



The Effects of Healthcare Emergencies and Insurance Possession on Financial Well-Being Scores



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Introduction

- Financial well-being is a condition in which one is able to meet their financial responsibilities without fear of the future. It allows one to lived comfortably and relatively stress free (CFPB 2017, Chavali 2017)).
- Imperfect health is negatively correlated with financial well-being score, even when age, sex, and health insurance are accounted for (Mercado, Bullard, Bolduc, Banks, Andrews, Freggens, Njai).
- United States health spending is \$13,493 per capita, over 30% of which is hospital care (AMA 2024, CMS 2022).

Research Questions

- How do healthcare emergencies impact the financial well-being of American citizens?
- How do financial well-being scores differ between those who possess health insurance and those who do not?

Methods

Sample

- Respondents (n=6394) were drawn from the CFPB Financial Well-Being Survey of 2017, a nationally representative sample of individual and household financial behaviors of noninstitutionalized adults in the United States

Measures

- Financial well-being score (FWB) is an item response theory score calculated by weighing and summing the responses to each question of the CFPB Financial Well-Being Survey.
- Participants' healthcare history is measured with the question "Had a healthcare emergency?" Possible responses ranged from 0 (No) to 1 (Yes).

Results

Univariate

- Financial well-being score is bimodally distributed with its mean and median scored at 56/100.

Bivariate

- Analysis of variance (ANOVA) indicates a **significant decrease in FWB score among those who experience healthcare emergencies** ($F=73.55$, $Pr(>F)=2e-16$).
- ANOVA also indicates a **significantly higher FWB score for those who possess health insurance** ($F=382.1$, $Pr(F>)=2e-16$).

Multivariate

- Multiple regression analyses show that uninsured Americans with healthcare emergencies tend to have FWB scores 4.4 points lower than the baseline of 51.7
- Analyses show that Americans with health insurance score 6.9 points better than their counterparts
- Those with health insurance and a healthcare emergency are more well off than those with no insurance and no emergency.

