

# THE ALERT

THE ALERT IS LEGAL AID'S NEWSLETTER FOR SENIORS

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## Medical Bills Burdening Millions of Americans Says Law Center Report on Abusive Debt Collection Tactics

More than 45 million Americans — disproportionate numbers of low-income people— lack health insurance and almost half of them have outstanding medical debts. Almost two-thirds of families with insurance are burdened with medical debt.

Those figures come from a study by the National Consumer Law Center (NCLC) which found that many of those medical debtors are subjected to abusive medical debt collection tactics.

The study offers advice for those facing medical bills.

Part of the debt problem stems from the fact that even those who clearly qualify for charity care do not get it.

If you are a low-income person, the first thing you should do is make sure to apply for charity or free care.

If you have been sued for a medical bill, make sure the hospital's lawyer gets a copy of your application. Charity care also may be

available through a church or social service organization.

Other recommendations are that you make absolutely certain that you have exhausted all possibilities that you may be covered by some sort of insurance, possibly through a former employer or under a divorced spouse's coverage.

Also find out if you qualify for Medicaid.

If your bills are from an auto accident, you may be

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The  
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*Since 1905*

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covered under someone else's insurance.

If you have Medicare and it refuses to pay, appeal its decision.

Another problem, according to the report, is that uninsured persons may be over-charged because they "often are forced to pay grossly inflated 'sticker' prices for their care—prices that are several times what health insurers pay for the exact same service."

**NCLC's advice is to negotiate. Find out what the hospital accepts from Medicaid, Medicare or private insurers for the same service and then ask for the same price.**

If you are able to negotiate a lower price, get it in writing. However, never sign an agreement for more than you can afford.

As an example of overcharging, the report compares an emergency room visit for a broken leg which may cost an insurance company \$3,000, compared to a direct charge to the patient of \$22,275 for the same hospital on the same day for the same service.

If you are on Medicare, you no doubt have noticed that the amount it approves for payment is much less than what the health care provider charges.

NCLC's report notes that hospitals are notorious for

mistakes, double-billing, and overcharging.

**Get an itemized bill. Check every item, including the number of days for which you are charged and charges for services you didn't get..**

Challenge any charges due to the hospital's own negligence, such as causing you to stay an extra day because it failed to schedule a test or longer stays because of an infection you got while being treated.

The report also says: "Patients said to owe money are being

***...never move medical bills up in priority because of***

relentlessly pursued...for amounts that are obviously well beyond any ability to pay."

The study found that hospitals and health care providers may use heavy-handed tactics to collect medical bills or turn a blind eye when collection agencies use such tactics.

**The results often are negative credit reports, threatening negative credit reporting as a collection tool, wage garnishment, putting liens on homes, hounding of debtors and even urging patients to borrow money to pay medical bills.**

"These practices in turn drive patients to borrow against their homes to pay off medical debt, putting their family's shelter at risk and draining the equity from what may be a working family's sole major asset.

NCLC warns that converting medical debt into a mortgage or

loan secured by a home "is a losing proposition for many patients."

"You do not want to risk losing your home if you cannot keep up with mortgage payments."

When it comes to deciding which bills to pay first, NCLC suggests that medical bills should not take priority for payment over mortgages or car loans or essential expenses such as food and utilities.

**"You should never move medical bills up in priority because of debt collection harassment" or "even if you are sued."**

There are some instances where filing bankruptcy may be wise. (See other story about bankruptcy law.)

However, if you owe only for medical bills, it may not be wise. Medical creditors can get a judgment against you, but cannot force sale of your home.

Any court orders to pay will have no effect until your house is sold or transferred.

Bankruptcy also may not be advised if all of your income is from Social Security, Veterans benefits, public assistance or unemployment compensation and, in some instances, a pension, alimony or child support.

## Get Free Tax Help and Avoid Refund Anticipation Loans

A mistake too many low-income taxpayers make is to pay a tax preparer to prepare their simple federal income tax returns when they can get the same service for free.

Eager to get any money owed to them, they compound that mistake by falling for a "rapid refund," "fast cash refund," "express money" or "instant refund" deal.

When they do that, they end up borrowing their own money at a hefty cost. That is because they are paying very high "interest" charges to get a "refund anticipation loan."

You can get your refund directly in a short time and not have it cost you a dime.

There is plenty of free tax help available.

Call First Call for Help at 211 or 216-436-2000 or IRS at 1-800-829-1040 to

find out where the nearest **free** tax help is to you.

Call 1-888-227-7669 for the closest **free** AARP site.

The IRS can directly deposit your refund into your own bank account, saving you the money you would pay to a tax preparer to get a "rapid refund."

With a refund anticipation loan, you could end up paying as much as 700% interest to borrow your own money.

It also may be a bad idea to use your refund anticipation loan as a down payment on a car, furniture or jewelry.

What's more, if the IRS does not approve your refund, you still have to pay the loan and fees to the "rapid refund" preparer.

Avoid any tax preparers who base their fees on a percentage of the refund, who use inflated deductions

and report less income than you actually got.

**You are responsible for what is on your tax return no matter who prepared it. So make sure that everything on it is accurate.**

Make sure your tax preparer signs your tax return and provides you with a copy.

Never, but never ever, sign a blank tax form.

Be sure to ask your tax preparer whether you can get extra money with an Earned Income Tax Credit. If you are working and caring for a relative under 19 in your own home, you may qualify.

If you have money taken out of your refund for a tax debt or if you do not get your refund, call Legal Aid at 216-687-1900. We may be able to help you.

## Save Records if You Plan to File for Bankruptcy Under New Law

If you are thinking of filing for bankruptcy you should be aware of several law changes.

