

American seniors rack up debt like never before Medical expenses often feed the cycle

By Christine Dugas
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Nearly half of the elderly people who end up in bankruptcy say that they filed because of a medical reason, the Harvard study found.

After four surgeries within three years, Duane Allen, 68, and his wife, Linda, had racked up about \$15,000 in medical bills. Unable to pay them outright, they charged them. Soon, they were treading water and sought help from a debt-counseling center.

As Duane Allen puts it: "We had health and medical problems and put the bills on our credit cards. Pretty soon, it got the best of us." The Allens not only sought help from credit counselors, but they sold their home and bought a less-expensive mobile home in Yucaipa, Calif. "I'm old enough to know better," he says. "Once you get involved with credit cards, they've got you."

It doesn't always take a medical emergency to precipitate a debt crisis.

Out-of-pocket health care expenses for seniors increased nearly 50% from 1999 to 2001, according to a report by the Commonwealth Fund. The costs are likely to go up as more employers eliminate retiree health benefits, which typically provide supplemental drug coverage.

At the same time, many managed care companies are cutting prescription coverage from Medigap policies. That forces many elderly Americans to go without medications or pay for them with a credit card.

"Before you know it, they have a large amount of debt," says Sandra Vickery, director of the Bourne Council on Aging in Bourne, Mass.