

Medical Bills & Bankruptcy – Dealing With the Pain of Debt

By Arizona Bankruptcy Attorney John N. Skiba

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In a fair amount of bankruptcy cases that I file medical bills are a significant part of what lead to the bankruptcy filing. Many people simply can't afford health insurance and when they get sick the bills can be overwhelming.

Medical debts generally fall into the category of "unsecured debt." In bankruptcy, particularly chapter 7 bankruptcy, unsecured debts are eliminated or discharged completely. Credit cards are the other major type of unsecured debt.

The problem that often arises is what to do when you still need on going treatment but can't pay the medical bills already incurred? I usually recommend that we separate the bills into those from hospitals and those from doctors and other medical providers that you will need to continue to visit. If you must maintain an ongoing relationship with a particular doctor than I would recommend that either reaffirm that specific debt or that you contact the doctor after your chapter 7 bankruptcy is filed and work out payment arrangements. Reaffirming a debt requires that you enter into a written agreement that is filed with the bankruptcy court that states you will continue to pay and be liable on a specific debt.

The other option is to find a different medical provider once your bankruptcy is over. In places like Phoenix that will likely not be too difficult, but if you live in a small town likely won't be as many choices and you may have to agree to pay that doctor. I often see this issue arise with orthodontist. Your kid has braces and presumably would like to have them taken off some day, and your orthodontist likely won't be too eager to do that work if you just discharged all of the money you owe him in your bankruptcy.

While some debt might have to be paid to receive ongoing services, you can still discharge medical bills incurred at hospitals or other treatment centers.

In prepare a bankruptcy petition I will always pull a credit report in effort to make sure I have all creditors. Doctors and dentist rarely report you to the credit bureaus (unless it has gone to collections). Because of this it is important to gather copies of your invoices and provide them to your bankruptcy attorney so that they can be included in the bankruptcy filing.

I offer a free bankruptcy consultation where we can discuss your specific questions and help you determine if bankruptcy is a good option for you.

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