

THE INTERSECTION OF HEALTH AND WEALTH:

THE HIGH COST OF BEING UNINSURED IN MISSISSIPPI

The Smith family is a family of four who live in Smith County, Mississippi. Both Mr. and Mrs. Smith work in hourly, low-wage jobs, with a combined annual income of \$24,300, that do not provide health insurance coverage. The family lives paycheck-to-paycheck to afford basic necessities but has no additional income to put into savings. They cannot afford to purchase health insurance coverage; their income is too high to be eligible for Medicaid, and they do not earn enough to qualify for federal subsidies to help purchase health insurance coverage. Recently, Mr. Smith was diagnosed with heart disease, which has put a greater financial strain on the family's finances, as the condition requires occasional doctor visits and a prescription drug treatment. It has also caused Mr. Smith to miss time from work, and, subsequently, a loss of steady income. The impact of being uninsured is beginning to take both a physical and financial toll on the Smith family.

The scenario presented above is a very realistic scenario for many Mississippians. For families with similar circumstances, access to health insurance is not just a health issue – it is also a financial issue. Mississippi has the highest prevalence of low-wage jobs (37.1 percent) and households with little, if any, savings (53.4 percent) in the nation.¹ This, coupled with the fact that Mississippi has the fourth highest uninsured rate (14 percent) and third highest rate (23.2 percent) of adults who reported a poor or fair health status, means that a medical issue or illness oftentimes comes at a high financial cost for uninsured Mississippians and the communities they live in.

INTRODUCTION

A fundamental purpose of health insurance coverage is that it provides financial protection from the high costs associated with health care. Health insurance coverage helps to offset expenses acquired from a medical emergency or treatment of an illness and can help to reduce medical debt as well as other forms of consumer debt.

Beyond the safeguard from economic insecurity, health insurance coverage encourages people to seek preventive care services that support the maintenance of good, physical health, and, in turn, a person's ability to work, save and build wealth and contribute to the economy.

In Mississippi, the high cost of being uninsured extends well beyond the financial burden placed upon individuals and families, as being uninsured has significant fiscal consequences on the state, particularly in rural areas. This brief examines the costs associated with being uninsured in Mississippi, including the financial hardships that both individuals and families face, and the implications it has on worker productivity and broader economic impact.

SNAPSHOT: HEALTH INSURANCE COVERAGE IN MISSISSIPPI

Estimates show that, in 2016, more than 345,000 nonelderly residents (ages 0-64) were uninsured in Mississippi. This means that approximately 14 percent of the nonelderly population in the state is without health insurance coverage compared to 10 percent of the nonelderly population in the United States.

See *Figure 1*. In Mississippi, nonelderly adults experience much higher uninsured rates than children – 18 percent and 5 percent, respectively.² In particular, Mississippi has the third lowest rate of private health insurance coverage (54 percent) and the fourth highest uninsured rate (14 percent) in the nation.³ The Henry J. Kaiser Family Foundation indicates that this is likely because of the large share of adults in “low-wage, blue collar jobs or small firms” that often do not offer health insurance coverage.⁴ *The 2018 Prosperity Now Scorecard* illustrates that more than one-third (37.1 percent) of jobs in Mississippi are in low-wage occupations – jobs that do not pay enough to keep families above poverty.

THE UNINSURED FACE ECONOMIC INSTABILITY

According to the Consumer Financial Protection Bureau, an astounding 52 percent of all debt that appears on credit reports is from medical debt.⁵ Implications of medical debt include housing insecurity, depletion of savings, increased credit card debt, and, in some cases, bankruptcy.⁶ For the uninsured, in particular, a medical bill from an injury or illness can come with major financial implications since uninsured individuals tend to have lower incomes and little to no savings. In a 2011 study, more than 30 percent of the uninsured reported having zero financial assets, and, among low-income families, over half had no savings of any kind.⁷

HEALTH INSURANCE COVERAGE OF NONELDERLY POPULATION IN MISSISSIPPI

Source: The Henry J. Kaiser Family Foundation's *State Health Facts*. Data Source: United States Census Bureau's *March Current Population Survey (CPS: Annual Social and Economic Supplements)*, 2014-2017.



