

Transcript: A listener asks: Could NOT having insurance be a better deal?

Dan: Hey there. Today's episode starts with a question from a listener named Tom Karches.

My son will turn 26 this month and will no longer be eligible to be on our health insurance policy. He is a student and currently has no income. I can hardly believe I am saying this, but until he has a job, wouldn't he be better off not having insurance and applying for charity care?

So, charity care: Also called financial assistance. This is when a hospital forgives your bill, or part of it, because you definitely cannot pay it. All non-profit hospitals are legally required to have some kind of charity care policy. And Tom said all the hospitals around him are non-profits.

I mean, I can hardly believe I'm saying this, but Tom's question seemed ... worth engaging with. Basically: if you don't have money, and you don't have a job... what's your best shot at getting health care?

And I thought this could be a good opportunity to try something I've dreamed of this show doing from the beginning: An audio advice column! Like Savage Love, or Dear Sugar, or Car Talk.

So I brought Tom together with a friendly, super-knowledgable nerd who I figured could address his question.

It was super-fun, and I learned a lot. And there were some curveballs. You ready?

This is An Arm and a Leg-- a show about why health care costs so freaking much, and what we can maybe do about it. I'm Dan Weissmann. I'm a reporter, and I like a challenge-- so our job on this show is to take one of the most enraging, terrifying, depressing parts of American life, and bring you something entertaining, empowering, and useful.

And we're gonna start with the conversation where I brought together our listener who wrote in, and the nerd I thought could answer his question best.

Thank you both so much for joining me. Can I ask you each to introduce yourself? Tom, can I ask you to go first?

Tom Karches: My name is Tom Karches. I live in Cary, North Carolina. And, um, what else do you wanna know?

Dan: Let's start there. And Karen, how about you?

Karen Pollitz: I, I'm Karen Pollitz and I am with the Kaiser Family Foundation in their Washington DC office.

Dan: Fantastic. Thank you. And, and Tom, we've corresponded a couple of times and you actually, uh, sent a question that we explored in the first season of this show. But why emergency room bills are so weirdly high, especially facility fees . And you wrote me recently about your son. And you said my, my son's turning 26

Tom Karches: turned 26 already,

Dan: he's turned 26.

Tom Karches: he's so, so he's off our policy right now.

Dan: and you were like, I can't believe I'm , asking this, but would he be better off, uh, just not having insurance and trying to rely on charity here? Can you tell me a little bit about the thinking that went behind that?

Tom Karches: See here's the situation. So he's at, he's at home, he's finishing school. He does not have a job. He lives with us, so we're supporting him. and so he essentially has no income. So when he goes to get the, these, the charity care things, he can do that because he's not making any income. And my wife goes, well, you need to get insurance. And I'm thinking, Well wait a minute. I thinking if he, if he has insurance, I mean, sometimes that doesn't even help you. You can still end up with a lot, with a lot of bills. I would think it would put, kind of puts you on the hook for the debt since you had insurance. Is that, is that right?

Dan: That I think is, uh, that's an interesting question. I think it's, that I'm gonna have to do a little reporting on, but my impression is, having insurance does not make you ineligible for charity care necessarily,

Karen Pollitz: It all depends on the hospital. So I have a friend here in Maryland who has limited income and when she first signed up for the marketplace, she couldn't afford much. She got a bronze plan with a very high deductible, and then she had a hernia and she needed to have surgery

and it hit her very high deductible, which of course she couldn't afford to pay. But we applied, at that particular hospital for their charity care program, and they basically waived the charge for her . So it just depends on the hospital. Nonprofit hospitals are required to have some kind of a charity care program, but that's it. It could be, I'll give you a nickel off. It could be you have to be uninsured and, you know, blonde hair and blue eyes.

Dan: So the first question I think we've got an answer to, which is, well, if I sign up for insurance, am I essentially kind of signing away the possibility of getting financial assistance? And Karen, your answer is like, not necessarily. This would be a good moment to read the financial assistance policy of any hospital that he might go to for care

Karen Pollitz: I'm just remembering now. I was on a call with a guy who I don't know, um, but he runs a nonprofit that has done research into the charity care programs of most, if not all hospitals in the us.

Dan: Karen, was that Jared Walker?

Karen Pollitz: Yes.

Dan: Right. Yeah. Yeah. Like you, I would say he's a friend of the show.

