



TAMPA BAY BANKRUPTCY CENTER, P.A.

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## About Medical Bankruptcy

For some people, getting sick means going bankrupt. Here's the true story of a couple who experienced just that.

The husband, a man without much education, worked for minimum wage at a foundry sweeping floors. The wife worked before coming down with cancer. They could not afford the medical bills and were not on any social or welfare program, neither did they have insurance. As a result, the hospital started garnishing 25% of the husband's salary.

Eventually, they could not sustain their expenses and filed for Chapter 7 bankruptcy that allowed for complete liquidation of whatever little assets they had to pay for their debts and cancellation of the rest.

The wife's condition improved but a few years later, she experienced a relapse of the cancer. This left them with another huge hospital bill and further garnishment of the husband's salary. But this time, they could not apply for Chapter 7 again as it had not been 8 years since they had taken it the first time. This compelled them to apply for Chapter 13 bankruptcy instead that provided for gradual repayment of debts over time up to five years. But this left them very little to live on after paying for the medical costs in installments each month.

This went on for 2 years. Then the husband fell ill. Despite his sickness, he worked for 2 days more before going to the hospital. He died within a few hours of pneumonia. He was just 62 years old. Now his widow was left with no means of support and eventually lost her home, still straddled with about \$30,000 in medical expenses she could not pay. Her attorney who had some documents for her to sign, tried to locate her but she had moved without leaving any forwarding address. Nobody really know where she is today.

There are those who feel that the new Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA) that took effect in 2005 contain lots of inequalities. For instance, where you live does make a difference. Judges in Tulsa in the Northern part of Oklahoma would interpret the law differently from those in the Eastern district. The new law states that only those whose income is below a certain threshold qualify for Chapter 7 while everyone else has to apply for Chapter 13 bankruptcy. But when you file Chapter 7, all your assets are to be liquidated to pay for your debts. If you choose to keep some of your assets, you have to take Chapter 13.

In Chapter 13, you have to reaffirm the unsecured debts (like medical expenses) that the judge determines you can repay. Then 100% of your income that is not required for basic living expenses is utilized to pay off your debts, usually over 5 years. But the problem is the amount allowed for living expenses does not always commensurate with what your actual expenses are. For some people, this becomes a very real problem that may be insurmountable.

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If you are faced with insurmountable debts, consider filing for bankruptcy before things get worse. Call us at (813) 200 4133 for a free consultation or visit <http://tampabankruptcy.pro>.

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