
No Health Insurance? You Court Financial Catastrophe

By Editor Test *Wed, Oct 21, 2009*

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Americans without health insurance are one major illness away from financial catastrophe, according to a new study by the Kellogg School of Management at Northwestern University.

The study, "Does Major Illness Cause Financial Catastrophe?", suggests that uninsured individuals near retirement age who experience heart disease, cancer or a stroke, can lose up to half of their household assets to medical bills.

The research will be published in an upcoming issue of Health Services Research Journal. The research was conducted by professors David Dranove and Andrew Sfekas at the Kellogg School of Management at Northwestern University, and Keziah Cook, Ph.D. candidate in economics at Northwestern University.

Dranove and his co-authors discovered that the assets of uninsured households declined between 30 and 50 percent among those ages 51 to 64 who experienced a major illness. Similar individuals with private health insurance did not experience a financial loss.

"Lack of insurance is at the heart of the healthcare debate with 4.2 million uninsured Americans over 55. Our research provides compelling evidence of the financial damage for these families," said Dranove. "Despite a person's income, the uninsured face the risk of losing their retirement savings."

The researchers focused on households with baseline assets between \$1,000 and \$200,000 and who reported one of six major illnesses. The illnesses included diabetes, cancer, lung disease, heart problems, stroke, and emotional or psychiatric problems.

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