

October 05, 2013 /**24-7PressRelease**/ -- Hospitals outsource bill collection, patients worry about bankruptcy

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Hospitals across the nation are changing the way they handle billing patients who receive procedures, treatment and other forms of medical care. In the past, hospitals and medical groups had the flexibility to design payment plans with their patients. Hospitals argue the changing role of insurance is leading to difficulties receiving payment. As a result, providers are considering changing the way they collect payment.

A recent report by the New York Times brought attention to these new methods, which focus on outsourcing the collection process. Professionals with the hospital systems are defending the practice, noting that most plans are free of interest and other charges. Plans can span from two to five years, depending on the company used to seek payment from the patients.

Hospitals pay for the service, but argue that the process provides an overall financial benefit to the hospital even after adjusting for the charge incurred to use these services. In some cases, this process may work well for both the patient and the hospital. In others, the collection agency used may become overly aggressive. Hospital bills can be costly and many who incur these debts have difficulties paying them off. In fact, medical bills remain a top reason behind personal bankruptcy filings in the United States.

Medical bills and bankruptcy

CNBC reports that over 2 million people are expected to file for bankruptcy connected to medical debt in 2013. This is estimated to represent approximately three out of every five bankruptcy filings in the U.S. In addition to the 2 million considering bankruptcy, another 56 million will struggle to make medical payments.

Unfortunately, even those with health insurance are not safe from the burdens associated with medical debt. Of these estimates, almost 10 million are predicted to struggle even though they have health insurance coverage. The biggest culprit for the insured is meeting a high

deductible. These plans can require patients to cover more out-of-pocket expenses, which can quickly add up.

Those struggling to make medical bill payments can find relief through bankruptcy. If granted, a Chapter 7 bankruptcy petition will lead to discharge of medical debt. When a petition is filed, an automatic stay goes into effect. This court order requires all collection agencies and other creditors to stop seeking payment. Bills that cannot be paid may qualify for discharge. Medical debt generally meets the requirements and often qualifies for discharge. As a result, the petitioner is no longer liable for his or her medical bills that were incurred prior to the date the case was filed.

Determining if bankruptcy is the right option for you is a serious decision. Contact an experienced bankruptcy lawyer to discuss your situation and help you review the benefits and risks associated with filing for bankruptcy.