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Report Predicts Rise in Sales of Healthcare Debt



By Mark Holloway | bio

According to Kaulkin Ginsberg's recent Healthcare ARM Report, 2006, approximately \$4 billion of delinquent healthcare debt was sold last year. These debt sales happen when healthcare providers sell the right to receive payment on a debt. The buyer pays less than the full amount of the debt, taking into account the time and expense of collecting on the debt and the possibility that the debt will not be collected.

The report notes that healthcare providers set aside \$129 billion each year to cover bad debt. From these numbers the report forecasts an increase in the sale of healthcare debt in future years. Given that more and more consumers are purchasing medical care on credit (because they are U-N-I-N-S-U-R-E-D, Congress), healthcare providers will increasingly be forced into the role of lenders. Selling the debt makes sense for healthcare providers because it provides them with immediate cash (they have their own expenses to pay) and gets them out of the unsavory business of debt collection.

What effect would an increased market in healthcare debt mean for consumers? It's not clear, but I think it's safe to assume that professional debt collectors will be more aggressive than healthcare providers in collecting this debt. Stay tuned...



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