And I'm breaking in to say: I wound up checking in with Jared on this. We'll hear about that later. But first, there was more to talk through with Tom about the big-picture question. His son doesn't have insurance, doesn't have a job, what are his options?

And the answer is complicated. Because, if your income is low, there are some HUGE subsidies for health insurance on the Obamacare marketplace.

Like, premiums can be zero dollars a month. Deductibles, also zero. Copays and stuff like that? Super, super cheap.

These subsidies were part of a big expansion of Obamacare subsidies in the American Rescue Plan from 2021-- and thanks to the big package Congress passed last summer, the Inflation Reduction Act, they've been extended a couple of years.

Which is amazing, except for this thing that's been a problem since Obamacare started. A big one. It's called the "coverage gap." Here's how I put it to Tom.

Dan: There's a catch in certain states, which is, in order to qualify for those subsidies, you have to have income of a certain level because the assumption, baked into the Affordable Care Act was that it offered federal funds to expand Medicaid in every state. And the, authors of the law assumed that every state would say yes,

Tom Karches: Not in North Carolina.

Dan: not North Carolina. Right. And so they set like a floor of how low your income could be to qualify for these subsidies, figuring that if your income fell below that floor, you would just get Medicaid, but not every state did. And North Carolina is among the states that did not. So you've already scoped this out, it sounds like.

Tom Karches: Well, I hear a lot, I hear in the news this, this argument over the, um, the Medicaid thing has been going on for years because we have, we have a Democratic governor and a, and a Republican legislature. And so that stuff goes nowhere.

Karen Pollitz: Well, it sounds like they made a little more progress in this last session. But for now, you've got this gap in North Carolina,

Dan: yeah. So if he truly has zero income then he won't qualify for those subsidies and health insurance would actually be kind of expensive. Karen, is that right?

Karen Pollitz: Yeah. So, can you tell me a little bit more about his. Is he working? Is he unable to work? Is he looking for a job? Is he in school?

Tom Karches: He's in school and he, he's in a very difficult curriculum. He just wants to spend his time concentrating, and we, we were okay with that. So, um, he's chosen not to work.

Karen Pollitz: Well I will say this, um, very few people know for a fact down to the penny right now what their income is gonna be in 2023. When you apply to the marketplace, you have to give them your best estimate of what your income will be next year. So what goes into that guess? And might he get us? Summer job, or even a part-time job during breaks, . You know, plausibly estimate that he would have some income for next year. And the one nice thing about North Carolina is you have one of the nation's best, um, Marketplace Navigator programs. Um, it's called the North Carolina Navigator Consortium.

The lawyers there are terrific and they really know the rules. And it would be worth it, to get an appointment and see if they could kind of walk you through the possibilities. You know, you don't lie to the marketplace and don't lie to the IRS. Just don't ever do that. But you know, you are making an estimate and I think they can help you kind of figure out, well, how might he kind of get himself up to that threshold? Because if he could, he could get a silver plan. With a zero deductible or maybe a \$200 deductible,

Tom Karches: So, what are premiums like for plans like that? Monthly premiums.

Karen Pollitz: Yeah, Zero. Uh, you know, there's a ton of plans in all the states. So, you know, the premium might go up to 10 or 20 or \$30 a month, but it would be, I think, A, a very modest premium,

Tom Karches: So in in that case, there's, there's, you're saying there's not really a, there's no real, I, I hate to say benefit, benefit to basically being uninsured,

Karen Pollitz: I, I mean, I'm, I'm a parent too. My oldest is 27 now. And right before I jumped on this call, my daughter called, because now she's on her plan at work, but they're changing it. And it was like, Ugh. I said, I, I gotta help somebody else now, but I'll talk to you later. So, right. Insurance, scary stuff. Never really goes away. But , if he can kind of surmount this coverage gap, he's gotta somehow estimate an income at the poverty level and have it be a plausible income. That's the hurdle that he's gonna have to make in order to get into the marketplace. Otherwise, you're gonna have to keep lobbying your folks in the state capital and say, you got close to passing the Medicaid expansion last year. Can you get it across the line this year?

Tom Karches: So if that happens he's effectively on Medicaid if his incomes below a certain. Okay.

Karen Pollitz: if they would adopt the Medicaid expansion. Yeah. Right.

Dan: Karen, thank you so much for making time

Karen Pollitz: Oh, you're welcome. And Tom, feel free to reach out if you have any other questions for me too.

Tom Karches: I appreciate it. Thank you.

