinsurance increase with office visit costs.

Figure 1  
Average Annual Employee-Only and Family Deductible,  
Among Workers in Private-Sector Establishments  
With a Deductible, 2002–2020



Source: Medical Expenditure Panel Survey Insurance Component (MEPS-IC).  
Note: Data not collected in 2007. Deductibles shown in 2020 dollars.

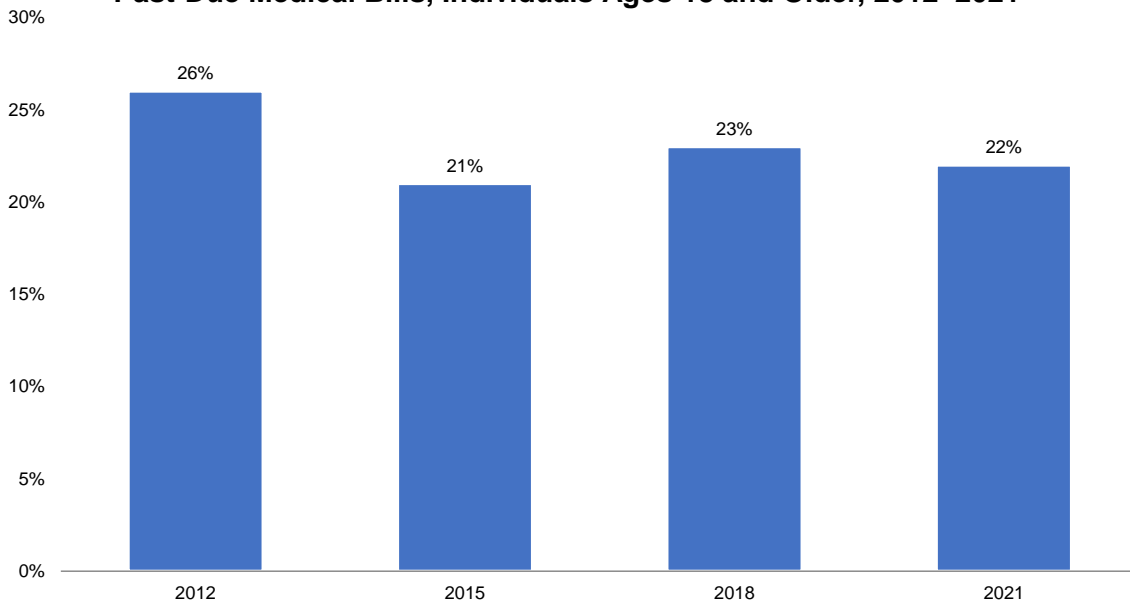
**Figure 2**  
**Average Copayment and Coinsurance for a Physician Office Visit, Among Workers in Private-Sector Establishments With Copayments or Coinsurance, 2002–2020**



Source: Medical Expenditure Panel Survey Insurance Component (MEPS-IC).  
 Note: Data not collected in 2007. Copayments shown in 2020 dollars.

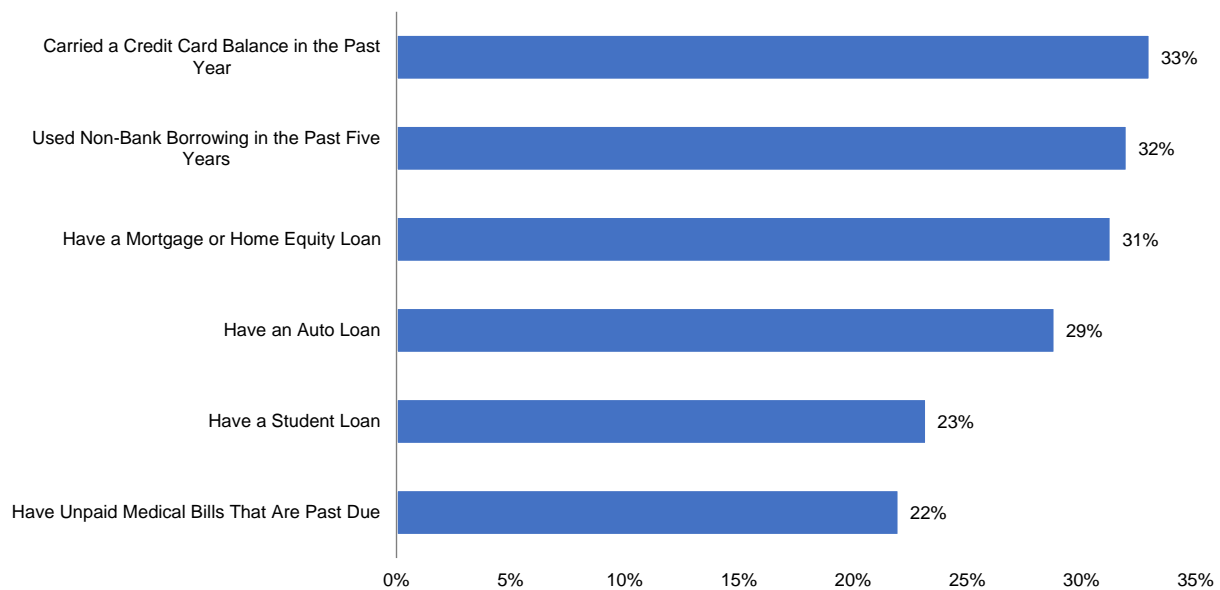
Despite the increase in cost sharing, the percentage of Americans who reported having past-due bills from a health care or medical service provider remained unchanged. Since 2015, the percentage of Americans who reported past-due medical bills remained in the low 20 percent range, down from 26 percent in 2012 (Figure 3). Furthermore, compared with other sources of debt, Americans were less likely to report that they had past-due medical bills (Figure 4). For example, 22 percent of adults had past-due medical bills, compared with 33 percent who carried a credit card balance. Medical debt was the most common credit account listed on credit records (Furey and Kelly 2019). It is important to recognize that some types of debt in Figure 4 were not necessarily past due, such as mortgages and auto loans.

**Figure 3**  
**Past-Due Medical Bills, Individuals Ages 18 and Older, 2012–2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2012-2021 National Financial Capability Survey (NFCS).

**Figure 4**  
**Prevalence of Various Types of Debt for American Adults, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Medical debt is different from other forms of debt. Some forms of debt, such as a mortgage, automobile loan, or student loan, are taken on voluntarily. Consumers can shop for the best interest rate and have time to consider the cost of the home, automobile, or tuition. In contrast, consumers of health care usually do not plan to take on medical debt, as it is often the result of a one-time or short-term medical expense arising from an acute medical need (Hamel et al. 2016). Because of the way health care expenses are often incurred, most people are not in a position to shop for health care services like they can for a home, automobile, or education. Furthermore, recent public policy efforts to address pricing transparency found that 34 percent of hospitals do not post usable pricing data, and another 12 percent post data, but those data fall well short of the requirements (McGinty, Evans, and Mathews 2021). But medical debt also tends to be low, especially relative to other forms of debt. A recent report that looked at consumer credit reports in 2020 found that the median medical debt collection level was \$310, the average was \$773, and 62 percent of medical debt was under \$490 (Consumer Financial Protection Bureau 2022). In contrast, another report found that nearly 10 percent of adults had at least \$250 in past-due medical bills as of December 2019, 6 percent owed over \$1,000, and 1 percent owed more than \$10,000 (Rae et al. 2022). Recent estimates suggest that 43 million Americans accounted for \$88 billion in medical debt on credit reports (Consumer Financial Protection Bureau 2022).

Although levels of medical debt are often low, there is still the potential for adverse effects as a result of that debt. Medical debt on credit reports can affect one's ability to obtain a mortgage, get a lease for an apartment, get insurance, get a job, and obtain other forms of credit. Medical debt may also affect credit worthiness, which affects the interest rate that a consumer can get on a loan. Medical debt may also lead to delay or avoidance of health care, which can result in not just higher health care costs in the long term, but also worse health outcomes.

The recent COVID-19 pandemic highlighted issues related to medical debt. When the Families First Coronavirus Response Act (FFCRA) was enacted on March 18, 2020, it required that health plans provide benefits related to the detection of SARS-CoV-2 without imposing any cost sharing. In addition, many employers were not subjecting plan participants to cost sharing related to the treatment of COVID-19, although by late 2020, these cost sharing waivers were being phased out (Ortaliza et al. 2021). And the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 provided economic relief related to the COVID-19 pandemic. It included a provision that allowed health savings account (HSA)-eligible health plans to provide pre-deductible coverage for telehealth services. Nearly all employers adopted pre-deductible coverage for telehealth services (Fronstin and Fendrick 2021). And many employers (76 percent) preferred to make the now-expired provision permanent.

The purpose of this paper is to better understand the relationship between past-due medical bills and worker demographics. For comparison purposes, we also look at other forms of debt. Data from the FINRA Foundation's 2021 National Financial Capability Study (NFCS) are used for this study.<sup>1</sup> The focus of this paper is on adults ages 18–64 who were of working age, because, as noted above, they experienced an increase in cost sharing in their health benefits.<sup>2</sup>

The data presented in this paper are timely given the recent announcement that the three major credit bureaus are overhauling how medical debt is reflected on credit reports:

- Beginning in July 2022, Equifax, TransUnion, and Experian stopped including medical debts that were previously in collections.
- Medical debts will not be reflected on credit reports until they have been past due for one year.
- In 2023, medical debts below \$500 will no longer be reported on credit reports.

