

Commentary: A Cautionary Note on the Number of Health-Related Bankruptcies

By Jeff Lemieux

The *Health Affairs* web exclusive "Illness and Injury as Contributors to Bankruptcy" (February 2005) by David Himmelstein, Elizabeth Warren, Deborah Thorne, and Steffie Woolhandler, tackles an important and troubling issue: personal bankruptcies caused by or related to an underlying health issue. However, the authors made many assertions and leaps of logic that were unjustified by their research, especially in subsequent statements to the media.

The authors' research showed that roughly 50 percent of the bankruptcies they studied had some sort of health issue as a contributing or associated factor. However, the research did not support the conclusion that these bankruptcies were "caused" by medical issues, let alone that they were "caused" by medical debts.

Nevertheless, the authors' summations, choices of terms (like "medical bankruptcy"), and press statements clearly tried to create an impression that half of personal bankruptcies were caused by medical debts, and that insufficient health insurance was to blame. They pointed to the peer review process at *Health Affairs* for justification.

As an occasional reviewer for *Health Affairs*, I think this episode provides an example of how the peer review process can be misused. Authors have the ultimate responsibility to characterize their research accurately. It raises a very difficult question: In extreme cases, should the journal or its volunteer reviewers publicly rebut authors who attempt to use the journal's peer review process as validation for unjustified publicity statements?

Overly broad definitions. In this case, the mismatch between the research and the press statements seems very obvious. First, the authors' definition of a health issue was very broad, ranging from uncovered medical bills over \$1,000 within the last two years, to a two-week loss of work-related income due to illness or injury, to simply citing illness or injury as a "specific" reason for bankruptcy.

In fact, the authors stretched this already broad definition to include birth of a child, death of a family member, addiction, or uncontrolled gambling in order to boost the percentage of "medical" bankruptcies over the media-critical threshold of 50 percent.

No indication of causation. Second, the fact that a health issue was associated with a bankruptcy does not indicate causation. The authors declared that any bankruptcy with one of these health issues present constitutes a "medical bankruptcy." This is a highly misleading characterization.

Instead, the authors could have asked households if they had tax liens over \$1,000 within the last two years, or credit card debts over that amount. Would they then have defined those bankruptcies as "tax bankruptcies" or "credit card bankruptcies?" Would households reporting a divorce or separation within the last two years have been declared "marital bankruptcies?"

The authors never demonstrated that a health issue was the primary cause of bankruptcy rather than simply one factor associated with it. They failed to examine other critical factors that could lead to bankruptcy -- such as lack of savings, divorce, over-spending, other family needs, or unemployment unrelated to health -- and they did not ask respondents to rank the relative contribution of various factors to their bankruptcy.

The authors noted that even people with health insurance had so-called "medical bankruptcies." Then they made another unjustified logical leap: that inadequate health insurance must be the cause of these bankruptcies. Yet the authors also noted that debtors' "out-of-pocket medical costs were often below levels that are commonly labeled catastrophic."

Of course, if the real reason for many of these bankruptcies was a sudden loss of income and lack of savings, it really doesn't matter whether a household had health insurance -- their debts were still going to pile up.

Perspective. It seems fair to assume that many personal bankruptcies are triggered by a sudden loss of income, as the authors acknowledged near the end of the article. This loss of income could result from job loss, illness or injury, business failure, childbirth, divorce, alimony or child-support problems, caring for a sick parent or relative, or any number of root causes.

The U.S. savings rate is low, and many households have significant mortgage, credit card, and auto loans without much savings to cushion a sudden income loss. A loss of a job or income can make health coverage seem like a luxury. Moreover, health insurance is usually associated with employment -- when workers are unemployed and can no longer rely on employers to help pay for health coverage, the full cost can be quite a shock.

Clearly, higher rates of disability coverage are needed. The nation also needs a robust program of "transitional health coverage" for unemployed workers. People with a sudden loss of income need help maintaining their health insurance coverage.

But this research article does not come close to supporting the implication that half of all bankruptcies are caused by medical debts. The authors' protestations to this effect are not valid -- despite the peer review process at *Health Affairs* -- and their recommendation for a no-copayment, single-payer health system does not follow logically.



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