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## Nonprofit Guidewell Financial Solutions Offers Critical Advice on How to Prepare for and Prevent Unexpected Medical Expenses

*One in five Americans will struggle to repay a medical debt this year. Nonprofit Guidewell Financial Solutions (also known as Consumer Credit Counseling Service of Maryland and Delaware, Inc.) says, "Budgeting, saving, and taking a proactive approach to credit and healthcare decisions can help you avoid stress and maintain financial wellbeing when medical issues arise."*

**(BALTIMORE, MD)** – Sam and Rachel Smith's life changed the day their 12-year old daughter, Tara, was struck by a car. Fortunately she survived, but only after hospitalization, physical therapy, and weeks of supervised home care. Just as Tara went back to school, the medical bills started to arrive. Rachel says, "We ended up \$65,000 in debt. Our insurance company agreed to handle much of the expenses, but that took months, and we were left owing \$10,000 ourselves. Years later we've finally repaid what we owe, but our credit score has taken a hit."

### ▪ The Effects of Medical Debt

The Smith family's experience is not uncommon. A recent Kaiser Family Foundation study found that one in five Americans will struggle to repay medical debts this year.

Dr. Christine Callahan, a Research Assistant Professor at the University of Maryland, School of Social Work, and former oncology social worker, says, "Stagnant wages and the growing cost of living already makes it difficult for consumers on a limited budget to manage. When health issues arise, they're often faced with an insurmountable challenge: how to repay medical debts and still afford essentials like housing, childcare, and transportation. Their financial problems may be compounded by stressors such as underinsurance, cultural and language barriers, or lack of access to proper care."

Nina Heck, Advocacy Director at nonprofit Guidewell Financial Solutions, agrees. "Medical expenses are one of the top reasons clients contact our agency. When they reach us, they may have lost pay due to missed work or even have dipped into their savings to cover necessities. Some have used their credit cards to meet everyday expenses or pay ongoing medical bills. Missing or making late payments may lead to skyrocketing interest rates or steep over-the-limit fees. This makes it even harder to repay what you owe."

How can consumers avoid this scenario? Having a financial plan and taking a proactive approach to health care today will help deal with emotional and financial stress if problems arise.

## ▪ Making a Plan

Heck says, “If you have a budget that works and understand how to manage money, you’ll be better positioned should something unexpected happen. Take a look at your current financial resources. How much would you be able to spend without encountering financial hardship? If you don’t have an emergency nest egg, start by paying yourself first.”

Guidewell Financial provides free budget and [credit counseling](#) sessions for clients who need help assessing where they stand financially and setting up or tightening their budget. The agency also offers [financial coaching](#) for those who want to learn to save. These programs are available by phone and in-person at the agency’s offices in Maryland and Delaware.

Healthy choices, such as not smoking and regular exercise, may help consumers reduce their risk of developing conditions such as diabetes or heart disease. However, Callahan notes, “Even healthy people get sick. Early detection is important. Take advantage of screening and other preventative services your insurance plan, Medicare, or Medicaid offer.”

## ▪ Coping with Reality

When accidents or unexpected illnesses occur, Callahan says, “Don’t be afraid to ask for help. Talk honestly with your providers about treatment costs and see what you can work out. Encourage them to be upfront with you. What resources are available if you have limited means? If you’re in a cancer care setting and have access to a financial navigator or oncology social worker, talk with that person about your concerns. The earlier debt is tackled the better.”

Heck says, “When medical bills loom, don’t use credit cards to make up the difference. This will only make things worse. We have a debt management program that may be a good solution for you. This program provides a structured repayment plan that allows you to repay what you owe. We also make referrals to other agencies that offer additional resources.”

Like the Smiths, many consumers see their credit scores plummet when unpaid medical debts end up on their credit report. According to the Consumer Financial Protection Bureau, some 43 million Americans are currently in this position. However, a third of these have otherwise flawless credit. The good news is that the three major credit bureaus - Experian, Equifax, and TransUnion- have recently changed how medical debt is reported in an effort to lessen the impact on your credit score.

Heck says, “Consumers now have a full 180 days to pay medical bills before these debts can be included on their credit reports. When bills are paid in full, they have to be removed. Each of us has a right to receive one free credit report a year from each of the three major credit reporting agencies. If you have medical debt, use this opportunity to make sure there are no surprises.”

Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) to access free credit reports from all three agencies. To schedule an appointment with Guidewell Financial call **1-800-642-2227**. Learn about the agency’s services at [www.guidewellfs.org](http://www.guidewellfs.org). Planning and proactive strategies can save you stress and help you maintain financial wellbeing when unexpected medical setbacks strike.

## About Guidewell Financial Solutions

*Guidewell Financial Solutions (also known as Consumer Credit Counseling Service of Maryland and Delaware, Inc.) is an accredited 501(c)(3) nonprofit agency that helps stabilize communities by creating hope and promoting economic self-sufficiency to individuals and families through financial education and counseling. Maryland License #14-01 / Delaware License #07-01*