A contributing factor to this change was research that found past-due medical bills to be an unreliable indicator of a person's ability to pay other debts (Consumer Financial Protection Bureau 2014).

### **About the National Financial Capability Study**

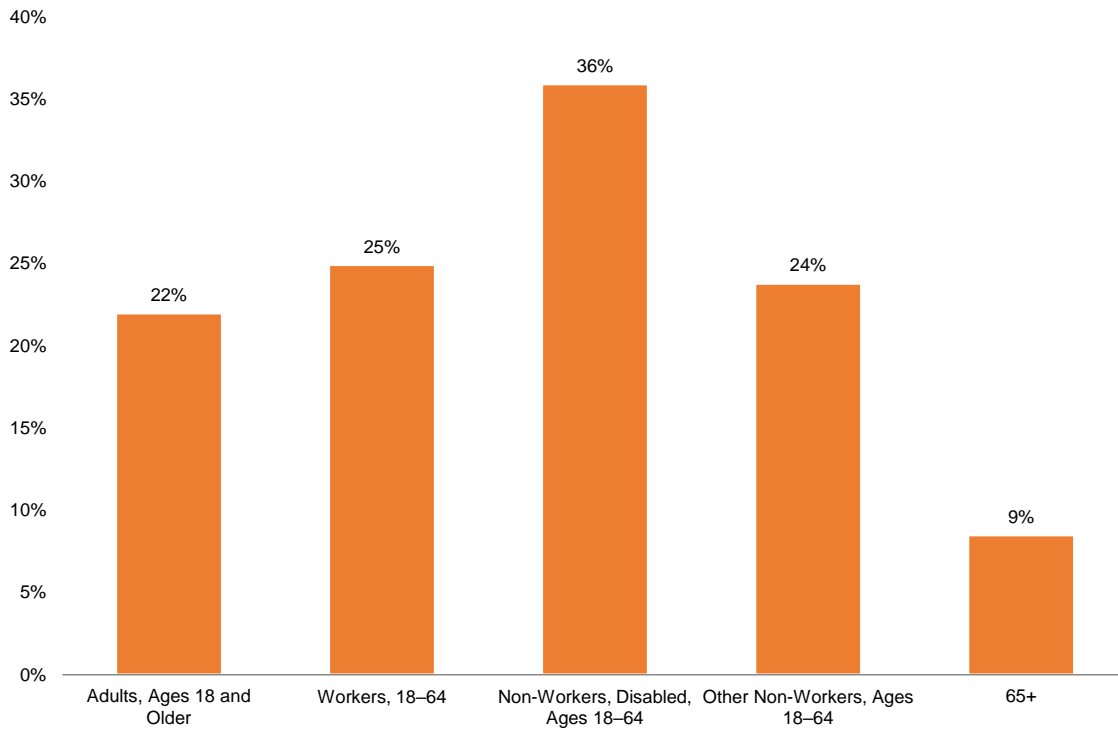
The National Financial Capability Study (NFCS) has been conducted every three years since 2009 by the FINRA Investor Education Foundation to benchmark key indicators of financial capability and to evaluate how these indicators vary with demographic, behavioral, attitudinal, and financial literacy characteristics. More than 27,100 U.S. adults ages 18 and older were surveyed for the 2021 study. The data are weighted to be representative of the national population in terms of age, gender, ethnicity, education, and census division. State-level estimates can also be derived using weights that accompany the NFCS data, and when weighted, state figures are representative of each state in terms of age, gender, ethnicity and education. Fielding was conducted from June to October 2021.

## **Worker Demographics and Past-Due Medical Bills**

Overall, one-quarter of workers ages 18–64 reported that they had past-due medical bills (Figure 5). Over one-third (36 percent) of adults unable to work because they were permanently sick or disabled reported that they had past-due medical bills. One-quarter (24 percent) of other non-workers ages 18–64 reported that they had past-due medical bills. In contrast, only 9 percent of adults (whether working or not working) ages 65 and older reported having past-due medical bills. Despite using more medical services than younger adults, older adults may benefit from the universal nature of Medicare. And even though the traditional Medicare program has a high deductible, a recent study found that 90 percent of Medicare beneficiaries had supplemental coverage, which would help reduce cost sharing and the potential for past-due medical bills (Koma, Cubanski, and Neuman 2021). The remainder of this paper focuses mainly on adults ages 18–64, because employment-based health benefits are the most common source of health coverage for this group.

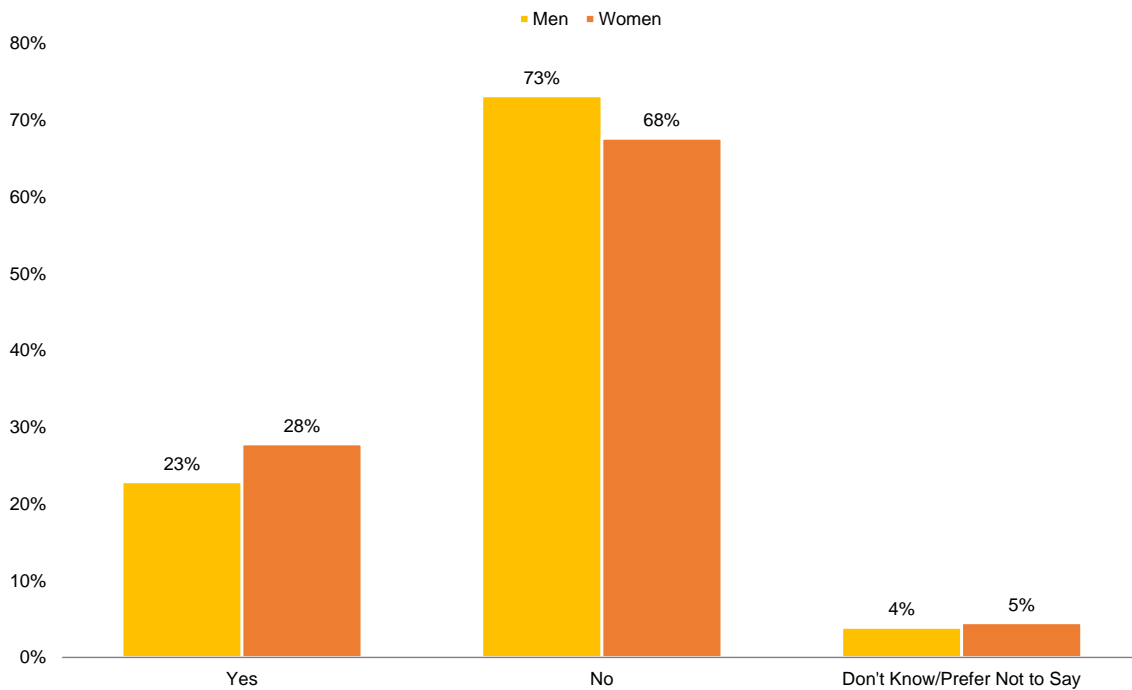
*Gender and Age* — Women were slightly more likely than men to report that they had past-due medical bills. Twenty-eight percent of women and 23 percent of men reported that they had past-due medical bills (Figure 6). Research suggests that men are less likely than women to use health care, and women are more likely than men to experience barriers to health care due to cost (Kaiser Family Foundation 2015).

**Figure 5**  
**Americans Ages 18 and Older, by Past-Due Medical Bills, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

**Figure 6**  
**Past-Due Medical Bills, Individuals Ages 18-64, by Gender, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).



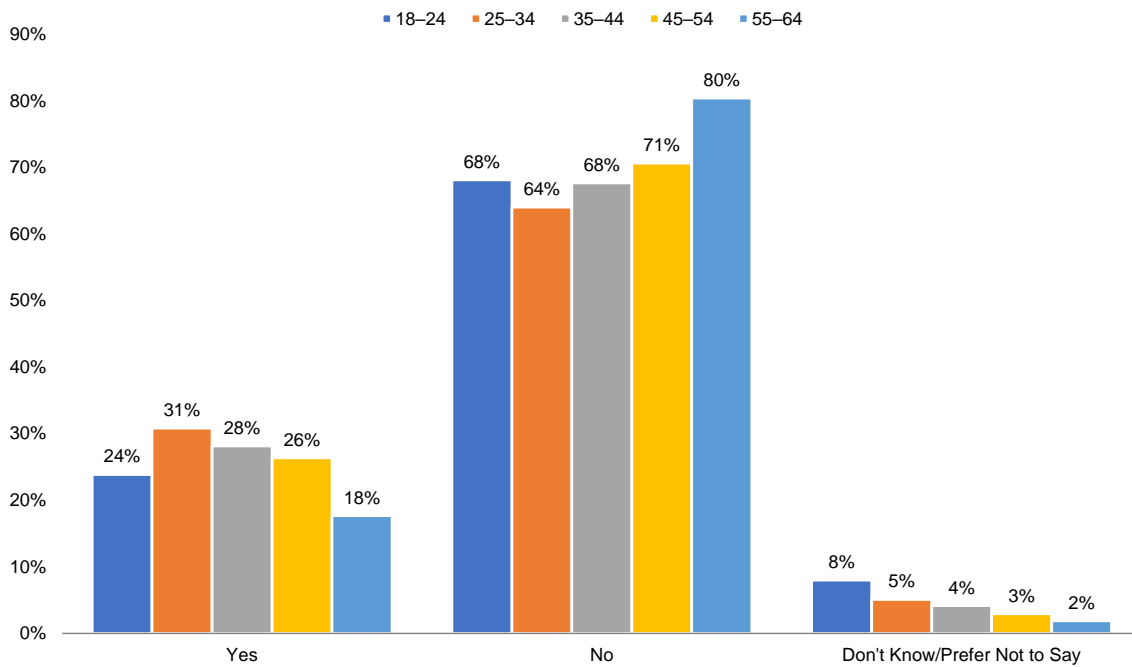
In contrast, while younger people use less health care than older people, younger people were more likely than older people to report that they had past-due medical bills. Nearly one-third (31 percent) of individuals ages 25–34 had past-due medical bills, compared with 18 percent among those ages 55–64 (Figure 7). This may be due to the correlation between income and age and, therefore, a younger person’s ability to afford health care. When gender and age are combined, we find that, among all age groups, women were more likely than men to report past-due medical expenses (Figure 8).

