

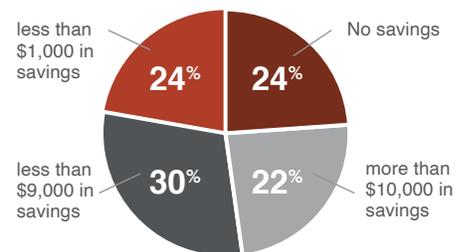
# The critical medical debt gap putting millions of Americans at risk

## At a glance:

For over 65 years, Aflac has supported people at the intersection of their physical and financial health, helping to pay for expenses health insurance doesn't cover so they can focus on recovery – not unexpected medical bills. As part of this commitment to being there in times of need, Aflac is educating, supporting and advocating for Americans who find themselves underinsured amid unanticipated medical costs. In 2021, the organization embarked on an effort to better understand how much of the American population – and in which states – is at risk for medical debt. Aflac leveraged existing data from leading health organizations and commissioned a third-party survey of more than 6,500 insured Americans across the U.S., surveying respondents on topics related to health insurance, health care costs, past medical history and more. The results were staggering.

**46%** of insured Americans don't have enough in savings to pay for medical expenses not covered by their health insurance.

In fact, many reported living with little to no emergency fund, with 24% stating they have \$0 in savings. While Americans reported having a good picture of how much savings they currently have available in case of a medical emergency, a majority underestimate how much they would need to spend out-of-pocket (OOP) in the event of a heart attack or breast cancer diagnosis.



The survey also identified 11 U.S. states that over-indexed, or ranked highly, for vulnerability to medical debt due to lack of available savings: Arkansas, Indiana, Iowa, Kansas, Kentucky, Ohio, Oklahoma, South Carolina, Texas, Virginia and West Virginia. Aflac then examined third-party research looking at the likelihood of serious illnesses in each of these states to better understand if their residents are at even greater risk than the nation as a whole.

## Americans and medical debt:

Each year, millions of Americans receive devastating medical diagnoses. As they focus on treatment and recovery, many don't think about the financial implications. They arrive at the same awful realization: the health insurance they rely on wasn't designed to cover the full cost of medical care. Treatments, medications, surgeries and more must often be covered by patients and their families. As unexpected bills begin to stack up, they are left fighting for both their physical and financial health.

- In America, medical bills are the most common reason for bankruptcy.<sup>1</sup>
- More than 91% of Americans reported having health insurance in 2020,<sup>2</sup> but still 30% are in medical debt.

Many insured adults are thought to believe health insurance policies protect them from financial exposure – a false notion that too many discover only when it's too late.

### Common and costly diseases:

Cancer and heart disease/stroke are among the most common and costly diseases impacting Americans.<sup>3</sup>

#### Cancer:

- Almost 1.9 million new cancer cases are diagnosed each year in the U.S.,<sup>4</sup> costing an estimated \$208.9 billion.<sup>5</sup>
- The Care Index's top 11 states generated an estimated 445,000 of these new cancer cases – or about 23% of the nation's total.
- Texas and Ohio were predicted to witness the highest number of new diagnoses in 2021, with 133,730 and 73,320, respectively.
- Texas had the third-highest incidence rates of new cancer diagnoses in 2021 among all U.S. states.

#### Heart disease and stroke:

- According to data from 2005 to 2014, the estimated number of new heart attacks<sup>6</sup> and new stroke<sup>7</sup> cases tops 1.2 million annually. The estimated direct costs of heart disease were \$216 billion in 2016 to 2017, while stroke-related direct costs topped \$30 billion.<sup>8</sup>
- Of the 1.2 million new cases, 605,000 are classified as new heart attacks<sup>6</sup> and 610,000 are first or new strokes.<sup>7</sup>
- Among the 11 states analyzed in the Care Index, West Virginia has the highest prevalence rate for both coronary heart disease and stroke: 8.3% for heart disease – the highest of any U.S. state – and 4.8% for stroke. Arkansas, Kentucky and Oklahoma follow closely behind for both diseases.<sup>9</sup>

### Survey says:

The Aflac Care Index uncovered a false sense of confidence among Americans regarding what their health insurance covers. Many underestimated what they would need to pay out of pocket if faced with an unexpected medical bill, resulting in tough financial decisions:



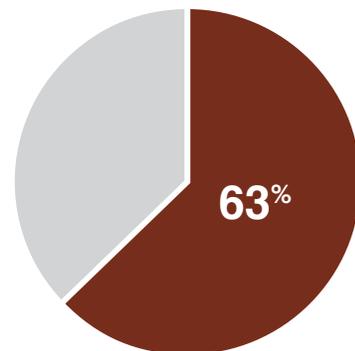
**83%** of people think they have enough health insurance to protect themselves from medical debt.



**79%** underestimate their financial exposure in the event of a heart attack.



**73%** underestimate the financial toll of a breast cancer diagnosis.



Nearly two thirds (63%) of Americans' savings are equivalent to or less than their health insurance out-of-pocket maximum.

