



DEALING WITH MEDICAL BANKRUPTCY

In this second part of a two-part series, CAROL YIP looks at what can be done and what should be done to meet the issue of medical bankruptcy head on

How prevalent is the spectre of medical bankruptcy? A condition where someone is forced to file for bankruptcy protection as a result of being unable to settle medical bills, to repay loans raised to cover medical expenses or even as a result of insufficient medical insurance coverage.

According to the acting chief executive officer of the Foundation for Sustainable Retirement (F4SR), Kamil Yusof, while there was no data on the phenomenon locally, there were disturbing trends being recorded domestically and internationally, even though the numbers were being disputed.

“Data from AKPK indicate that about 26% of people who approach them for credit counselling

cite high medical expenses as a key cause for credit default, followed by poor financial planning.

“Even in the US, there is some controversy as to whether medical bankruptcy is on the rise, with a Harvard study suggesting that it had increased to over 60% but a later study – of the same data – lowered it to about 17%,” he added.

AVOID AT ALL COST According to Kamil, while medical bankruptcy was not solely the result of financial irresponsibility, it could be avoided or minimised by undertaking several steps. One step was to maintain an appropriate health insurance policy that could, at the very least,

cover or mitigate medical cost.

“Set up a health savings plan if you do not or have insufficient health coverage. This could also complement any EPF contributions one may have. Also, avoid paying medical bills with credit cards or taking a bank loan, as the interest charges will be high.

“Monitor whether medical bills and health costs are rising significantly as a percentage of your income especially if you are also underwriting the health cost of elderly parents. This may indicate that you are at risk of having a financial crisis and provide you advance warning to adopt alternative measures,” he added.

Kamil said the right step was to always adopt a preventive approach. “Everyone should be responsible for their health and financial planning. One should take extra care of one’s health; eat right, and do regular exercise and health checks as well as attending promptly to any illnesses. These actions need not cost much but will go a long way to prevent a financial crisis,” he said.

“What options are available to get you out of medical bankruptcy once you fall into it? The smart thing is not to get into bankruptcy but to adopt preventive measures such as negotiating with the health provider for staggered payments and/or discuss with a debt advisor/agency, may be the AKPK if applicable, to negotiate on your behalf,” he added.

A WIND OF CHANGE Kamil’s point of view works on a personal level but it still does not solve the overall problem. Personally, I feel that medical bankruptcy can be avoided when the medical and healthcare industry have corporate values and business objectives that take care of people’s well being by providing valued services and products at affordable prices.

Medical bankruptcy can also be avoided when there is a national policy and an Act to cap pricing of medical and healthcare products and services, and to provide subsidies for the public according to affordability and income level of the person.

There should also be choices when it comes to pricing – yet, with no compromise on the quality of services and medication – to provide people with options, and the pricing of medical care, hospitalisation, post-hospitalisation, etc, must be transparent so that we can choose according to our affordability.

Otherwise, how can we achieve high income level society and sustainable quality living in

Malaysia if the cost of healthcare and medical care is beyond many of us to pay – at the time when we truly need it?

Because, when we don’t have money or are sick and old, it is very difficult to get out of medical bankruptcy unless you have good support systems like family support and a government’s help. If none of these support systems cares for our well being, it is as good as being bankrupt for the rest of our lives.

We’re not saying that we should abolish private healthcare altogether. As academic professor Ong Fon Sim put it, “How can medical bankruptcy be avoided? The government must provide health care through an egalitarian approach,” she said

“The current dual system of health care will continue to exist, but the government must make sure that the public health care continues to develop so that at least the population are given at least the basic care,” she added.



F4SR’s Kamil said, ultimately, the government, the private sector and various civil societies had to work together to review and develop a progressive medical and financial system that would discourage Malaysians from resorting to medical bankruptcy.

“No one should be denied medical care and insurance coverage on the basis of their medical condition, age or socio economic status. Basically there should be a comprehensive and progressive health care reform that will improve the system by making insurance affordable, available to everyone, easy to maintain and adequate for all medical conditions,” he added. **SI**

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