*Race/Ethnicity* — Black adults were more likely than those of other race/ethnicity groups to report that they had past-due medical bills. Thirty percent of Black adults reported past-due medical bills, compared with 26 percent among White adults, 24 percent among Hispanic adults, and 12 percent among Asian adults (Figure 9).

*Education* — Adults with a high school diploma or less were more likely than those with a college or graduate degree to report that they had past-due medical bills. Nearly one-third (32 percent) of those who did not complete high school and 29 percent of those with only a high school diploma reported past-due medical bills, compared with 17 percent among those with a college degree and 18 percent among those with a graduate degree (Figure 10).

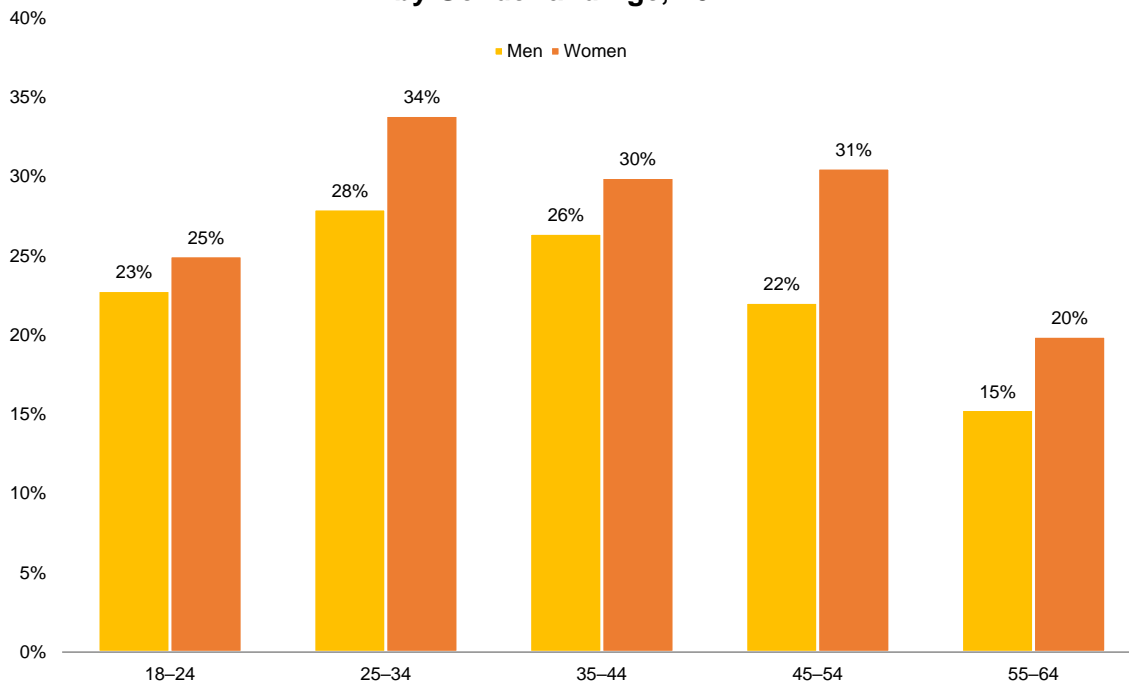
*Marital Status and Children* — Family structure affects the odds of having past-due medical bills. Married and never-married adults were least likely to report that they had past-due medical bills. About one-quarter of married and never-married adults reported past-due medical bills, compared with 29 percent among widows/widowers, 32 percent among divorcees, and 41 percent among separated adults (Figure 11). Similarly, larger families were more likely to report that they had past-due medical bills. Among adults with four or more children, 39 percent had past-due medical bills, compared with 31 percent among adults with one child and 21 percent among those with no children.

Figure 7  
**Past-Due Medical Bills, Individuals Ages 18–64, by Age, 2021**



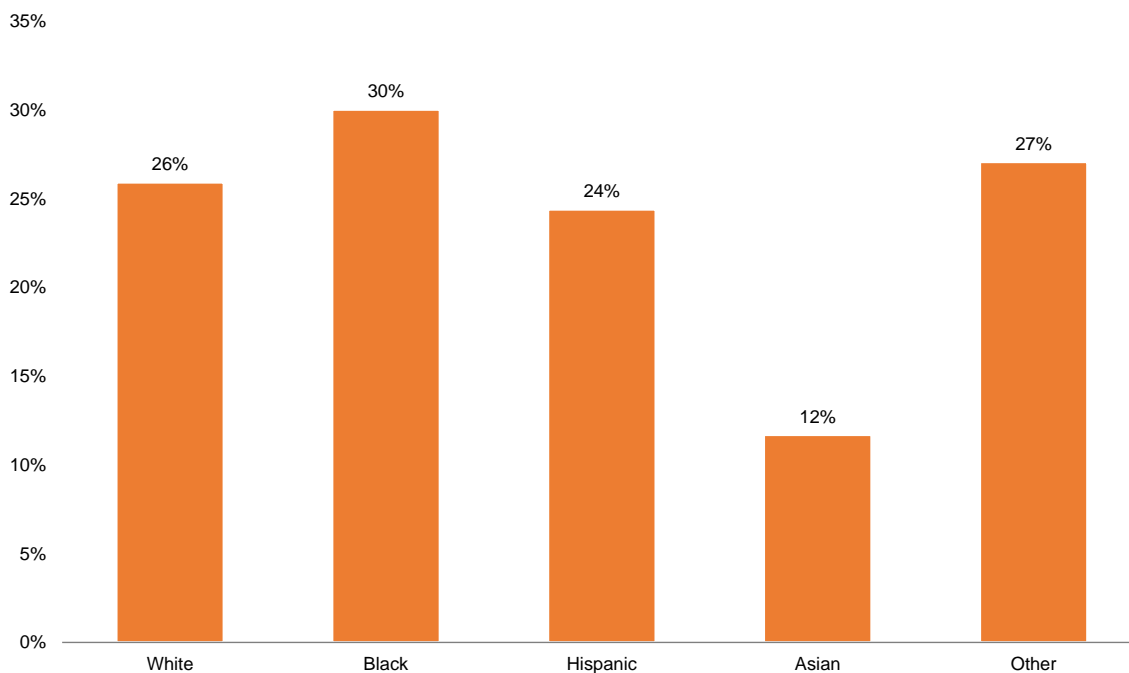
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

**Figure 8**  
**Past-Due Medical Bills, Individuals Ages 18–64, by Gender and Age, 2021**



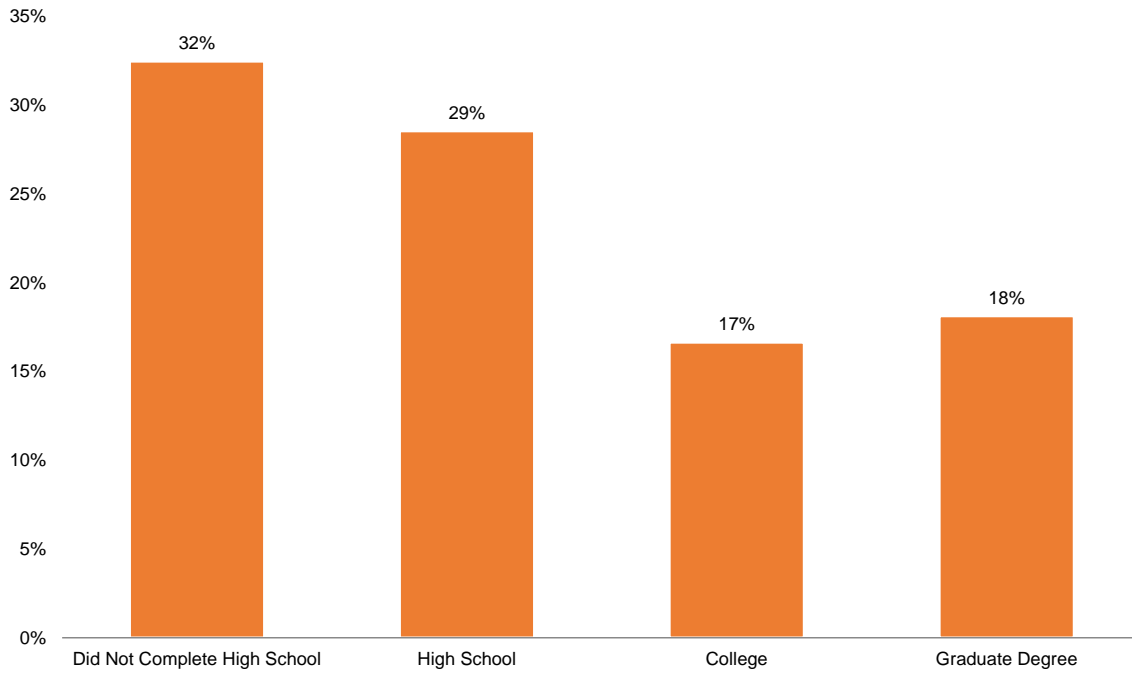
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

