

# The Impact of the Economic Recession on Communities

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for

“Maintaining Medicaid and CHIP in an Economic Downturn”  
AcademyHealth 2009 Annual Research Meeting  
Chicago, IL  
June 29, 2009

# Impact of the Recession

- National unemployment rate 9.4% in May 2009, up from 4.9% in December 2007
- ARRA implementation ongoing, but many states continue to struggle
  - Severe state budget pressure
  - ARRA has helped many states avoid major Medicaid cuts, but high level of concern about the end of temporary funds
- Mounting toll on communities as economy falters, uninsured grows and safety net is stretched

# 360° Recession Study

- **4 sites to capture geographic representation, local economic pictures, state variation in Medicaid eligibility**
  - East Meadow, NY
  - Clearwater, FL
  - Santa Rosa, CA
  - Beloit, WI
- **Focus groups with families**
  - Working families hit by loss of employment and private coverage, many uninsured
  - At least one member with chronic health needs
  - No previous connection with public coverage, assistance programs
- **Selected interviews for perspectives on wider impacts of recession**
  - Safety-net providers
  - Community-based social services
  - Employers

# Emerging Themes: Families (1)

## Financial issues

- **As recession wears on, family financial crises are deepening**
  - Foreclosure, missed rent
  - Savings eroded or depleted
  - Many have large medical debts
  - Future looks bleak to families
- **Jobs are not there**
  - Did not expect to be unemployed so long
  - Searching hard for work, will take anything, consider moving
  - Odd jobs, below skill level, sharply reduced earnings, no benefits
- **Difficulty navigating unfamiliar assistance programs**
  - Large gaps in awareness
  - Standard outreach channels don't reach these families
  - Application assisters/community organizations play vital role in connecting families with services

# Emerging Themes: Families (2)

## Coverage and health issues

- **Parents grateful for Medicaid/CHIP coverage for their children**
  - “The one thing that’s going right”
  - Fear about program cuts due to state budget pressures
- **But jobless adults lack access to coverage**
  - COBRA too expensive for many, even with ARRA subsidy
  - Individual market is way out of reach
  - Not eligible for public coverage; unemployment benefits jeopardize eligibility for some
- **Uninsured adults face serious health threats**
  - Many skipping treatment and medicine for serious chronic illnesses, as well as preventive care, dental care
  - Depression, stress, anxiety, family emotional toll
  - Seeking care at the ER – not fiscally or clinically the appropriate place for routine care

# Emerging Themes: Safety-Net Providers

- **Safety-net providers are a critical source of care for uninsured families, but...**
- **Safety-net is overwhelmed by current needs**
  - Safety-net still serving traditional populations
  - Increasing caseloads over-taxing capacity
  - Long waits at health centers and clinics
  - Sliding fees unaffordable for some, increasing patient load in ERs
- **Diminished resources to meet increased need**
  - Private donations down
  - Public funding is insufficient; cuts are likely
- **Evidence of worsening needs**
  - Families new to safety-net system
  - Individuals in worse health due to unmanaged chronic conditions
  - High local costs-of-living pushing many into poverty
  - Homelessness, food insecurity, mental health/substance abuse needs, domestic violence

# Emerging Themes: Employers

- **Effects of national recession cascades down through local economy**
  - To illustrate: credit crisis ► decline in commercial real estate market ► decline in construction ► decline in demand for glass/windows ► lay-offs
- **Employers struggling to cut their costs**
  - Health coverage is on the table (higher deductibles, eliminate family coverage, increase employee share, HSAs, drop coverage)
  - COBRA subsidy creates cash flow problems
- **Employers agonize over difficult choices**
  - Lay-offs vs. cutbacks in coverage
  - Some employers trying hard to help their workers
  - Employers feel stress

# Policy Implications

- **Lack of coverage has sharp adverse impacts on health and well-being and undermines family financial security**
- **Recession highlights vulnerability of health coverage linked to employment and growing strain of health care costs on employers**
- **Private insurance, even with substantial subsidy, remains out of reach for most jobless families**
- **Public coverage and the safety-net are critical, but state budget pressures and increasing needs are on a collision course**
- **New outreach strategies are needed to connect families with assistance programs**
- **Strong support for health reform and coverage expansion among families, employers, and safety-net organizations**