Karen Pollitz: All right. Now I'm gonna get back to my own daughter's insurance. There you go. Okay.

Tom Karches: Enjoy talking with you both.

Karen Pollitz: It never ends. Good luck.

Tom Karches: Yeah. Okay. Thanks.

Karen Pollitz: Take care, Dan.

Dan: Take care. Bye bye.

So, OK! We got kind of an answer to one question: Can Tom's son get out of the coverage gap, and get super-cheap, maybe free insurance?

But what about his other question: Could having insurance be a disadvantage? Both, ever-- and at where Tom says his son gets care now: the University of North Carolina hospital system.

For that, I ended up calling Jared Walker, of course. He's been teaching me, and a lot of other people, about charity care for years. We'll hear what he had to say-- and what Tom ended up thinking-- right after this.

This episode of An Arm and a Leg is a co-production with Kaiser Health News-- that's a nonprofit newsroom about health care in America. KHN is not affiliated with the health care giant Kaiser Permanente. We'll have a little more information about KHN at the end of this episode.

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I'm not gonna lie. When Tom said he was worried that having insurance could hurt his son's chances of getting charity care, I said, "Geez, that's an interesting question."

But I was THINKING: No way. They wouldn't do that. That would be so stupid. People with insurance -- especially low-income people with crummy insurance -- get big medical bills all the time. Hospitals wouldn't just exclude them.

And thinking: Now, I don't KNOW that for a fact. So I said, "That's interesting. I'll check with Jared."

If you've been listening to this show, you'll remember: Jared runs a nonprofit called Dollar For. He's alerted millions of people to the possibility of using charity care to get hospital bills dismissed. And Dollar For helps people make their case to hospitals that they should get charity care. Working case by case, Jared says they've gotten \$20 million in bills dismissed.

So the day after that conversation with Tom and Karen, I talked with Jared.

Jared Walker: So is the question how many hospitals deny based off insurance?

Dan: Yeah, like how common is it for a hospital's charity care policy to just be like, If you have insurance, then we're not talking to you about this.

Jared Walker: Yeah. So it's interesting because right now I will give you a, a educated guess

Dan: He says they're actually doing research on this kind of thing right now-- combing through policies for thousands of hospitals. But the numbers aren't in yet.

Jared Walker: my guess would be about 50% of hospitals have something about insurance in their policy, whether it be a complete. We don't talk to you if you have insurance or we have a different sliding scale based off insured versus uninsured.

but there are states like Oregon, I don't think any of the hospitals in Oregon do it, or Washington or California or Colorado. But then, you know, you get in states like Texas and Florida and it's kind of like, It's a toss up and there's a lot of hospitals in Texas and Florida in there, you know, so it just really depends.

Dan: That is so interesting cuz I had not, I was like, it didn't even occur to me that they would, I was like that. I can't imagine that they would do that, but it sounds like No, no, that that's a thing.

Jared Walker: It's the, it's the biggest thing that we fight without question. Uh, insurance being a factor is gonna be the number one reason why we're

sending appeals, why we're escalating cases. Um, and our biggest reason for denial

Dan: wow. And it's in the policy, like our policy says, if you have insurance, then we don't talk about charity care with you.

Jared Walker: Yeah. Yeah. It just says, uh, you know, eligibility criteria for charity care and I could probably pull one up.

Dan: so I think if, If you're gonna pull one up, um, the one I think our listener would be most interested in is, uh, University of North Carolina

Jared Walker: Uh, . I knew it was gonna be a North Carolina hospital. Uh, I've North Carolina's on my shit list right now. Uh, let's see, University, Oh, North Carolina, of course.

And he pulls up the policy while we're talking

Okay. Uh, hospital. Uh, financial assistance. All right, let's see.

Let's just look insured.

Dan: And are you, are you just doing control f on their policy or are you looking at notes that you're, you and your team have taken here.

Jared Walker: I am looking at their policy. It's 17 beautiful

Dan: Okay. Can you chat me? Can you chat me a link real quick?

Jared Walker: Oh yeah,

Dan: And he shares his screen too, and we're both looking. If you're uninsured they knock 40 percent off the top. Then we find "Financial Assistance" -- it's a separate thing.

Jared Walker: except for limitations of in the Financial Assistance exceptions table. Oh, lovely.

Dan: I see on page five, it says financial assistance will apply to balances after all third party coverage has been collected.

Jared Walker: Yeah, so then you would be good there.