**Figure 9**  
**Past-Due Medical Bills, Individuals Ages 18–64, by Race, 2021**



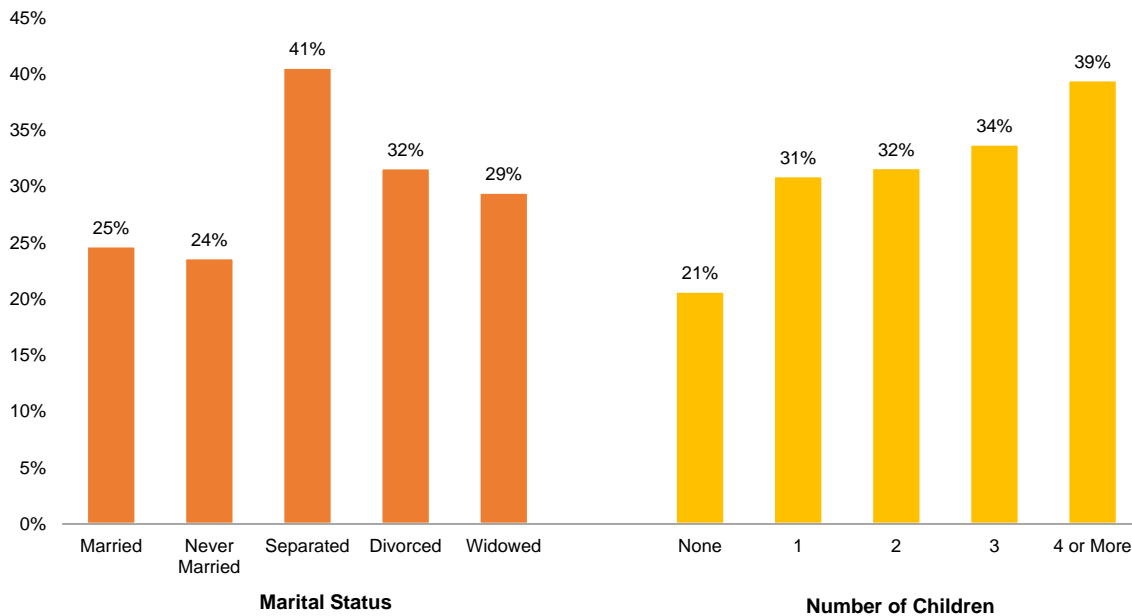
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 10  
**Past-Due Medical Bills, Individuals Ages 18–64, by Education, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

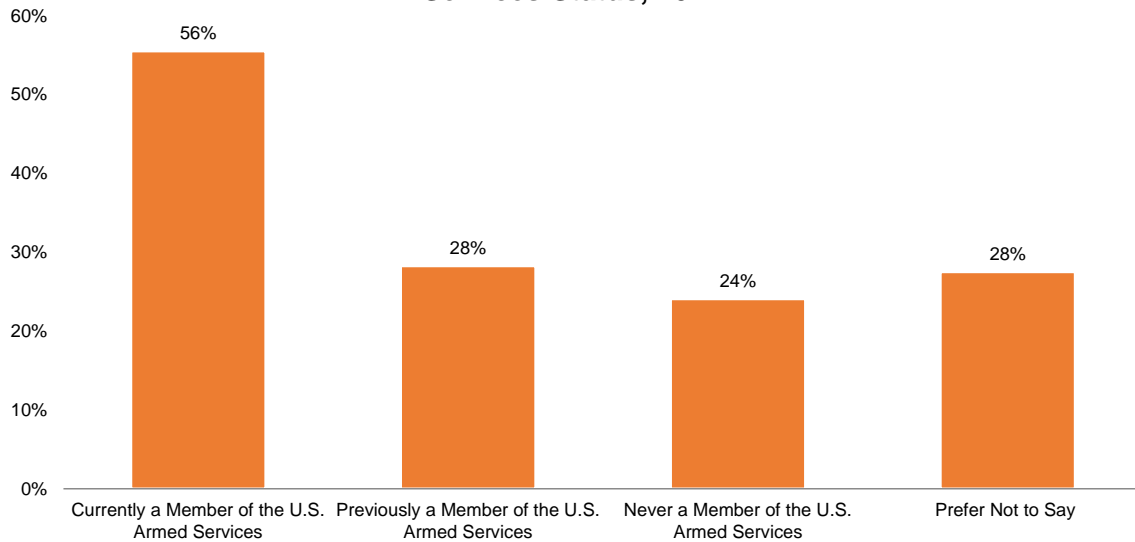
Figure 11  
**Past-Due Medical Bills, Individuals Ages 18–64, by Marital Status and Number of Children, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

*Armed Services Status* — Current members of the U.S. Armed Services were much more likely than veterans and those who never served to report they had past-due medical bills. Over one-half (56 percent) of current members of the Armed Services reported that they had past-due medical bills. This is compared with 28 percent among veterans and 24 percent among those who had never served in the Armed Services (Figure 12).

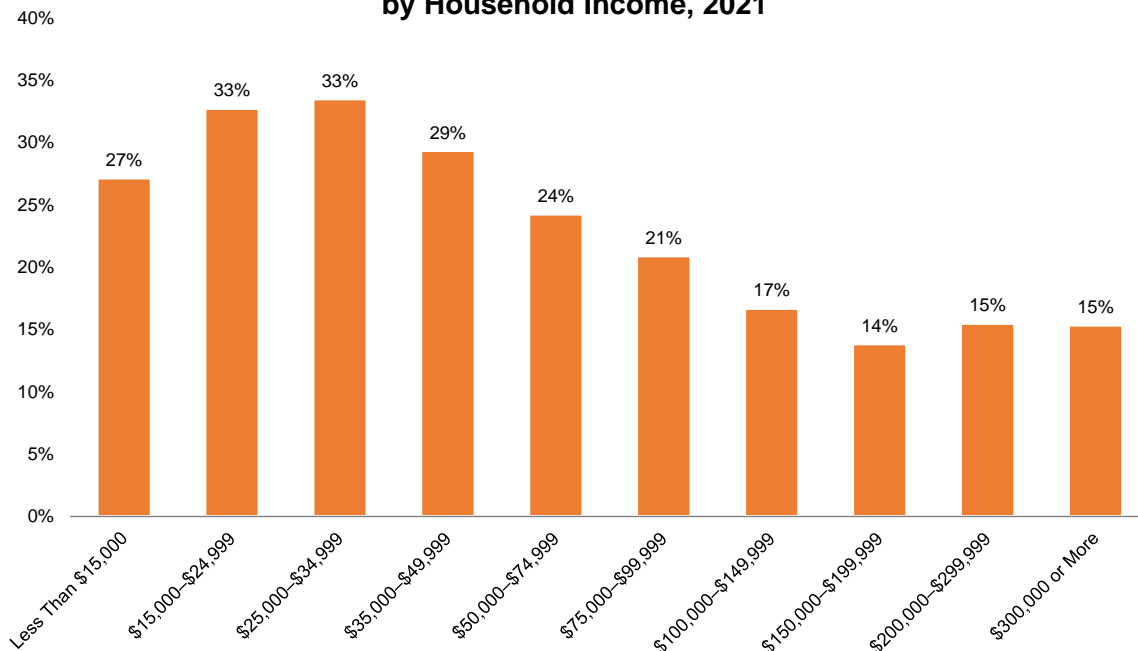
Figure 12  
**Past-Due Medical Bills, Individuals Ages 18–64, by U.S. Armed Services Status, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

*Household Income* — Some of the differences found above may be explained by differences in income. We found that as income increases, the odds of having past-due medical bills decreases. For example, one-third of adults with a household income of \$15,000 to \$35,000 reported having past-due medical bills (Figure 13). In contrast, 14 to 15 percent of adults with \$150,000 or more in household income reported they had past-due medical bills.

Figure 13  
**Past-Due Medical Bills, Individuals Ages 18–64, by Household Income, 2021**



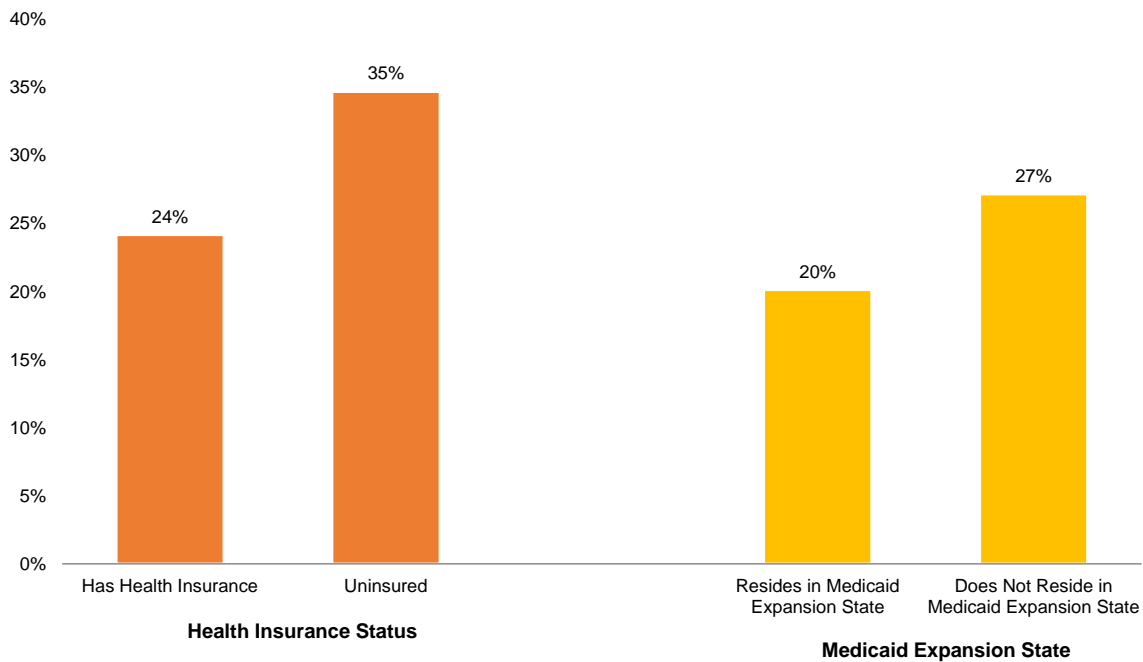
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