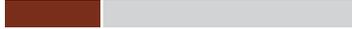
If they, or someone in their household, had a health event that resulted in medical bills that met or exceeded their out of pocket maximum:

**49%**



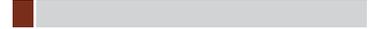
Nearly half of Americans with health insurance report that they would need to establish a payment plan to pay medical costs.

**25%**

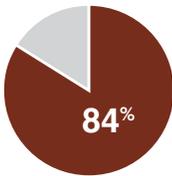


A quarter of Americans with health insurance report that they would need to borrow money to pay medical costs.

**6%**



Six percent of Americans with health insurance report that they would need to file for bankruptcy.



84% of Americans already have some type of debt, whether from a credit card, car loan, student loan, etc.

**State-by-state areas of concern:**

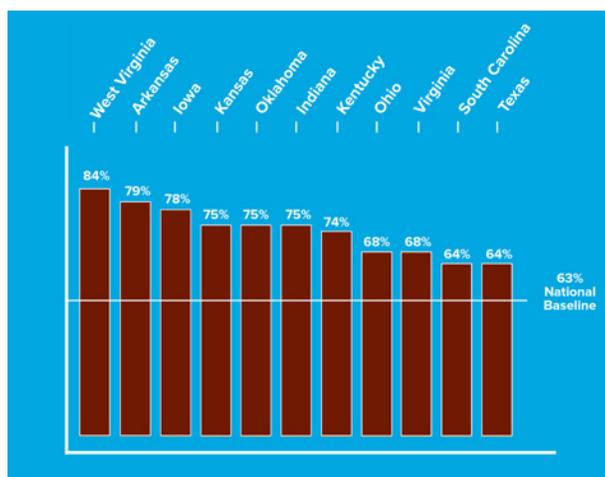
While the survey received responses from Americans in all 50 states, 11 surpassed the others, indexing high in the group of insured Americans who lack enough in savings to cover their OOP expenses should a health event occur:

- Arkansas.
- Indiana.
- Iowa.
- Kansas.
- Kentucky.
- Ohio.
- Oklahoma.
- South Carolina.
- Texas.
- Virginia.
- West Virginia.



The Aflac Care Index analyzed residents' responses in each of these 11 states. From emergency funds to family history of disease, the survey uncovered key facts in each geographic region.

**Nationally, 63% of respondents reported savings less than or equal to their out-of-pocket maximum. These states were higher than the national average.**



- West Virginia: 84%.
- Arkansas: 79%.
- Iowa: 78%.
- Indiana: 75%.
- Kansas: 75%.
- Oklahoma: 75%.
- Kentucky: 74%.
- Ohio: 68%.
- Virginia: 68%.
- South Carolina: 64%.
- Texas: 64%.

## Arkansas:

- 40% are very concerned about their ability to pay medical expenses not covered by insurance, with 43% more concerned today than they were five years ago.
- Nearly half (46%) cannot go more than one week without a paycheck and still pay their bills.
- 43% have no emergency or rainy-day fund.
- 39% of respondents report income less than \$25,000 and 28% are currently unemployed.
- 22% have been diagnosed with diabetes, compared with just 12% of total survey respondents.
- 36% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property.

## Indiana:

- 31% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property (compared to 23% of all survey respondents).
- 31% have no emergency or rainy-day fund.
- 36% have had a parent or grandparent suffer from a heart attack or heart disease.

## Iowa:

- 42% have had a parent or grandparent suffer from a heart attack or heart disease.
- 32% have had a parent or grandparent suffer from a stroke.
- 36% have no emergency or rainy-day fund, while 21% have less than \$1,000 for unexpected costs.
- 59% have visited the emergency room or department.

## Kansas:

- 35% have had a parent or grandparent suffer from a stroke.
- 38% have had somebody in their household stay overnight in the hospital.
- 19% could not go longer than one month without a paycheck and still pay their bills.

## Kentucky:

- 42% have unpaid medical bills.
- 35% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property.
- 44% have no rainy-day fund.
- 32% of respondents report income less than \$25,000 and 23% are currently unemployed.
- 42% have had a parent or grandparent receive a cancer diagnosis.
- 10% have personally had a heart attack or heart disease.
- 42% have had a parent or grandparent with diabetes.
- 53% have visited an emergency room or department.
- 44% could not go more than one week without a paycheck and still pay their bills.

## Ohio:

- 29% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property.
- 31% have no rainy-day fund, while 20% only have \$1,000 or less.
- 29% of respondents report income less than \$25,000 and 23% are currently unemployed.
- 27% have had a parent or grandparent suffer from a stroke.
- 52% have stayed in the hospital overnight.
- 55% have visited an emergency room or department.

### Oklahoma:

- 53% could not go more than a week without a paycheck and still pay their bills.
- 48% currently have unpaid medical bills.
- 40% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property.
- 36% of respondents report income less than \$25,000.
- 12% have personally had a heart attack or heart disease.
- 33% have had a parent or grandparent suffer from a stroke.
- 64% have stayed in the hospital overnight.
- 64% have visited an emergency room or department.
- 40% have no rainy-day fund.

