

GoFundMe helps some pay for healthcare, but it's an awful solution

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During the chaotic runup to the 2020 elections, President Trump nominated Judge Amy Coney Barrett to fill Ruth Bader Ginsberg's vacated seat. On Sept. 26, 2020, Trump held a White House Rose Garden ceremony to celebrate Coney Barrett's nomination. It became a COVID-19 super-spreader event.

At least 11 of the attendees contracted COVID. They included the President and Melania Trump, Senators Mike Lee and Thom Tillis, adviser KellyAnne Conway, lawyer Rudy Giuliani, former New Jersey Governor Chris Christie and press secretary Kayleigh McEnany.

COVID had struck the White House even before the Sept. 26 event. The most serious case involved Crede Bailey, the director of the White House security office. Bailey required three months in an intensive care unit to recover from COVID. The disease cost him the lower part of his right leg and his big left toe. Upon discharge, Bailey required substantial rehabilitation that included a prosthetic leg. Even with good healthcare insurance, Bailey's medical bills were staggering.

Without his permission, Bailey's friend Dawn McCrobie, launched a GoFundMe to help him and his family cover his medical care and rehabilitation costs. With a \$50,000 goal, the campaign ultimately raised over \$85,000 from 1,200 donors. [1]

A Dec. 14, 2020, [article](#) in *Bloomberg News* turbocharged campaign donations. A post that same day on the GoFundMe website reported that the Crede family were "blown away by your generosity and very appreciative of all your positive thoughts, prayers and belief in his recovery!" [2]

GOFUNDME MEDICAL CAMPAIGNS PROLIFERATE

Bailey is hardly alone in receiving support for medical care from GoFundMe campaigns. As of Jan. 30, 2019, 250,000 medical campaigns had raised a whopping \$650 million to fund vital treatments, representing a third of all donations raised from GoFundMe campaigns at the time. [3]

Recipients of these campaigns almost always pay full commercial prices for their treatments. It has become routine at some hospitals to suggest that patients, families and/or friends launch GoFundMe campaigns to pay for expensive procedures, such as transplants.

Many Americans are one medical tragedy away from financial ruin. Access and affordability go hand-in-hand. Unaffordable healthcare is unavailable healthcare. Paying commercial healthcare rates places an enormous financial burden on working Americans, increases stress and compromises health status. So it comes as no surprise that medical bills have been a [leading cause](#) of personal bankruptcies, particularly among seniors. [4]

CAMPAIGNS DRIVEN BY UNAFFORDABLE PRICING

A 2020 pricing [analysis](#) by the RAND Corporation found that hospitals charge commercial health insurers 2.5 times more than Medicare for the same treatments. [5] Despite arguments to the contrary, these markups constitute profiteering. They make healthcare unaffordable. Healthcare needs and costs collide in GoFundMe medical campaigns. They provide a remarkable window into the American psyche as ordinary people confront extraordinary medical bills.

Americans’ compassion and generosity in supporting medical campaigns, often for individuals they don’t know personally, is awe-inspiring. The annual need for hundreds of thousands of GoFundMe medical campaigns, however, reflects the sad truth that many

Americans cannot afford healthcare when they need it most — a financial tragedy that is a consequence of our system of fragmented health insurance provision and inflated healthcare prices.

Entrenched providers rarely worry about being undersold. Most healthcare services are routine, yet there is enormous price variation largely due to arcane pricing formularies, cross-subsidization and limited pricing transparency. Cutting through the complexity, the reason providers charge excessive and varied prices for healthcare services is that they *can*. They exercise monopoly pricing power within regional healthcare markets. Even large employers with thousands of employees cannot realize the benefits of competitive markets with transparent prices.