## Health Insurance, Use of Health Care, and Past-Due Medical Bills

Among individuals with health insurance, one-quarter (24 percent) reported that they had past-due medical bills (Figure 14). In contrast, 35 percent of individuals who were uninsured had past-due medical bills. We also find that individuals residing in Medicaid-expansion states were less likely (20 percent) than those residing in states that did not expand Medicaid (27 percent) to report that they had past-due medical bills.<sup>3</sup>

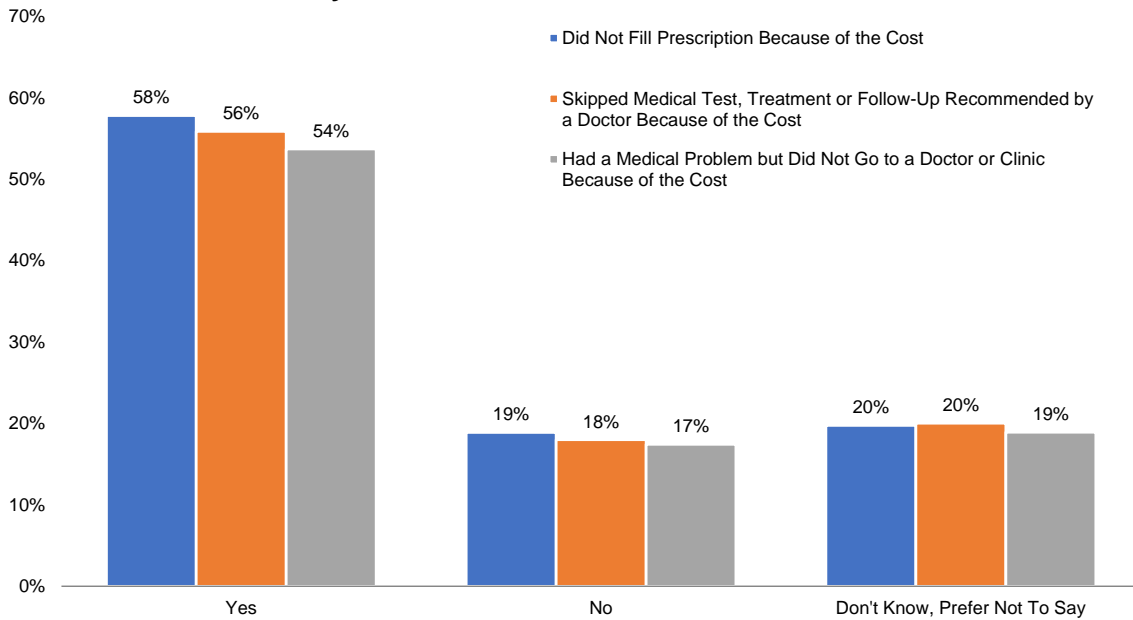
Past-due medical bills were highly correlated with a lower level of use of health care services. Among individuals who reported that they had past-due medical bills, 58 percent reported that they had not filled a prescription because of the cost; 56 percent reported that they skipped a medical test, treatment, or follow-up recommended by a doctor; and 54 percent reported that they did not go to the doctor for a medical problem because of the cost (Figure 15).

Figure 14  
**Past-Due Medical Bills, Individuals Ages 18–64, by Health Insurance Status, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 15  
**Past-Due Medical Bills, Individuals Ages 18–64,  
 by Use of Health Care Services, 2021**



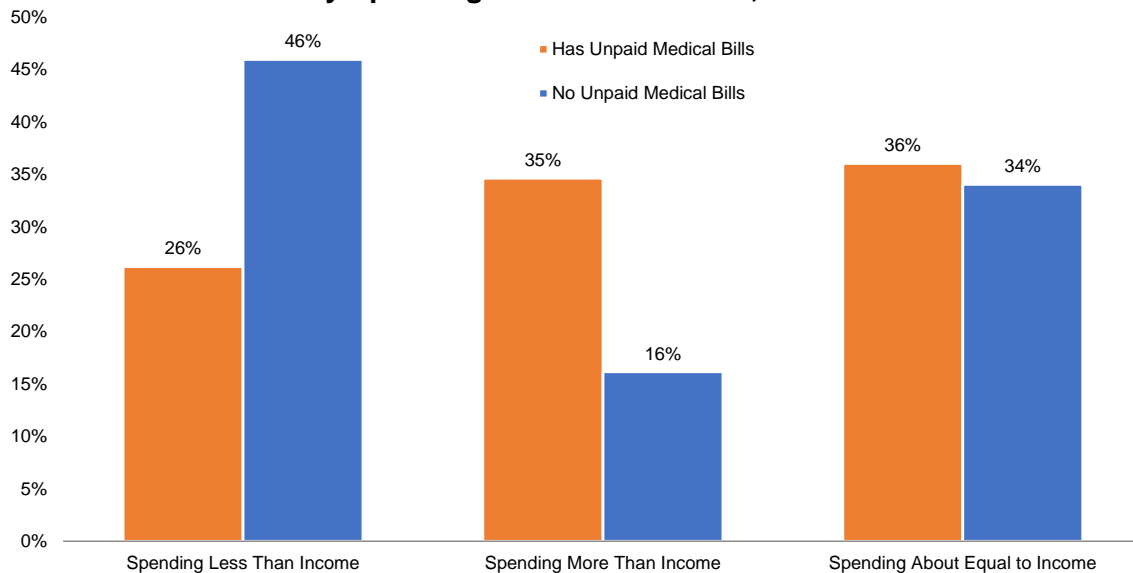
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

### Financial Issues and Past-Due Medical Bills

We found that individuals with past-due medical bills were more likely than those without past-due medical bills to report several other financial challenges.

Among those with past-due medical bills, 35 percent spent more than their household’s income over the past year, and 26 percent spent less than their household’s income (Figure 16). In comparison, among those without past-due medical bills, 16 percent spent more than their household’s income, and 46 percent spent less.

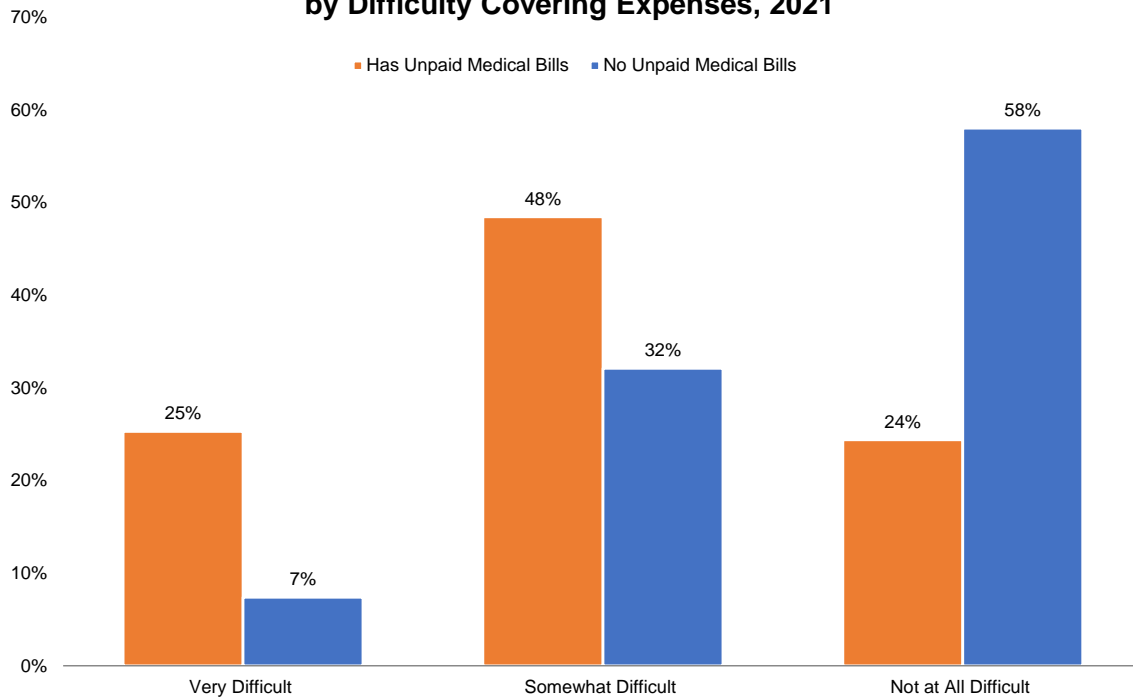
Figure 16  
**Past-Due Medical Bills, Individuals Ages 18–64,  
 by Spending Relative to Income, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Individuals with past-due medical bills were over three times as likely as those without past-due medical bills to report that it was very difficult to cover expenses and pay all their bills in a typical month (Figure 17). They were also more likely to report that covering their monthly expenses was somewhat difficult. In contrast, those without past-due medical bills were more than twice as likely to report that it was not at all difficult to cover their monthly expenses.

