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Contact: Sarah Samson
(301) 656-0348

NEW STUDY EXAMINES THE IMPACT OF MEDICAL DEBT ON BALTIMORE'S POOR

Widespread & Indiscriminate Predatory Billing of City Residents Found

BALTIMORE— The aggressive pursuit of medical debt collection from poor and destitute Baltimore families is having harmful effects on their health, according to a new study released this month in the *Journal of General Internal Medicine*.

The study, “*Medical Debt and Aggressive Debt Restitution Practices: Predatory Billing Among the Urban Poor*,” finds that debt collection practices by hospitals and healthcare providers are deterring low-income people who want or need additional care from seeking it. As a result, low-income Baltimoreans are deferring treatment for serious illnesses and end up in the city’s emergency rooms – a high cost alternative to community-based care. Still unable to pay their health care expenses, these people fall into additional debt which is ultimately absorbed by individual hospitals and passed on to full-pay patients.

“It’s a lose-lose situation for everyone,” said Dr. Thomas O’Toole, an Open Society Institute–Baltimore program officer who co-authored the study with members of Baltimore REACH, a consortium promoting social justice and community health. “The widespread and indiscriminate pursuit of medical debt from our poorest citizens not only causes unnecessary personal suffering and harm, but it also makes no sense from a cost perspective.”

The authors interviewed 274 adults seeking healthcare at 10 different community-based organizations in Baltimore from June to July, 2002. The patients were primarily African-American with an average salary of \$7,864 a year, well below the federal poverty level. Nearly half (42.7%) were homeless. The authors found that:

- Almost half of the sample (46.2%) reported currently owing money for medical care they had received, with an average debt load per person of \$3,409.
- Nearly 40% of the population reported that they had been referred to a collection agency for a medical debt with equal proportions of housed and homeless people reporting being aggressively pursued.
- More than 67% said having a current medical debt or having been referred to a collection agency affected whether and how they sought subsequent care. When asked to describe the effect, 24.5% reported they no longer went to that site for care, 18.6% said they delayed seeking care when needed, and 10.4% only used emergency departments now.

“We understand that the high cost of medical care makes debt collection a necessity, but the current situation is untenable and inhumane. These practices are squeezing pennies from the extremely poor and driving those who are very sick to either not seek care or the emergency room. Baltimore needs to put in place safeguards to protect

those who are least able to pay,” said Barbra Levin, executive director of the Baltimore REACH Community Health Consortium.

Copies of the study are available at www.sorosny.org/baltimore or by calling OSI-Baltimore Program Assistant Daniela Schukart at 410-234-1091.

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Baltimore REACH is a healthcare consortium promoting social justice and community health in Baltimore. Its members include: Beans and Bread Outreach Center, Chase Brexton Health Services, Franciscan Center, Healthcare for the Homeless, Health Education Resource Organization, Paul’s Place, St. Michael’s Outreach Center, and The Shepherd’s Clinic.

The Open Society Institute is a private operating and grantmaking foundation that promotes the development of open society around the world. OSI 's U.S. Programs seek to strengthen democracy in the United States by addressing barriers to opportunity and justice, broadening public discussion about such barriers, and assisting marginalized groups to participate equally in civil society and to make their voices heard. U.S. Programs challenge over-reliance on the market by advocating appropriate government responsibility for human needs and promoting public interest and service values in law, medicine, and the media. OSI's U.S. Programs support initiatives in a range of areas, including access to justice for low and moderate income people; independence of the judiciary; ending the death penalty; reducing gun violence and over-reliance on incarceration; drug policy reform; inner-city education and youth programs; fair treatment of immigrants; reproductive health and choice; campaign finance reform; and improved care of the dying. OSI is part of the network of foundations, created and funded by George Soros, active in more than 50 countries around the world.