Dan: Yeah, , It definitely makes it sound like. Having insurance does not disqualify you from receiving financial assistance.

Jared Walker: Yep.

Dan: But then there is this other thing, where the criteria talk about comparing your bill to the total annual income for your household. Tom's son lives with mom and dad. I ask Jared, does that mean they'll all be considered one household? Has he seen this kind of thing come up?

Jared Walker: Yeah, definitely. I mean, we, we do this all the time with, Hey, I, I live with my parents, , like if they're filing taxes separately, they're a separate household. Same thing with like, you know, I'm in college, I've got roommates. Like, you don't have to include your roommates. Um, and if your roommates are your parents and you're know, uh, uh, it's like are, um, are you financially independent, of your parents? And that's, that would be the question.

Dan: is super interesting. And in, and in this case, um, the parents are supporting the son through school , it sounds like it would be prudent for the family, for the son to have income and to declare it and pay taxes on it so that they, so that they could present themselves as financially independent

Jared Walker: Yeah. We get asked the question sometimes by hospitals in these cases where it. , Okay. You don't have any income. . Um, then they'll ask you, So how are you living then?

Dan: Right.

Jared Walker: it's basically you have to write a letter that says, Hey, living with my parents, they're helping me out. Right. Um, I mean the, you know, cuz the hospital is also saying like, Hey, you know, if you're living with your parents and your parents are millionaires then like, we want their money ,

Dan: So, OK! Message received. Having insurance CAN be a problem, but not at the hospital where Tom's son usually goes. And: Declaring zero income can raise red flags at some hospitals.

I get back on zoom with Tom, and first I ask: Hey, what did you take away from that conversation with Karen?

Tom Karches: there was some things she said that I didn't know. It was interesting about the, um, about that you, that you can get insurance with no, with no premium,

Dan: Yeah, yeah, yeah. But you have to have some income, um, to get that deal.

Of course, that's only in states that haven't expanded Medicaid.

I tell Tom: Before I talked with Jared, I really hadn't thought you could be excluded from charity care if you had insurance. Of course Tom's not surprised.

Tom Karches: I wouldn't put anything past a hospital

Dan: And I pull up the policy for UNC-- chat Tom the link, we look at it together. Tom agrees, it looks like having insurance wouldn't DQ his son.

I share one other thing with Tom: Jared told me that you can apply for financial assistance before you even need medical care. Your eligibility is like a status-- you have to renew every so often. Tom says this is what his son is already doing, actually.

So I ask Tom what his take-away is now.

Tom Karches: basically the answer is definitely not no you shouldn't, you shouldn't buy insurance

Dan: Yeah.

Tom Karches: Um, so what, what, what would I tell him? I, I mean, I could just say, you know, it might be good to, to make some income and have on your return just for the sake of having something. You can show the hospital to show how much you're making

Dan: Yeah, So it sounded to me like a really low cost. Obamacare policy might really be available to your son. And, um, I think Karen said, you know, there are healthcare navigators , who are good at kind of walking you through the specifics on the ground. Um, and her encouragement was

to go, go talk to somebody there to get, um, get a clear picture of what the options.

Tom Karches: But, but right now where he's not making any income is it's sort of, there's sort of no. It,

if he's applied to, to UNC for charity. If he's applied for that, then it, it's the kind of moot,

Dan: That he could forego the health insurance cuz he'd be Yeah. Yeah. I mean, I

Tom Karches: I'm not, I'm not saying it, I'm not saying that's a great, I, that's, that's always a great

Dan: yeah.

Tom Karches: just saying.

Dan: you're

Tom Karches: I don't, I don't see any, I don't see a huge downside.

Dan: I, Well, I, I hear what you're saying. I mean, I would, um, I, Here's a couple of potential. I mean, here's a couple of things that I would consider, right? I mean, aside from the kind of societal question, like, well, if everybody that would be in big trouble and

the institutions might make it harder for. Everybody to get qual, they might kind of say like, We gotta tighten up our, our application so that we don't get people who could otherwise be covered elsewhere.

Now you can kind of hear-- Tom's perspective here has kind of thrown me for a loop. I'm scrambling for the arguments about why NOT to forego health insurance and just rely on charity care.

And I'm giving short shrift to a big one: Health insurance is MADE for this. And if young, healthy people opt out of it, things get more expensive for everybody else. And it's unsustainable.

... and I move on quickly to self-interested reasons: Like, why WOULDN'T you take free health insurance? Also, what if you start making more money, and you no longer qualify for financial assistance, but now you don't have insurance.