**Figure 17**  
**Past-Due Medical Bills, Individuals Ages 18–64,**  
**by Difficulty Covering Expenses, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Individuals with past-due medical bills were also more likely to report that:

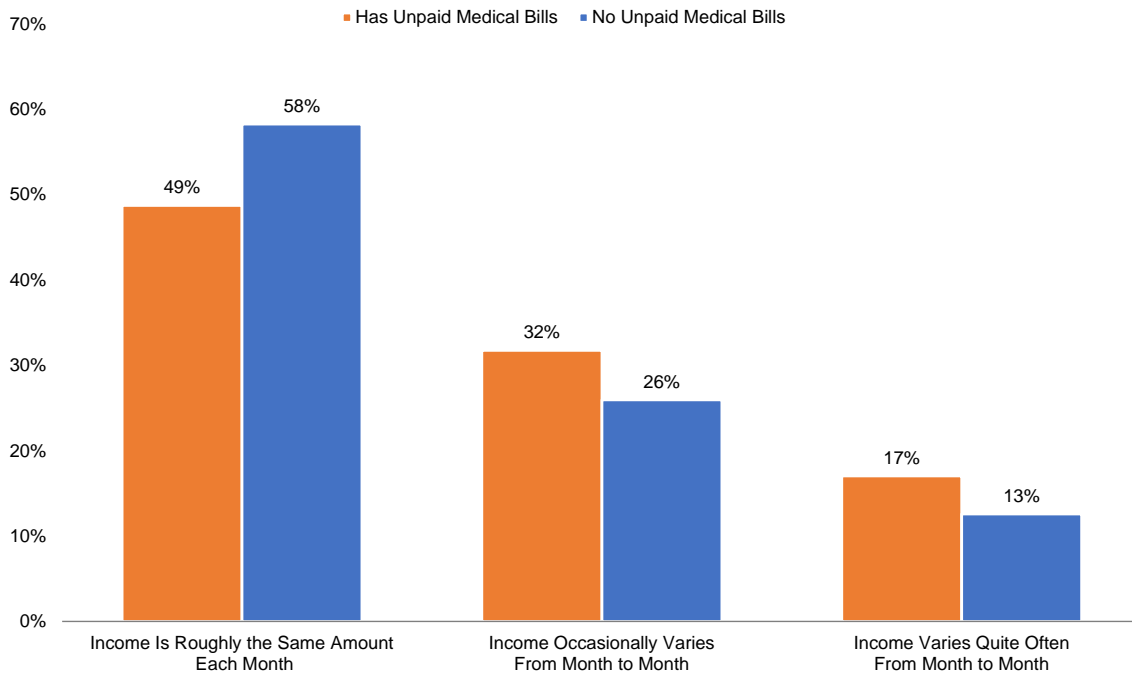
- Their income varied month to month, either occasionally or quite often (Figure 18).
- They experienced a large, unexpected drop in income in the past year (Figure 19).
- They had a very bad, bad, or about average credit record (Figure 20).

They were less likely to:

- Report that they had an emergency fund (Figure 21).
- Report saving for their children’s college education (Figure 22).
- Report being able to come up with \$2,000 within a month if an unexpected need arose (Figure 23).

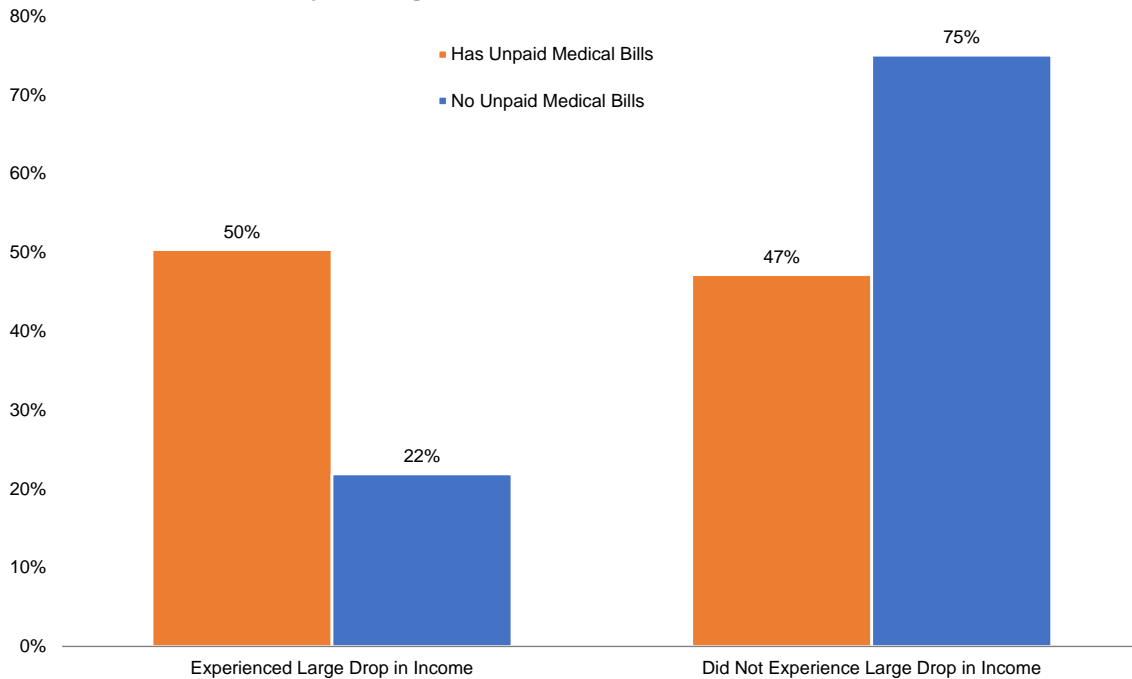
All of this adds up to a much higher level of anxiety when it comes to personal finances. Those with past-due medical bills were more than twice as likely as those without them to report that thinking about their personal finances made them feel anxious (Figure 24).

**Figure 18**  
**Past-Due Medical Bills, Individuals Ages 18–64,**  
**by Income Variation Over the Past Year, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

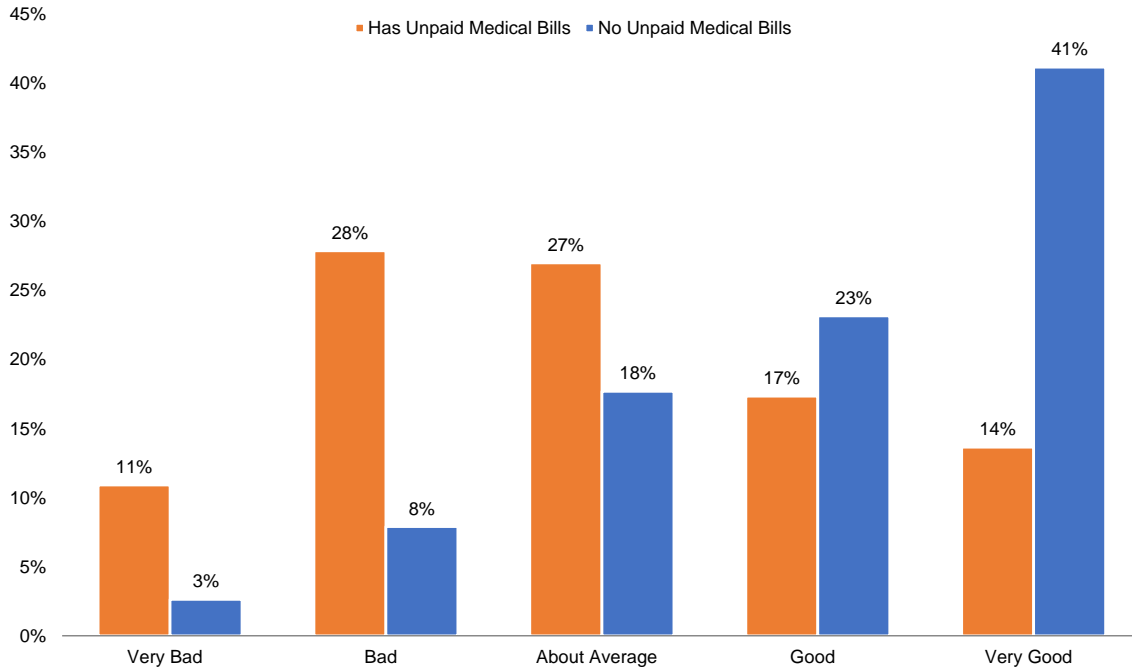
**Figure 19**  
**Past-Due Medical Bills, Individuals Ages 18–64,**  
**by Changes in Household Income, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