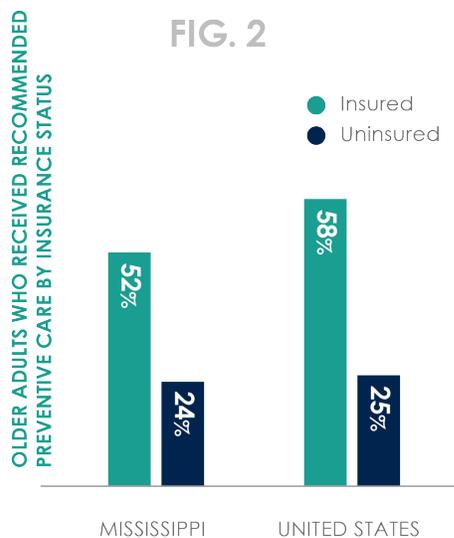
Data from the Urban Institute indicates that, in 2015, more than one-third (37.4 percent) of nonelderly adults (ages 18-64) in Mississippi reported past due medical debt – the highest rate in the nation. The prevalence of medical debt in Mississippi is nearly 14 percentage points higher than the national rate (23.8 percent) and almost 32 percentage points higher than the state with lowest prevalence of medical debt, Hawaii (5.9 percent). See Figure 2. The high rate of medical debt in Mississippi is most likely attributed to the prevalence of both lower incomes and higher uninsured rates in the state. For example, nearly 130,000 (42.5 percent) of working families in Mississippi are low income (i.e., an income below \$48,072 for a family of four), and more than one-quarter (26.9 percent) of low-income working families had at least one parent without health insurance.⁸ Likewise, for the uninsured, medical debt comes with greater consequences compared to other types of consumer debt; medical bills are oftentimes incurred through an illness or injury that limits a person's ability to work.

THE UNINSURED IMPACTS WORKER PRODUCTIVITY

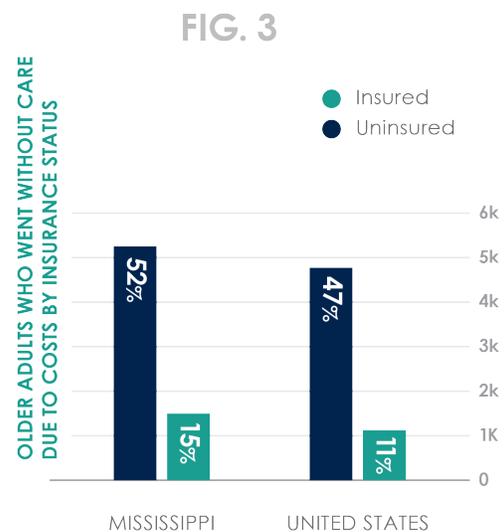
Research shows that people with health insurance coverage have better health outcomes and are more likely to receive timely medical care as needed.⁹ In contrast, uninsured people are less likely to seek preventive care services, like shots and screenings, that maintain and support good health long term. As a result, those who are uninsured tend to be in poorer health and are more likely to take time off from work when they are sick or injured. According to a 2014 study by The Commonwealth Fund, more than half (52 percent) of older, insured adults in Mississippi received up-to-date preventive care, compared to less than one-quarter (24 percent) of older, uninsured adults in the state. See Figure 3.

Similarly, older, uninsured adults are more likely to defer medical treatments due to costs. In Mississippi, more than half (52 percent) of older, uninsured adults went without medical care due to costs, compared to only 15 percent of older, insured adults in the state. See Figure 4.

When people are unable to work due to an illness or health issue, both workers and employers suffer. Workers lose a steady income and additional protection from financial instability while employers experience a loss in productivity and higher worker employee turnover. A pre-Affordable Care Act study from the Center for American Progress estimated that the Mississippi economy loses anywhere between \$1.3 billion and \$2.6 billion due to the uninsured population, who are more likely to be in poorer health than those who are insured.¹⁰ In a state where almost one in four (23.2. percent) of adults are in poor or fair health, access to preventive and timely medical care, ensured through health insurance coverage, can improve both the health of Mississippians and the health of the state's economy.¹¹



Source: Schoen, C., Hayes, K., Radley, D., & Collins, S. (2014). Access to primary and preventive health care across states prior to the coverage expansions of the Affordable Care Act. Retrieved from http://www.commonwealthfund.org/~media/files/publications/issue-brief/2014/jul/1761_schoen_access_primary_preventive_care_before_aca_ib.pdf



Source: Schoen, C., Hayes, K., Radley, D., & Collins, S. (2014). Access to primary and preventive health care across states prior to the coverage expansions of the Affordable Care Act. Retrieved from http://www.commonwealthfund.org/~media/files/publications/issue-brief/2014/jul/1761_schoen_access_primary_preventive_care_before_aca_ib.pdf

BROADER ECONOMIC IMPLICATIONS

Furthermore, states and localities feel the financial strain when people do not have health insurance coverage. In essence, states and localities, as well as other government resources, help to offset the costs incurred by health care providers to care for the uninsured. For example, uncompensated care costs are the costs associated with providing health care to individuals without a direct source of payment, e.g., health insurance coverage. A higher uninsured rate equates to higher spending on uncompensated care. Recent research shows that, in 2016, hospitals provided more than \$38 billion in uncompensated care.¹² **Mississippi hospitals provided \$328 million, on average, in uncompensated care per year from 2011 to 2015.**¹³

