



CHRIS GASH FOR WSJ

Medical Bills Pose Threat To Young Adults' Finances

High-deductible plans—or no insurance at all—put them one procedure away from financial hole

BY ISAAC TAYLOR

I have always prided myself on never having had a cavity. But my dentist recently told me that my 30-year record wouldn't last if I didn't get my wisdom teeth pulled. So a couple of months ago, I went through with the procedure.

And along with those teeth, I lost some savings.

After insurance, my out-of-pocket bill was \$7,000, an amount I actually negotiated down from \$10,000. And out of curiosity, I asked the front-office worker how much the 30-minute procedure would have cost me if I didn't have insurance. Her answer: \$23,000.

Student loans are often described as the primary financial gatekeeper for young adults. But there is a quieter one—medical bills. The median student loan debt for a bachelor's degree is roughly \$36,000, according to the Education Data Initiative. But a costly medical procedure or unexpected health emergency could come close to that.

High medical costs are an increasingly tricky thing for young adults. Some of us choose health insurance plans that cover routine care, but not everything is covered at 100%. Others choose high deductible plans, where they often pay lower monthly premiums but have to dish out a larger amount out-of-pocket until the coverage kicks in. But even those lower premiums are unaffordable for some young adults, so they are forgoing insurance altogether.

It's a trade-off many of us are willing to accept. After all, we are young and healthy, for the most part, so the likelihood that we will need a costly procedure is low. But it also means we are one pricey procedure, freak health problem or

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accident away from taking a major, or even catastrophic, hit to our savings.

Suddenly medical bills aren't just bills; they can be a liquidation of emergency funds, a down payment on a first home or even fledgling retirement savings. Or they can result in seemingly insurmountable debt loads, since many young adults don't have enough savings built up to pay off large medical bills.

Medical debt can be disruptive and demoralizing, especially for young people, who are the least likely to afford the costs, says John E. Schneider, the chief executive of Avalon Health Economics. It forces people to make stressful, massive decisions that can affect their lives for years, he adds.

Nearly 38% of people age 18 to 34 have some form of medical debt, according to a recent research report published in the National Library of Medicine.

Going without care

There was a period—from high school until I got my first internship out of college—when I was uninsured. And a fear of medical debt dictated many of my decisions during that time.

My baseball coach would get upset when I refused to slide when there was a close play. He thought I was showing off, but I just didn't want to risk twisting an ankle or blowing out my knee. I went without dentist checkups. My only eye exam came courtesy of a raffle I won during the opening of a new wellness center in college. I would walk down a set of stairs at a snail's pace to avoid falling. I'd even forgo pickup basketball games with friends.

It wasn't until I finally got insurance through my postcollege internship that I realized how much of my life was altered by being uninsured.

At that point, I kind of took it for granted, and didn't worry much about deductibles and copays since I typically go to the doctor and dentist only for checkups. I've thought even less about potentially being on the hook for thousands of dollars in medical costs. But the wisdom-teeth removal was my wake-up call.

It has been the same for one of my friends. He has a high-deductible health insurance through his employer and, like most people, he has some coverage gaps. But he never really thought about what the gaps would cost him—or to prepare for them—because he rarely had to use his insurance. That changed after he received a \$15,000 bill for out-of-pocket expenses related to a life-threatening heart issue.

That scary health episode and its related costs were his wake-up call. He's now paying off that debt in installments. And he's planning to sign up for a health savings account in the fall. The HSA will allow him to set aside money pretax for qualifying healthcare expenses. He can carry over unused funds from year to year, so he can build up a cushion.

More informed

For my part, I've decided to work on becoming an informed patient and optimizing my insurance coverage. While there's only so much I can do to prepare for a medical emergency, there are steps I can take for nonacute care.

That starts with figuring out the maximum out-of-pocket amount I could possibly owe in a year. Not having that amount in savings effectively means you're uninsured for the difference. So during the next open-enrollment period, I am going to sign up for a flexible-spending account. I'll be able to set aside money pretax for qualified medical expenses. But unlike HSAs, the unused funds in FSAs don't carry over. So I will have to be strategic in setting aside money annually. I also am considering switching insurance plans to one that has more manageable out-of-pocket expenses even though the premiums will cost me more.

Then there's the in-network/out-of-network thing. Younger adults often don't have experience choosing primary-care doctors, specialists and facilities so they are unaware of the financial implications of being out of network until they get a big bill for out-of-network charges. It can mean the difference between a \$50 copay and a bill for hundreds or thousands of dollars.

Until recently, I also didn't know to ask for an itemized bill. Doing so allows you to see what every service and procedure costs. And it helps you to negotiate the price down, something I learned from a friend. Hospitals and care providers will sometimes drop administrative fees and other charges when asked. When I was initially given the quote of \$10,000 in out-of-pocket costs for the wisdom- teeth removal, I said I would have to figure out something at a later time. A few days later, they countered with the lower amount.

And like my dentist, some providers offer a payment plan. So don't be afraid to ask. I chose a payment plan that's interest-free for the first 18 months. That allows me to keep more money in savings as I pay down the bill.

"Most people in their 20s and 30s generally don't have a lot of savings," says Schneider of Avalon Health Economics. "It can take years to save up \$5,000, then in one day, it could disappear for a trip to the emergency room."

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