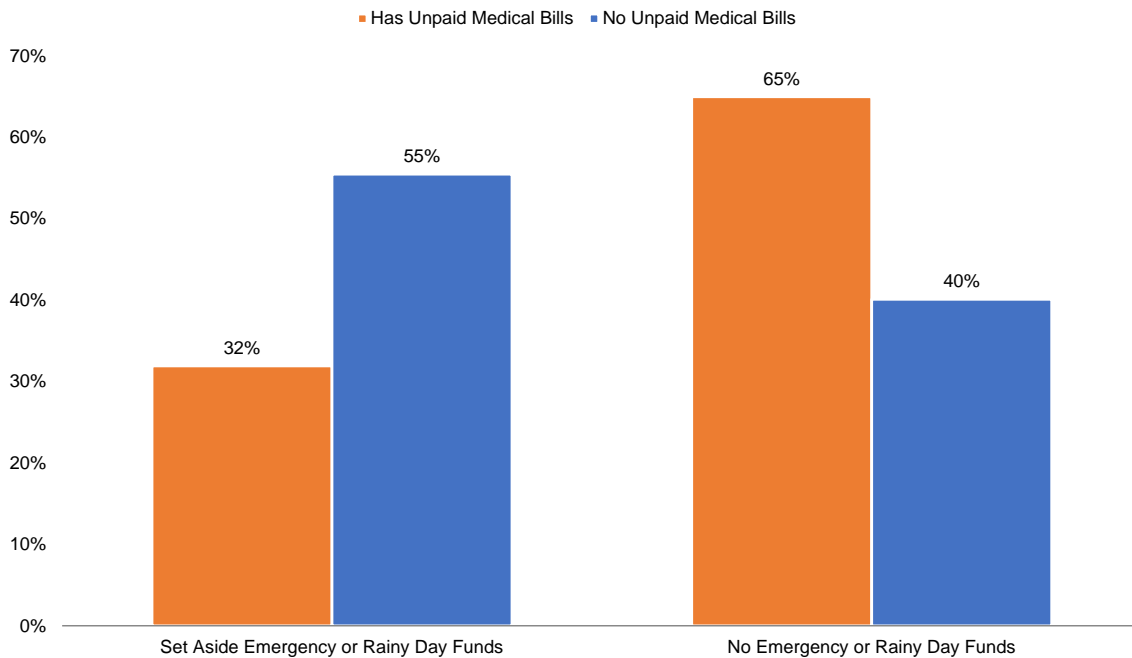


Figure 20  
**Past-Due Medical Bills, Individuals Ages 18–64,  
 by Credit Record, 2021**



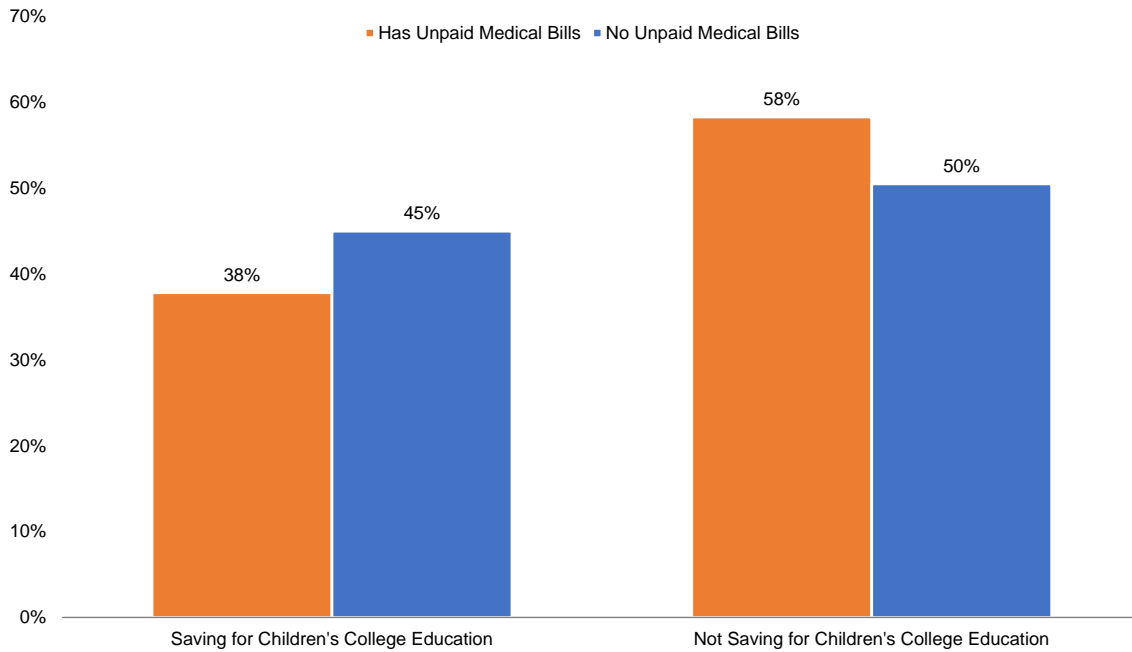
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 21  
**Past-Due Medical Bills, Individuals Ages 18–64,  
 by Emergency Fund, 2021**



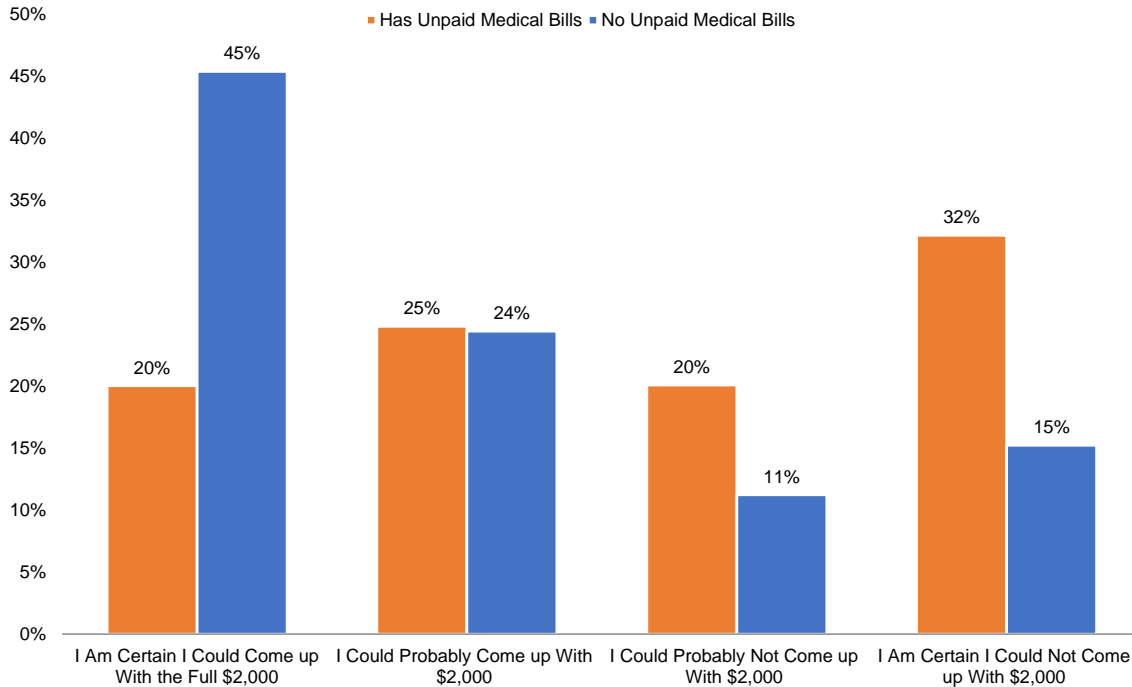
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 22  
**Past-Due Medical Bills, Individuals Ages 18–64, by Savings for Children’s College Education, 2021**



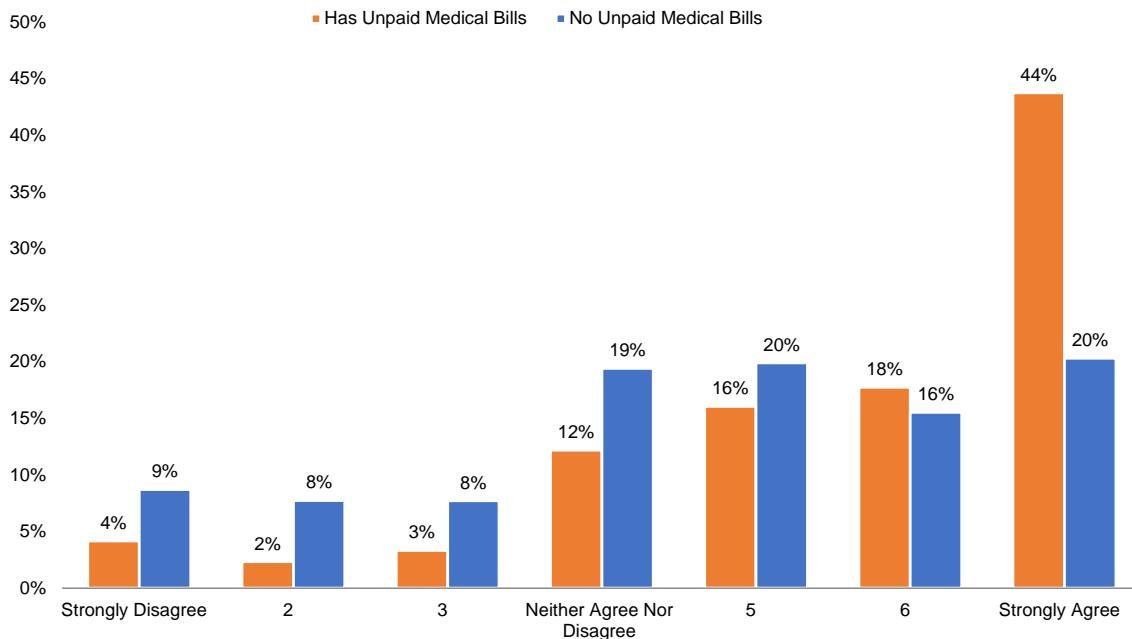
Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 23  
**Past-Due Medical Bills, Individuals Ages 18–64, by Savings, 2021**



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

Figure 24  
**Past-Due Medical Bills, Individuals Ages 18–64, by Anxiety Related to Personal Finances, 2021\***



Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).  
 \* Respondents were asked "How strongly do you agree or disagree with the following statement? Thinking about my personal finances can make me feel anxious. (Please give your answer on a scale of 1 to 7, where 1 = "Strongly Disagree," 7 = "Strongly Agree," and 4 = "Neither Agree Nor Disagree". You can use any number from 1 to 7."