HCCI STUDY ASSESSED THE INEQUITIES OF PRICE VARIATION

The Health Care Cost Institute (HCCI) tracks the cost of healthcare services nationally through its [Healthy Marketplace Index](#) funded by the Robert Wood Johnson Foundation. In a 2019 study, HCCI found that price variation for routine visits in 2016 “between” markets varied by as much as 25-fold:

- The median price for C-sections in San Francisco/Oakland/Hayward, Calif., at \$20,721, was nearly 4.5 times that in Knoxville, Tenn. (\$4,556).
- A common blood test in Beaumont, Texas, cost \$443, nearly 25 times more than the same test in Toledo, Ohio (\$18).
- Patient office visits had median prices three times larger in Anchorage, Alaska (\$165) than in Miami/Fort Lauderdale/West Palm Beach, Fla. (\$60).

The HCCI study found even greater variation “within” markets, as high as a “39-fold price difference for the exact same service, even after removing the top and bottom 10% of prices to exclude outlier effects.” How is that possible?

Examples of extreme pricing/payment differentials include the following:

- The median price of a normal vaginal delivery without complications in Boston/Cambridge, Massachusetts, and Newton, New Hampshire was \$8,074, but actual prices ranged from \$4,701 at the 10th percentile to \$15,973 at the 90th percentile, a difference of \$11,272.
- The price of a screening mammogram varied by more than fourfold in Allentown/Bethlehem/Easton, Pa., where the median price was \$177.
- Some new patient office visits cost over three times more than other new patient office visits in Minneapolis/St. Paul/Bloomington, Minn., where the median price was \$229. [9]

THE SCOPE OF PRICE VARIATION

How significant is the price variation? A UnitedHealth Group [report](#) found that their commercial insurance clients experienced threefold to 20-fold pricing disparities for seven routine diagnostic tests in 2017. [6] Their clients overpaid for these tests by \$18.5 billion.

At the receiving end of the current system are ordinary Americans overpaying for health insurance that often isn't sufficient to cover their costs during a medical crisis, prompting them to turn to GoFundMe campaigns out of desperation. It is unrealistic to expect private philanthropy to overcome the systematic funding gap that exists between patients' medical needs and their ability to pay sky-high medical bills. One study found that among 200 GoFundMe medical campaigns, 90% failed to reach their funding goals, and on average, the campaigns raised [just 40%](#) of their funding goals. [7]

A SAD CRITIQUE OF THE US HEALTHCARE SYSTEM

During a 2019 interview with Kaiser Health News, said they didn't expect to fund medical expenses when they launched the company in 2010. [8]

"We didn't build the platform to focus on medical expenses ..., he said. "It saddens me that this is a reality. Every single day on GoFundMe, we see the huge challenges people face. Their stories are heartbreaking."

40%

Average percentage of GoFundMe goals realized on medical campaigns.

Solomon added, "I would love nothing more than for medical not to be a category on GoFundMe."

Solomon underscored the value of having the platform be there when people need it, but he also stressed that Americans die when they can't pay for healthcare services they need. He saved his most stinging criticism for the U.S. health system itself:

The system is terrible. It needs to be rethought and retooled. Politicians are failing us. Healthcare companies are failing us. Those are realities. I don't want to mince words here. We are facing a huge potential tragedy. We provide relief for a lot of people. But there are people who are not getting relief from us or from the institutions that are supposed to be there. We shouldn't be the solution to a complex set of systemic problems. They should be solved by the government working properly, and by healthcare companies working with their constituents. We firmly believe that access to comprehensive healthcare is a right and things have to be fixed at the local, state and federal levels of government to make this a reality.

As Solomon makes clear, U.S. healthcare violates a principal rule of bioethics, “First, do no harm.” In its pursuit of revenues over outcomes, the U.S. healthcare system overtreats, undertreats, overcharges and neglects far too many patients who come under its care. Patients suffer physical, emotional and financial harm as a result.

Anyone with a heart wishes GoFundMe medical campaigns success. Anyone with a heart and a brain recognizes that these campaigns shouldn’t be necessary.

Perhaps GoFundMe healthcare is the most powerful evidence that American society is at the end of its rope when it comes to paying for the nation’s massive healthcare expenditures.

Sources

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