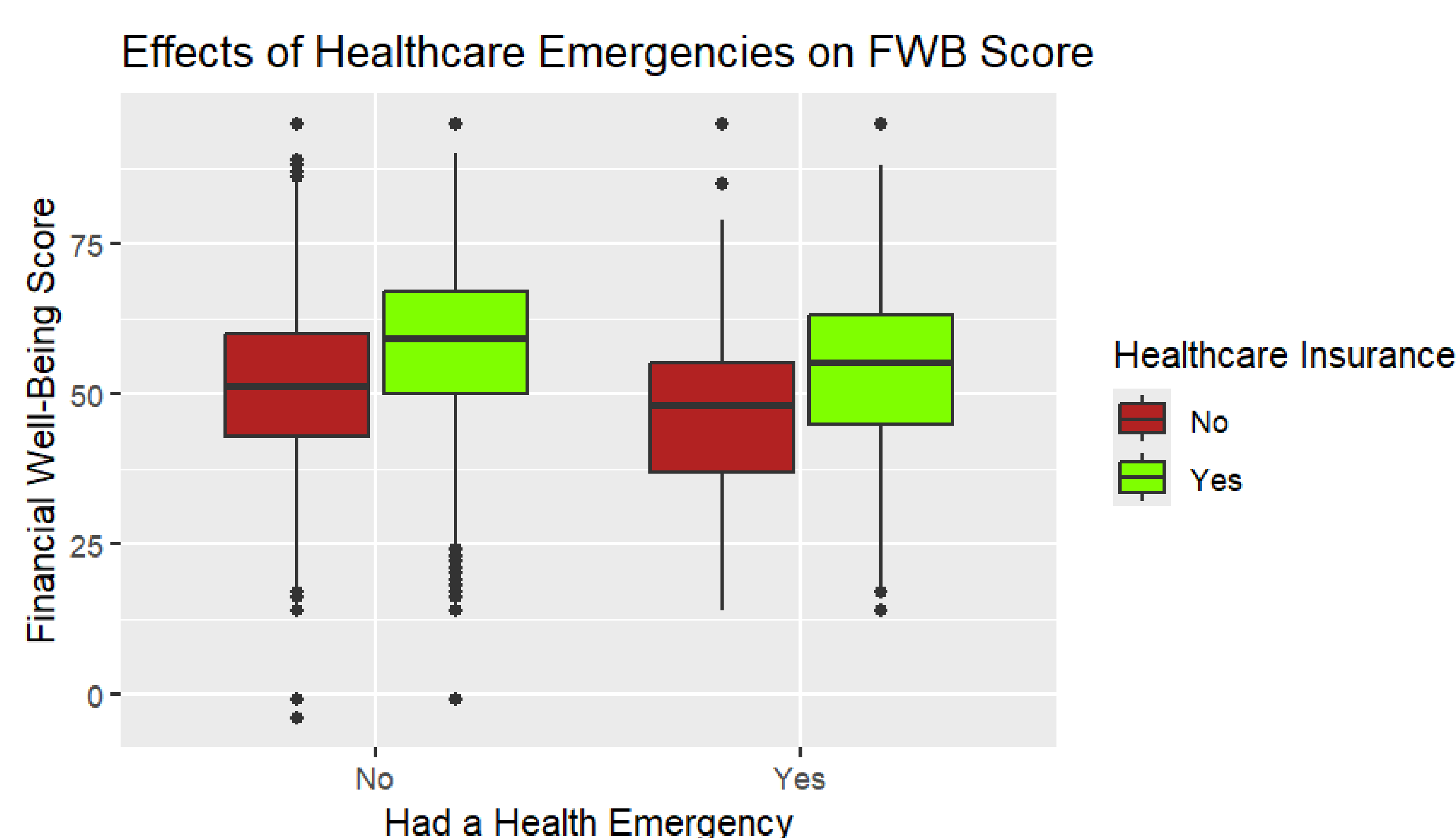


Figure 1: The Effects of Healthcare Emergencies on Financial Well-Being Score, Categorized on the Basis of Insurance Possession

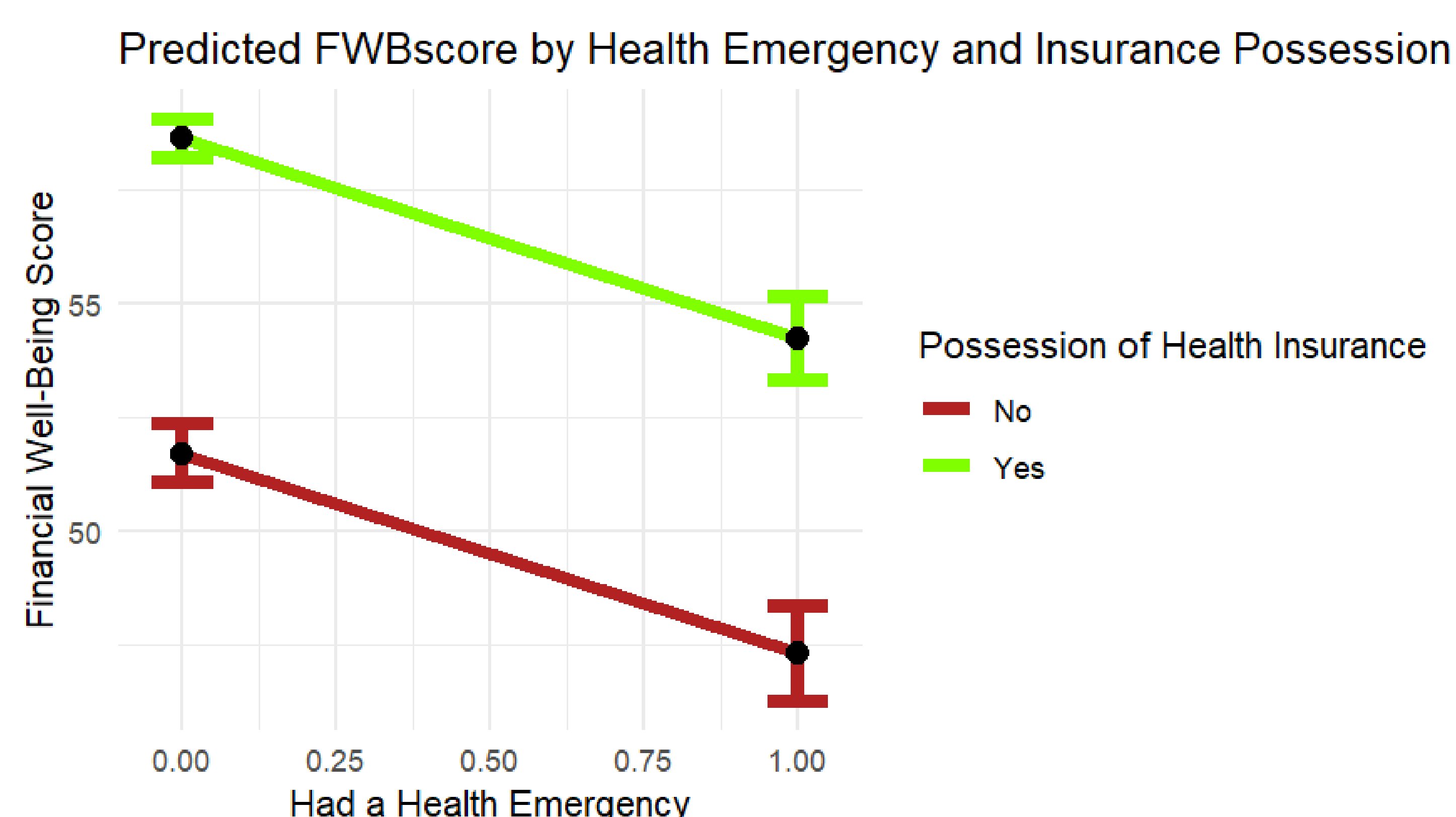


Figure 2: Predicted Financial Well-Being Score by Health Emergency and Health Insurance Possession

Discussion

- Possessing health insurance directly results in better financial well-being. It is unknown whether this is a direct result of the present explanatory variables, or exogenous financial behavior.
- These findings may contribute to political debates concerning the American healthcare system and spending on an individual level.
- Future research and sampling data is required in order to determine the role of any remaining covariates (ex. Type of healthcare, cost of healthcare, cost of health emergency).

References

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