## Regression Analysis

There is a strong degree of correlation among the various factors examined above and how they interact to impact whether an individual has past-due medical bills. For instance, education and income were highly correlated. To isolate the unique effect of each of the various factors that may affect the odds of having past-due medical bills, regression analysis was used.<sup>4</sup> The estimated coefficients from the model are shown in Figure 25. In large part, the model fit the data well with strong explanatory power.<sup>5</sup> And for the most part, the findings from the model confirmed our bivariate findings above — the sign effects of most of the coefficients were consistent and conformed to our expectations. However, there were a few notable differences between the bivariate findings above and the findings from the regression analysis that are worth pointing out.

First, the estimated coefficient for Black individuals was negative and statistically significant. This means that Black individuals were less likely than White individuals to report having past-due medical bills. This finding is in contrast to the finding that we report in Figure 9 above. The estimated coefficient for Black individuals was negative because the model controls for other factors that affect whether an individual has past-due medical bills. In other words, there may be a high correlation between race and other factors, such as income, education, and other forms of debt.

A number of the socioeconomic findings are also notable. Individuals with incomes of at least \$200,000 were more likely than those with the lowest incomes to report having past-due medical bills. College graduates were equally likely as those without a college education to report having past-due medical debt, whereas our bivariate analysis indicated that college graduates less frequently reported having past-due medical debt. This may be a result of the close relationship between educational attainment and income in the United States; when income was added to a multivariate analysis, the association between medical debt and education was washed out. Similarly, the effects by marital status and number of children disappeared in the regression analysis, also suggesting that other factors are correlated with those demographics.

**Figure 25**  
**Estimated Coefficients for Probit Regression on Probability of Having Past-Due Medical Bills**

		Estimated Statistical Coefficient Significance			Estimated Statistical Coefficient Significance	
<b>Work Status</b>	Self-employed	-0.04	<b>Marital Status</b>	Never married	-0.18 ***	
	Part time	-0.06		Separated	-0.25 ***	
	Homemaker	0.01		Divorced	-0.38 ***	
	Student	-0.35 ***		Widowed	-0.26 ***	
	Disabled	0.31 ***		Married (reference)		
	Unemployed	0.05				
	Retired	-0.05		<b>Number of Children</b>		-0.22
	Full time (reference)			<b>Veteran Status</b>	Current member of U.S. Armed Forces	0.37 ***
<b>Gender</b>	Male	-0.13 ***		Veteran	0.07 *	
	Female (reference)			Never served (reference)		
<b>Age</b>	Age (in years)	0.04 ***	<b>Health Insurance Status</b>	Has health insurance	-0.25 ***	
	Age-squared	-0.0004 ***			Does not have health insurance (reference)	
<b>Race/Ethnicity</b>	Black	-0.08 **	<b>Medicaid Expansion State</b>	Resides in Medicaid expansion state	-0.18 ***	
	Hispanic	-0.16 ***			Resides in non-expansion state (reference)	
	Asian	-0.32 ***	<b>Other Forms of Debt</b>	Credit card debt	0.20 ***	
	Other	-0.02			Mortgage or home equity loan	-0.03
	White (reference)				Automobile	0.30 ***
<b>Household Income</b>	\$15,000–\$24,999	-0.12 ***		Non-bank debt	0.59 ***	
	\$25,000–\$34,999	0.17 **		Student loan	0.41 ***	
	\$35,000–\$49,999	0.07 *	<b>Household Spending Relative to Income</b>	Spending less than income	-0.25 ***	
	\$50,000–\$74,999	0.05			Spending more than income	0.16 ***
	\$75,000–\$99,999	0.06 ***			Spending about equal to income (reference)	
	\$100,000–\$149,999	-0.31 ***	<b>Income Stability</b>	Occasionally varies from month to month	-0.004	
	\$150,000–\$199,999	-0.31 ***			Varies quite often from month to month	0.01
	\$200,000–\$299,999	0.11 **			Roughly the same amount each month (reference)	
	\$300,000 or more	0.12 ***				
	Less than \$15,000 (reference)					
<b>Education</b>	College	0.01	<b>Income Change</b>	Income experienced a large drop in past 12 months	0.46 ***	
	Graduate degree	-0.06			No large change in income in past 12 months (reference)	
	Less than college (reference)				Intercept	-1.39 ***

\*\*\*p<0.01, \*\*p< 0.05, \*p<0.10.

Source: Employee Benefit Research Institute (EBRI) estimates from the 2021 National Financial Capability Survey (NFCS).

The finding that current members of the Armed Services were most likely to report that they had past-due medical bills was reinforced by the multivariate analysis. This concerning finding deserves further examination.

Our findings that individuals with health insurance and those residing in Medicaid expansion states were less likely to report that they had past-due medical bills were reinforced by the regression analysis. The findings related to household spending relative to income and income changes were also reinforced by the regression analysis, while those related to income stability were not. However, the bivariate findings related to income stability were not as strong as other findings.

## **Limitations of the Analysis**

There are a number of limitations with using the NFCS to examine medical debt. First, medical debt and past-due medical bills are not necessarily the same thing. The NFCS does not include information on the length of time the medical bills have been past due. And it does not provide information on the amount of past-due medical bills.

The NFCS does not include information on bankruptcy and how it relates to medical debt and past-due medical bills. We know from prior research that past-due medical bills often play a role in bankruptcy.

Finally, while we are interested in the working population because they are most likely to have health insurance from an employer, there is no information in the NFCS on the various types of insurance that individuals have. The NFCS only asked one question as to whether the individual had any form of health insurance. We do not know the source of that insurance, or the generosity of the plan. Thus, we are unable to separate workers with health benefits through their job from workers who do not have health benefits through their job, as this level of detail was not addressed in the NFCS.

## **Conclusion**

Many workers struggle with past-due medical bills. Twenty-five percent of workers between the ages of 18 and 64 reported having past-due medical bills. These past-due medical bills can have a cascading effect on both health and personal finances. Fifty-eight percent of workers with past-due medical bills reported skipping prescription drug fills; 56 percent skipped a test, treatment, or a recommended follow-up appointment; and 54 percent skipped seeing a doctor altogether, which can have a deleterious impact on managing health conditions. Furthermore, workers may struggle to obtain approval for housing, mortgages, and other types of credit if past-due medical bills are sent to collections agencies and their credit is adversely affected.

Analysis of the NFCS reveals several demographic and economic patterns in people who reported having past-due medical debt. First, women were slightly more likely than men to report having past-due medical bills. Age, too, seemed to have an interaction with past-due medical bills: More 25–34-year-olds had past-due medical bills than 18–24-year-olds, but the prevalence of past-due medical bills decreased for older age groups. Finally, household income appeared to have a strong correlation with the propensity to report that they had past-due medical bills, with the percentage peaking for households earning between \$25,000 and \$34,999 and generally decreasing as household income increased.

Importantly, we find key links between several indicators of distressed personal finances and a higher propensity to report the presence of past-due medical bills. Workers who carried credit card debt or resorted to non-bank loans were more likely to report that they had past-due medical bills than their peers without these types of debt. Similarly, workers who reported being unlikely to come up with \$2,000 for an unexpected need were more likely to report that they had past-due medical bills. While this analysis does not establish the direction of the causal arrow linking these phenomena, targeted interventions that help workers avoid resorting to payday loans, avoid carrying a credit card balance, or establish a rainy day fund may help reduce the incidence of past-due medical bills.

Despite deductibles trending upward alongside coinsurance rates and copays for nearly two decades, the share of adults with past-due medical bills remained stable. Also, the share of adults with past-due medical bills decreased slightly over the past decade. Further, workers reported having past-due medical bills less frequently than other types of debt, such as revolving credit card debt or non-bank loans. Still, the fact that the prevalence of past-due medical bills has not changed despite rising out-of-pocket costs, especially during the COVID-19 pandemic, is not a justification for complacency on the part of policymakers or employers. Inflation increases will, in all likelihood, eventually cause health care costs to increase as well. It may just be a matter of time before the prevalence of past-due medical bills increases.

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## Endnotes

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<sup>1</sup> The question on past-due unpaid medical bills was worded as follows: "Do you currently have any unpaid bills from a health care or medical service provider (e.g., a hospital, a doctor's office, or a testing lab) that are past due?"

<sup>2</sup> The full NFCS sample contains 27,118 observations. Our analysis, which limits the sample to adults ages 18–64, contains 21,617 observations.

<sup>3</sup> There may be confounding factors at play in the interaction between Medicaid expansion and past-due medical bills that are beyond the scope of the paper.

<sup>4</sup> More specifically, a probit model was estimated to better understand the relationship between demographics and other variables that may affect the likelihood of having past-due medical bills.

<sup>5</sup> The Wald chi-squared tests of statistical significance are what is examined to determine that the model fits the data well.

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