Additionally, uncompensated care disproportionately affects rural communities. Of the 95 hospitals in Mississippi, 31 are critical access hospitals located in rural areas.¹⁴ Rural hospitals generally have a higher rate of uninsured patients and smaller profit margins than their urban counterparts. If the uninsured rate decreased in these communities, these hospitals could reduce their uncompensated care costs and improve their financial stability. This is particularly important given that five rural hospitals in Mississippi have closed over the past eight years – the fourth highest hospital closure rate in the nation – and, according to a recent state assessment, an additional six rural hospitals are at risk of closure.^{15/16}

Hospital closures only exacerbate the economic difficulties already experienced in rural communities. In particular, rural communities are more likely to have lower median household incomes, higher rates of poverty and public health insurance coverage, like Medicaid, and have a population in poorer health. This is especially significant in a state like Mississippi, where nearly 80 percent of counties are rural.¹⁷ In fact, rural counties in Mississippi have much higher poverty rates and lower median incomes, on average, than both the state and national average. Likewise, the high rates of public health coverage are most likely a reflection of the large share of workers in low-wage jobs that do not provide employer-sponsored health coverage. See *Table*.

FIG. 4

ECONOMIC CONDITIONS MISSISSIPPI COUNTIES (%)

	FAMILIES IN POVERTY	MEDIAN HOUSEHOLD INCOME	EMPLOYER- SPONSORED INSURANCE	MEDICARE	MEDICAID	PERCEIVED POOR OR FAIR HEALTH STATUS
Rural Counties	21.6%	\$33,142	33.7%	6.0%	20.8%	30.0%
Non-rural Counties	16.6%	\$40,598	38.2%	4.9%	17.1%	26.8%
Mississippi	17.4%	\$40,528	38.4%	5.1%	17.4%	24.4%
United States	11.0%	\$55,322	46.2%	4.6%	14.2%	17.8%

In most rural areas, hospitals are the economic driver of the community. Hospitals are often among the largest employers, as well as the main source of health care for people who live in rural communities.¹⁸ When a hospital closes, the entire community's quality of life suffers, especially in communities of economic distress. Residents not only lose critical access to health care, but lose employment opportunities as well. It is also not uncommon to see a decline in the population when a rural community loses a major industry and jobs disappear. In the five Mississippi counties that had a hospital closure, the health care sector accounted for 21.4 percent of all jobs in these counties in 2010 – nearly seven percentage points higher than the state average (14.6 percent) – and these counties experienced a 7.2 percent decline, on average, in their population over the last eight years.^{19/20} Additionally, the elimination of job opportunities can negatively affect a locality's tax base, and, subsequently, available resources for schools and other public services – this only compounds the economic pressures of these communities and underscores the importance of hospitals in rural areas.²¹

DISCUSSION AND RECOMMENDATIONS

Health insurance coverage not only affects a family's economic opportunities, like employment and financial stability, but it also plays a pivotal role in the sustainability of a community. This is especially true in rural areas where hospitals are oftentimes the economic lifeline in the communities they serve. In a state perpetually plagued by limited economic mobility and opportunity, it is imperative that Mississippians have the chance to thrive both physically and financially and Mississippi's economy has the opportunity to prosper. Below are some key strategies to consider:

● Broaden Access to Health Insurance Coverage and Services

To further broaden access to health insurance coverage and services to those who need it most, Mississippi can leverage substantial federal dollars on the table to provide coverage options for the uninsured. This, in turn, would increase the number of insured Mississippians and enable the state, localities, hospitals and health care providers to spend less on services to care for those without health insurance. Increased access to health coverage leads to both state and local budget savings, taxpayer savings, and revenue gains. It also loosens the financial strain disproportionately placed on hospitals and providers, and particularly rural hospitals, who generally have smaller budgets and profit margins.

● Preserve Rural Health Care Systems

The loss of health care services can be detrimental to a community's economy, especially in rural areas where the health care sector is a major employer. Mississippi must invest in strategies that retain health care providers and access to care in rural communities. When a rural community experiences a hospital closure or loses a health care provider, vulnerable populations lose job and income opportunities as well as critical access to care. In order to protect the vitality of rural economies, Mississippi should preserve and strengthen the rural health care safety net in places with the most unmet needs and demands for services.

● Support the Health and Productivity of Mississippi's Workforce

Mississippi needs to prioritize the health of its residents in order to build a stronger economy and create more job opportunities. Higher rates of health insurance coverage mean that more Mississippians can get the medical care they need and improve their financial stability. This is imperative in Mississippi where nearly 20 percent of adults cannot afford a visit to the doctor.²² When people in the workforce have access to timely medical care, they are more likely to take fewer sick days and be more productive employees. To strengthen the health of the workforce, Mississippi should support efforts that address prevention and wellness to help close the health equity gap, especially in rural communities.

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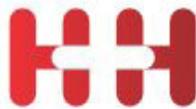


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