Most families encountering financial difficulty have overdue medical debt. You should treat medical debt as a low priority debt to be paid only after you pay more pressing types of debt, such as your mortgage, car loan, or criminal citations. Almost any other type of debt will be more pressing—medical debt should typically be a lower priority.

Similarly, never pay medical debt by incurring other debt. The worst thing you can do is take out a second mortgage to pay off medical debt. Also don’t put medical debt on your credit card, even a “medical” credit card, unless you can pay the card and all your other obligations that month.

Unlike credit card debt, medical debt will often carry low or no interest payments and late charges. While the medical debt may eventually end up on your credit report, it will not show up for at least six months. Delinquent credit card debt affects your credit score immediately. You are also less likely to be sued on medical debt than credit card debt. Some medical debts can go unpaid for long periods of time without any significant adverse consequences.

Nonprofit hospitals have written policies to reduce or even eliminate certain medical charges if you are eligible for financial assistance. Many states have laws that reduce or even eliminate medical debt for eligible families. Whether or not you qualify for such financial assistance, health care providers are often more willing to reduce the amount of a delinquent debt where you can show financial hardship. Once you put medical debt on your credit card, you lose all of these opportunities.

Some doctor or dentist offices may encourage you to sign up for a special credit card to pay your medical bills, but these cards are usually not a good choice for paying medical bills. The credit cards often have high interest rates or unfavorable terms. You lose the option of negotiating with your health care provider over the bill. Using this type of card turns your medical debt into credit card debt.

Medical debt’s status as a low priority debt does not mean that one should ignore medical debt. You have special rights concerning medical debt, and it is important to know these rights to be able to reduce the amount of your medical debt and its adverse consequences.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
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