Tom's like, yeah, well, if you were gonna work and all. But that's not the case here. I've got one more:

, well, what if you needed care that wasn't available at unc? I mean, obviously that's a great big hospital, but like, god forbid, in some situation where you need something that like only somebody at Duke can

Tom Karches: or you're traveling.

Dan: or you're traveling, right? Yeah. Right. So then, you know, I think having medical insurance, like if, if, if have, if if medical insurance, if health insurance for like basically free

Tom Karches: Mm-hmm.

Dan: to you. I don't see a down.

Tom Karches: Right. Well, in a way though, this is, this is what the companies have gotten themselves into for, for calling themselves a nonprofit.

Dan: Yeah. Right. Well, there's that, um, you're saying, when you say this is what companies have gotten themselves into, you're saying hospitals that when you say this, you mean the idea that, that someone might kind of, Attempt to kind of game the system by foregoing health insurance and just relying on charity care. That possibility is one that they've opened up themselves to by all kinds of bad faith practices on their side.

Tom Karches: Right.

Dan: Wow. Thank you so much for taking this time. Um, and thank you for, Thank you for sending me this question. I mean, you were like, I can't believe I'm asking this. I was like, I can't believe I'm looking into this with you,

Tom Karches: but it's actually, it is sometimes the most obvious things are just not obvious

Dan: Yeah,

Tom Karches: when you really start thinking about

Dan: it seems like this is where what people call game theory really comes into play, right? Where we're all kind of players. Individually kind of looking at like what are our levers and that, so are all the other actors that the insurance companies and the hospitals are all, you know, all see this as a game that where they're looking to kind of, you know, what's their, how, how do they get to win, um, and how do they avoid losing, Um, and that everybody's choices affect everybody else's potential choices.

Tom Karches: Yep.

Dan: It's not the kind of game I like playing.

Tom Karches: No, and we're all playing it.

Dan: Yeah. Right. Yeah. Yeah. Trying not to lose.

great to talk with you. Yeah, me too. Take care.

Tom Karches: Right. Bye.

Dan: I've continued to think about those conversations. One thing about these "games" is that we -- regular people-- are totally outmatched.

These other players are huge. They've got all their lawyers, and accountants and consultants helping them plot every move. Not to mention lobbyists, working to bend the rules their way.

We get stuck with a highly-constrained set of choices-- with risks, and downsides and unexpected complications... which all vary depending on things we don't control.

Like: Do you live in a state that expanded Medicaid? Do your health conditions make going without insurance basically unthinkable? Do you feel lucky?

And we make those choices with limited information. I mean, learning about this stuff has been my job for four years now, and I'm still learning, all the time.

Like in reporting this story, I learned that, actually: If you're applying for charity care at a hospital, having insurance can work against you in some cases. So wild.

But because I've been doing this for four years now, I knew a lot of things before going in. :

I knew about these Obamacare subsidies that CAN make pretty-good health insurance basically free for a lot of people.

I knew about this freaking coverage gap in states that haven't expanded Medicaid.

I knew about these Obamacare Navigators

And these days I know who I can call to find out more -- whether that's Jared, or Karen Pollitz, or any of the other amazing nerds and activists I've met over the last few years.

And so, I'm starting to be able to pull together more of the big picture-- in ways that can keep getting more useful.

And this is all thanks to you: You've listened, you've encouraged me, you've sent me stories and tips and questions ... and you've made the whole thing possible by supporting this show. Most of our money comes straight from you.

So now is when I say: We need your help to keep doing it. And right now is when you can help us most. Because every dollar you give right now, gets doubled, thanks to a program called NewsMatch, from the Institute for Nonprofit News.

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Thank you so much for helping us get this far. There's so much more to do.

I'll catch you soon with our next story.

Till then, take care of yourself.

This episode of An Arm and a Leg was produced by me, Dan Weissmann, with help from Emily Pisacreta, and edited by Marian Wang.

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This season of an arm and a leg is a co production with Kaiser health news. That's a nonprofit news service about healthcare in America, an editorially-independent program of the Kaiser family foundation.

KHN is not affiliated with Kaiser Permanente, the big healthcare outfit. They share an ancestor. The 20th century industrialist Henry J Kaiser.

When he died, he left half his money to the foundation that later created Kaiser health news. You can learn more about him and Kaiser health news at arm and a leg show dot com slash Kaiser.

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