

Study: Credit card debt causes people to forgo medical care

By Martin Merzer

Credit card debt may not make you sick, but new evidence suggests that it could slow your recovery -- or worse.

A study conducted by sociologists at the University of Michigan found that people who are ill and do not seek treatment because of the cost are more likely to have credit card debt than any other form of debt.

More than 64 percent of those who were ill but had not seen a health care provider because of the cost reported that they were indebted to credit card companies. In second place: Those who already shouldered medical debts. Nearly 58 percent of respondents who were sick and did not seek medical care said they already were dealing with medically related indebtedness.

"We found that having credit card debt or medical debt was associated with forgoing medical care, as opposed to having student loans, housing loans or car loans," said Lucie Kalousova, Ph.D., a co-author of the study, "[Debt and Forgone Medical Care](#)," published in the April 2013 Journal of Health and Social Behavior.

"The odds of forgone medical care for a person with credit card debt were 1.89 times those of the odds of a person without any credit card debt, and the likelihood of forgoing care increased with the magnitude of the credit card debt," she said. "This remained the case even after we took into account other assets in the household and income."

The consequences could be dire.

Debt's downward health cycle

To state the obvious, people who forgo or significantly delay the treatment of illness can slow their recovery or become increasingly ill as their condition deteriorates. They also could end up paying much more to regain their health. Their productivity -- and, consequently, their income - - can be diminished. They also tend to put more strain on hospital emergency rooms and other public health facilities.



"In our article, we call for a more comprehensive understanding of the concept of financial resources in relation to health-care-seeking," Kalousova said. "When researchers or policymakers talk about the amount of money or assets people can use to take care of their health care needs, they rarely consider the nature of other expenditures people are responsible for."

She and co-author Sarah A. Burgard, Ph.D., emphasized that they found no significant association between other forms of debt -- student loans, mortgages, car loans, etc. -- and delays in seeking treatment for ill health. They believe the differences reside in the nature of the debts.

Debts differ

"Our data cannot directly speak to why that is the case, until we can examine how debt portfolios and seeking health care change for people over time in relation to one another," Kalousova said. "At the moment, we can only speculate that some debts, sometimes colloquially thought of as 'good' debts, have traditionally been a signal of creditworthiness, and probably do not influence decisions to consume needed medical care."

Those "good debts" can include student, housing and car loans, which tend to carry relatively low interest rates, lengthy payback terms and a certain degree of social acceptance. These loans can improve career achievement and generally lead to enhanced standards of living.

Credit card and other 'bad debts' tend to carry higher interest rates and are borne during times of personal distress, the researchers noted.

"Other debts generally thought of as 'bad' debts, such as credit card debt, may have been less planned for some people and may quickly accumulate beyond their ability to repay," Kalousova said. "Holders of such debts may be under more pressure to repay them to avoid interest and stress, and they may forgo medical care to save money under this kind of pressure, even if they really need it."

The sociologists' study examined responses in late 2009 from 914 residents of southeastern Michigan and included adjustments for the socioeconomic and medically related characteristics of those studied. The researchers said they believed the results were reasonably representative of Americans as a whole. "We have no reason to believe that this relationship would only play out in Southeast Michigan and not in other parts of the country," Kalousova said.

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*-- Lucie Kalousova
Study co-author*

Builds on prior studies

Previous studies have found that people who delayed going to the doctor when ill had lower household incomes and were less likely to have health insurance than other people, which is

not surprising. Other studies reported significant links between credit card debt and smoking, excessive alcohol use and other risky health behavior.

In addition, the U.S. Centers for Disease Control reported that about 11 percent of working-age Americans declined to see a doctor in 2010 because of the cost, even though those people were ill at the time.

The University of Michigan researchers decided to dig deeper -- exploring for specific links between forgone medical care and financial distress. In the end, they found the strong association between delayed medical care and credit card debt, and much weaker associations between forgone care and most other forms of debt.

The 64 percent of respondents who carried credit card debt and needed but had not sought medical care owed an average of \$8,541 to credit card companies, the study reported.

"The results were very clear ...," the report concludes, "credit card debt and medical debt were strongly and positively associated with having forgone care in the past 12 months."

Impact on health not understood

Importantly, the study's authors did not issue a blanket condemnation of credit card balances or any other form of debt.

"Taking on debt has become a critical part of how many individuals achieve valued social statuses, such as becoming a homeowner or a college graduate, as well as how they may obtain material goods and services, including health care, when the costs exceed their immediate financial resources," the study said. "Debt is a fundamental part of financial lives in the United States, but we have only a very limited understanding of what debt means for well-being ...

"Debt become problematic when it exceeds the holder's ability to service it and causes difficult spending decisions" such as seeking medical care when necessary, the study said.

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*-- Excerpt from the study,
"Debt and Forgone Medical Care"*

Marshall B. Kapp, director of Florida State University's Center for Innovative Collaboration in Medicine and Law, said that all of this will come into play as the federal Affordable Care Act, also known as Obamacare, increasingly takes hold and more people -- including those with credit card debt -- gain access to health insurance.

"The Affordable Care Act, at least theoretically, should provide a stronger and more socially accepted safety net for even heavily indebted people who avoid seeking medical care today because they lack good health insurance," Kapp said. "The theory is that between federal subsidies for families making up to 400 percent of the federal poverty line and the proliferation

of insurance choices through the exchanges, everyone can, and is indeed required to, get coverage.

"It seems to me that this is exactly the kind of situation that the ACA needs to address if it hopes to be considered a success," Kapp said.

Kalousova agreed, though she also expressed a wait-and-see attitude.

"Our study is only the first step in this direction and more comprehensive research is needed to address these questions," she said.

"However, particularly in light of the current health care debate, it is important to stay aware that even comprehensive health insurance may not always help people who have high expenditures in other areas, such as those who have accumulated high levels of debt," she added.

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