### South Carolina:

- 45% are much more concerned today than they were five years ago about paying medical bills not covered by insurance.
- 47% currently have unpaid medical bills.
- 20% have less than \$1,000 in savings.
- 54% have visited an emergency room or department.

### Texas:

- One third (33%) are very concerned about their ability to pay medical bills not covered by insurance.
- 32% have student loan debt, 23% have retail debt, 47% have a balance on their credit card, 53% have an ongoing credit balance each month and 44% have unpaid medical bills.
- 34% have had a parent or grandparent with diabetes.
- 25% have had a parent or grandparent suffer from a stroke.

### Virginia:

- 32% do not have a rainy-day fund.
- 18% have less than \$1,000 in savings.

### West Virginia:

- 47% could not go more than one week without a paycheck and still pay their bills.
- 49% currently have an unpaid medical bill.
- 51% have no retirement savings, college education account, savings account, stocks/bonds or investment real estate property.
- 44% of respondents report income less than \$25,000.
- 44% have had a parent or grandparent suffer from a heart attack or heart disease.
- 63% have visited the emergency room or department.
- 42% have no rainy-day fund.

## How to prepare:

Medical debt is a critical issue impacting millions of Americans each year — even those who least expect it. The Aflac Care Index is part of our commitment to better understand this issue and help educate, support and advocate for the underinsured.

By taking the below steps, consumers may mitigate their financial risk:

### 1) Get educated.

Many Americans with health insurance assume their existing insurance will protect them from medical debt.

**83%** of respondents in the Aflac Care Index survey incorrectly believe they have enough health insurance to protect themselves from medical debt.

Understanding what your medical insurance does and does not cover is an important first step. Make sure you assess your OOP maximum and determine whether your savings can cover it and pay for potential bills. Next, reference financial education resources to learn how you can assess your current savings habits and find new ways to increase your emergency fund. Some helpful resources include:

- The [U.S. Federal Deposit Insurance Corporation's \(FDIC\) Money Smart](#) financial education program offers reading material, engaging games and a helpful podcast, and the FDIC also offers a helpful e-newsletter with advice on becoming a smarter, safer user of financial services.
- The [America Saves initiative](#) encourages consumers to choose a savings goal and offers resources to help realize it.
- Visit the [U.S. Consumer Financial Protection Bureau](#) to complete a financial well-being questionnaire and access guides to help plan for big financial goals.

### 2) Prioritize preventative care.

Though many illnesses cannot be prevented, some can. Consumers should educate themselves on their family's health history to understand where they may be vulnerable and stay up to date on annual physicals, routine lab work and other preventative visits a doctor may recommend. Catching potential issues early may help Americans avoid worrisome, costly diseases.

### 3) Invest in supplemental insurance.

Supplemental health insurance can help bring peace of mind in the event of an unexpected accident or illness. Supplemental insurance can provide additional coverage for hospital stays, short-term disability, critical care and recovery and more.

## Learn more:

### Methodology

Conducted in October 2021, this online survey polled 6,514 U.S.-based consumers aged 25-54 who have health insurance and make or share in household insurance decisions. The survey was conducted by The Bantam Group, Inc., an independent, third-party research provider.



<sup>1</sup>RetireGuide. "49+ US Medical Bankruptcy Statistics." Published August 30, 2022. [Accessed March 20, 2023.](#)  
<sup>2</sup>United States Census Bureau. "Health Insurance Coverage in the United States: 2020." Published September 14, 2021. [Accessed March 20, 2023.](#)  
<sup>3</sup>Centers for Disease Control and Prevention. "Health and Economic Costs of Chronic Diseases." Accessed March 20, 2023.  
<sup>4</sup>American Cancer Society. "Cancer Facts and Figures 2023." Accessed March 20, 2023.  
<sup>5</sup>National Cancer Institute. "Financial Burden of Cancer Care." Updated April 2022. [Accessed March 20, 2023.](#)  
<sup>6</sup>American Heart Association. "2021 Heart Disease and Stroke Statistics Update Fact Sheet – At A Glance." Accessed March 20, 2023.  
<sup>7</sup>Centers for Disease Control and Prevention. "Stroke Facts." Accessed March 20, 2023.  
<sup>8</sup>American Heart Association. "Heart Disease and Stroke Statistics – 2021 Update." Accessed March 20, 2023.  
<sup>9</sup>Centers for Disease Control and Prevention. "Interactive Atlas of Heart Disease and Stroke." Accessed March 20, 2023.  
Content herein is for informational purposes only and is not a solicitation for insurance.  
**Aflac includes Aflac and/or Aflac New York and/or Continental American Insurance Company and /or Continental American Life Insurance.**  
Aflac WWW | 1932 Wynnton Road | Columbus, GA 31999