Bank accounts and blood pressure: Improving patient health through personal finance

Megan Kiesel 23 January 2018

Executive Summary

The link between stable personal finances and physical health is fairly intuitive and clear. If someone is struggling with health issues, it follows that employment could be reduced or eliminated, setting off a chain reaction. Similarly, someone who is struggling to make enough money to pay their bills is unlikely to have health insurance, access expensive health care, eat healthy food, and otherwise engage in activities lead to positive health outcomes.

In the last two decades, our economy has experienced several shifts that have exacerbated the ways in which health and personal finances are linked. Between growing health care cost and stagnating wages, consumers are left with more precarious financial and health challenges.

Clarifi has implemented a number of studies to better understand this link and has tested out several strategies to use financial counseling and wellness to improve

physical health. We believe that this can both improve the quality of life for consumers and generate revenue for health care providers through continuation of health coverage and improved health outcomes.

Narrative

At Clarifi, the Philadelphia region’s largest nonprofit provider of financial counseling and education, we know that personal finances touch every aspect of a person’s life. Careers, marriage, family relationships, leisure, home -- all of these are significantly impacted and altered by financial stability.

Physical health has always been a part of this equation. To be sure, for decades Clarifi’s counselors noted that not having health insurance was often a cause of bankruptcy for our clients. In addition, research has clearly shown that stress impacts health negatively. Financial stress is among the most persistent and acute kind of stress. The link between poor health and poor finances has long been evident to us at Clarifi.

In the last 15 years or so, increasing health care costs, growing complexity in consumer finance, and changes in the health insurance marketplace are exacerbating this link.

First, acute and persistent financial stress is becoming a way of life for a growing number of people. As wages stagnate for all but the wealthiest, more consumers are finding themselves spending more time in paycheck-to-paycheck purgatory, living with near constant financial worry. Whereas in decades past, only the most impoverished suffered from a lifetime of daily financial worry, now people with steady employment cannot quite keep their head above water.

An additional complication is that the cost of health care, particularly for those that have insurance, is increasing. For individuals without health insurance, health care has consistently been too expensive to access. However, we are now observing that people who have health insurance are struggling to afford care whether due to premiums, deductibles, or high co-pays. As noted by the Kaiser Family Foundation in September 2015, the average deductible for people with employer-provided health coverage rose from $303 to $1,077 between 2006 and 2015 (Employer Health Benefits Survey, 2015).

An April 2016 brief by the Kaiser Family Foundation showed that between 2004-2014 patient cost-sharing rose substantially faster than payments for care by health plans as insurance coverage became a little less generous (Claxton et al, 2016). As noted, this increase has occurred at the same time that workers' wage growth has been stubbornly slow.

Two decades ago, co-pays and deductibles were negligible expenses for most households. Now people are having to budget and plan carefully to afford maintaining health coverage and accessing care. Even people with employer-provided coverage are finding themselves struggling to find the money for care. When budgets are tight, consumers delay doctor's appointments and skip prescriptions, leading to poorer health outcomes.

It is against this backdrop that Clarifi works to identify solutions for the clients we serve.

In 2008, at the peak of the housing crisis, we collaborated with Craig Pollack and Julia Lynch, researchers out of the University of Pennsylvania, for a study of 250 Clarifi clients who sought financial counseling to avoid foreclosure. Our clients completed surveys surrounding their socioeconomic situation, self-assessed health status, diagnosed health status, and pertinent information about health and finances such as cost-based non-compliance with prescription medications.

We learned that more than one-third of homeowners in foreclosure suffered from major depression. The foreclosure sample also showed a higher likelihood of lacking health insurance; higher levels of cost-related healthcare non-adherence; and higher levels of food insecurity. Astoundingly, nearly nine percent reported that their own or a family member's medical condition was the primary reason for the mortgage default and threatened foreclosure. Moreover, more than a quarter of the members of the foreclosure sample (29.2 percent) had medical bills in excess of $1,000 that were not covered by insurance, and 27.7 percent reported that they owed money to medical creditors (Pollack, C E, et al., 2011). This research really helped provide quantitative evidence for what we knew to be true -- the clients we see who are under financial distress are almost certainly experiencing health consequences, and vice versa.

In an effort to further understand these trends, Clarifi engaged in additional research in the areas of health and personal finance. In 2016, we teamed up with the Center for Financial Security out of the University of Wisconsin to conduct a study of our clients' health as compared to their finances. The study found a strong correlation between poor health and poor finances. Clients with prescription drug cost problems were less confident in their ability to make ends meet in a financial emergency. Clients who had late payments on their credit report in the last 30, 90, or 120 days were more likely to have experienced problems paying for prescription medications (Collins & Nafziger, 2017).

The introduction of the Affordable Care Act (ACA) changed the relationship that many people had with the healthcare system, as many people became insured for the first time and were navigating a new world of premiums, co-pays, and deductibles. Many were seeking high quality insurance but unaware or unprepared for the associated costs.

In partnership with the Public Health Management Corporation (PHMC), Clarifi trained several financial counselors to serve as health insurance navigators under the Affordable Care Act. These counselors are uniquely positioned to help consumers understand the costs of the health plans they choose and budget to meet those costs. Since 2015, Clarifi has helped thousands of people consider their health insurance options, including helping nearly 500 consumers select affordable health insurance plans.

As a result of developing these expertise, our counselors were able to work with the Center for Financial Security to contribute to the development of a “FinMed” training module. The financial coaching team at the Center for Financial Security is designing this module to train other financial counselors around the country on the personal financial implications of health insurance decisions.

At the same time, we searched for opportunities to test out using financial counseling to positively impact health. To that end, we collaborated with the Rising Sun Health Center, a nurse-led federally qualified health center to implement a Medical Financial Partnership (MFP). The MFP integrates Clarifi’s financial counseling and education services with Rising Sun’s comprehensive health services.

We conducted a comprehensive evaluation of more than 300 patients who received services from our financial counselor at Rising Sun in 2015 and 2016. Using surveys, personal financial information, and health records, we were able to take a comprehensive look at how financial counseling affected the patients we served. We learned that the MFP helped increase financial literacy and financial capability for the clients served at Rising Sun. The percentage of clients with enough savings to cover three months of expenses increased from 1.6 percent to 12.9 percent in that period; while the percentage who reported having less than a month's worth of savings decreased from 82 percent to 69 percent. The percentage of clients who reported "always" worrying about finances decreased from 66.7 percent to 50 percent. Patients reported that the program helped reduce financial stress, improve financial behaviors, and improve their self-reported health.

In an attempt to understand if and how financial counseling and coaching might be more scalable, Clarifi teamed up with the Center for Financial Security and Jefferson University to test out the impact of telephone-based financial coaching for patients of a primary care facility. We expect final results of this study in 2018.

If we can continue this work, we hope to demonstrate that care providers can receive more revenue through continuity of health coverage and improved health outcomes by integrating financial counseling and education into health care service delivery.

We know that for many people, their medical situation cannot be improved until other issues in their life are addressed. Many social determinants of health are financial in nature and must be prioritized in order to create lasting positive health outcomes. We believe that including financial educators and counselors as a component of a comprehensive health care treatment approach creates a holistic response reducing stress and promoting overall well-being in the community. This integrated combination of services will allow patients to gain greater control over their present and future finances.

Works Cited

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