Any one filing must first receive a 90-minute briefing about credit counseling and budgets and later must complete a personal financial management course.

Start saving or find these records: at least three months of pay stubs, 90 days of credit card bills, bank statements for the last seven months, federal and state tax returns for the last two years, a copy of any bankruptcy filed in the last eight years, property deeds, car titles, divorce decrees, Social Security statements,

wage garnishment orders and utility bills and receipts for living expenses for six months.

You also will be required to pay certain fees.

Call 216-687-1900 to find out when Legal Aid will resume accepting bankruptcy applications.

## Here Are Some Ways that Low-Income Seniors Can Save Money

### **Prescription Drugs**

You can get financial help to pay for all or part of prescription drug insurance, deductibles and co-pays under the new Medicare Part D program if your yearly income is \$14,356 or less with assets of \$11,500 for one person or income for a couple is \$19,246 or less with assets under \$23,000.

**Assets do not include your home, vehicles, burial plots or personal possessions.**

Phone Social Security at 1-800-772-1213 (TTY 1-800-325-0778).

### **Home Heating**

If you are low income, you may qualify for help to pay your home heating bills. Call 1-800-282-0880 for information.

Help also is available from the Salvation Army at its various centers.

### **Property Tax Relief**

If you are at least 65 years of age or totally and permanently disabled, own your home (having your name on the deed or a life estate) and last year had a combined income with your spouse of \$26,200 or less, you may qualify for a homestead exemption on your property taxes.

An exemption means that you will get a reduction in your December tax bill.

Get an application from the office of the county auditor. In Cuyahoga County call 216-443-7050. Applications are open until the first Monday in June.

### **Sewer and Water Bills**

In areas served by the Northeast Ohio Regional Sewer District and the Cleveland Water System, you can get a reduction in the rate you pay for water and sewage treatment if you are 65 or older or disabled, live in a home you own and had an income last year of \$26,200 or less.

Call the Cleveland Department of Public Utilities at 216-664-3130 and the Sewer District at 216-881-8247.

Owners who occupy a one to three-family home may get a summer sprinkling user reduced charge by applying to the Sewer District before April 30. Residents of Berea, Cleveland Heights, North Royalton and Strongsville should contact their own water departments or city hall for the summer program. In other areas call your water/sewer provider.

### **Food Stamps**

**Low-income seniors who have hesitated about applying for food stamps because they didn't want others to see them use them, can now have their privacy protected.**

Food stamp recipients now get a "credit card" on

which their monthly benefit is automatically loaded. It looks like a regular bank debit or credit card and is used at the grocery store.

For information, call toll free 1-866-244-0071.

### **Free Health Care Tests**

**Various health care tests are available for free to low-income persons from various centers in Cuyahoga County.**

For information, check [www.cuyahogacounty.us/home](http://www.cuyahogacounty.us/home) and click on health and safety. Then select "A Guide to Free & Affordable Healthcare for Adults." Or call 216-443-5616.

### **Unclaimed Tax Refunds**

The Internal Revenue Service reports that it has \$2 billion in unclaimed funds for some 1.7 million people.

These are people for whom taxes were withheld in 2002 or who made estimated tax payments, but had too little income to require filing of a tax return.

Some people who were working in 2002 also may be eligible for Earned Income Tax Credits that could mean money in their pockets.

**If you are one of these people, you have only until April 17 this year to file a tax return for 2002.**

You cannot get a refund unless you file a tax return for 2002 or a return for any year since then that you did not file. IRS figures 56,000 Ohioans are owed \$56,810.

**See Page 3 for where you can get free tax help.**

**The Legal Aid Society of Cleveland offers free legal services to low-income seniors in Cuyahoga County.**

### **INTAKE**

You can complete an application for assistance by calling the Intake Line at 216-687-1900 or toll-free at 1-888-817-3777.

If you qualify for our services, we will either give you advice or educational materials to help you, schedule an appointment or refer you to a volunteer attorney.

If necessary, you may need to meet with an attorney. **If you are unable to come to our downtown office at 1223 West Sixth Street, an attorney can arrange to meet you at a senior citizen center or some other office near your home.**

### **SENIOR HELPLINE**

If you are a senior and have a legal question for an attorney, you may call 216-687-1900 and ask for our Senior HelpLine on Tuesdays or Thursdays between 1 and 4 p.m.

### **VOLUNTEER ATTORNEY CLINICS**

In collaboration with the Cleveland Bar Association, Legal Aid sponsors clinics where volunteer private attorneys provide brief advice and referral only. Clinic attorneys do not represent you. However, you may be referred to Legal Aid or another service provider for help. All clinics are open from 10 a.m. to 12 noon. Bring with you all of your papers that concern your problem. The following clinic will be held:

**SATURDAY, MARCH 25:** East Side at St. Martin de Porres Family Center, 1264 East 123rd Street.

**Please call Legal Aid at 216-687-1900 for information about other clinics to be held during March and April.**

**For information or to make appointments outside Cuyahoga County,  
phone the offices listed below.**

### **ASHTABULA COUNTY**

Ashtabula County Legal Aid, 121 East Walnut, Jefferson, OH 44047  
440-576-8120 or TOLL-FREE 1-866-873-9665

### **LAKE COUNTY**

Lake-Geauga Legal Aid, 8 North State Street, Painesville, OH 44077  
440-352-6200 or TOLL-FREE 1-888-808-2800

### **LORAIN COUNTY**

The Legal Aid Society of Lorain County, 538 West Broad Street, Elyria, OH 44035  
440-323-8240 or TOLL-FREE 1-800-444-7348

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