

**The Effects of the Economic Recession
on Communities of Color**

Prepared by
Julia Berndt and Cara James

Executive Summary: The Effects of the Economic Recession on Communities of Color

Many people have been affected by the economic recession, but the impact has been particularly acute for communities of color. High unemployment rates, coupled with vast differences in savings and wealth have left many individuals struggling to afford various aspects of their daily lives such as housing and food, and have resulted in lapses in health coverage and difficulties paying for needed health care. This issue brief examines some of the challenges associated with employment, daily life, and access to health care that communities of color face as a result of the economic downturn. The following are key findings highlighted in the brief:

Employment

- **A higher percentage of Hispanics and Blacks are unemployed compared to Whites.** The unemployment rate before the recession was higher for communities of color than for Whites, and while the percent of unemployed individuals has grown at a faster rate for Whites and Hispanics than for Blacks, the unemployment rate for Whites (9%) remains below that of Blacks (15%) and Hispanics (12%).
- **Hispanics are overrepresented in occupations with the highest unemployment rates.** Unemployment rates are highest in construction and maintenance (14%) and production and transportation (14%), and lowest in management (5%). Hispanic workers represent 13 percent of the total workforce, but 19 percent of the construction and maintenance workers, and 17 percent of production and transportation workers, and just 7 percent of management workers.

Daily Life

- **More people of color than Whites report experiencing job-related problems such as getting a good paying job or losing their job as a result of the economic recession.** Almost 1 in 2 Hispanics (49%) and Blacks (46%) say they have trouble getting a good-paying job or a raise compared to 1 in 3 Whites (32%).
- **A higher percentage of Blacks and Hispanics than Whites have difficulty affording aspects of their daily life such as paying for housing and food.** More than 4 in 10 Hispanics and Blacks (46% and 43% respectively) report having trouble paying for housing compared to 22 percent of Whites.

Health Cost and Coverage

- **Compared with Whites, more Hispanic and Black individuals report issues associated with affording and accessing health coverage and care.** Nearly 4 in 10 Hispanics (38%) report having trouble paying for health coverage or health care as a result of the economic downturn compared to more than 2 in 10 Blacks (25%) and Whites (22%). One in four Blacks (25%), one in five Hispanics (21%), and about one in ten Whites (13%) have lost health coverage as a result of the economic downturn.
- **A higher percentage of Hispanics and Blacks than Whites report postponing or skipping health care due to cost.** About 1 in 2 Hispanics report relying on home remedies instead of seeking care (53%) or report forgoing dental care due to cost in the past year (48%) compared to 1 in 3 Whites (32% and 33% respectively).

Introduction

The economic downturn has had a broad impact on the lives of all Americans. The national unemployment rate has increased 3.9 percentage points over the past year to 9.5 percent, and while the corresponding change in the uninsured rate is not known, it is estimated that a 1 percentage point increase in the national unemployment rate leads to an increase of 1.1 million uninsured persons and 1 million new Medicaid and CHIP enrollees.^{1,2} The increases in the unemployment rate and the resulting increases in the number of uninsured persons, have implications not just for the individuals and families who have lost a job, but for states' budgets as well. Job losses mean decreased revenues for states, which creates significant barriers in a state's ability to fund public programs critical to supporting people affected by job loss, such as food stamps, housing supports, and unemployment benefits. The American Recovery and Reinvestment Act (ARRA) signed by President Obama in February 2009 included funds to help boost state economies and to help support state Medicaid programs. Enhanced federal funding for Medicaid is available only if states do not make their eligibility criteria or enrollment processes more restrictive than what was in place on July 1, 2009.

Furthermore, the wealth differences that exist in America have become more apparent as a result of the economic downturn, as individuals who have little to no extra income to save are less prepared to weather the storm of the recession. Before the start of the recession, there was a six-fold difference between the median value of net worth for White, non-Hispanic families (\$171,200) with holdings compared to families of racial and ethnic minorities (\$28,300) with holdings.³

Minority individuals are disproportionately affected by many of the consequences of the economic recession such as high unemployment rates, increased concern about paying for health care and coverage, for housing, and for food. Furthermore, a higher percentage of minority individuals report having issues obtaining a good-paying job and losing work hours, as a result of the economic downturn. The disproportionate effect that the economic downturn has had on minority individuals may be the result of social conditions prior to the recession. Unemployment rates were higher in certain communities of color, and compared with Whites, people of color had lower rates of health coverage and more difficulty accessing the health care system. Where individuals work has also contributed to how affected they are by the recession. Certain occupations have higher unemployment rates, have lower wages, and tend to have employers who are less likely to offer health coverage than others. In addition, wealth differences between people of color and Whites mean people of color may have more difficulty weathering an economic recession such as this.

There are limited options for individuals who lose their jobs, and therefore lose their health insurance, as public programs such as Medicaid and the Supplemental Nutrition Assistance Program have eligibility restrictions. Issues such as how an individual gets health coverage are central to the health reform debate, as whether an individual has employer-sponsored health insurance, public insurance, or no insurance affects one's ability to access care. Furthermore, lacking the ability to afford health care, whether because one loses one's source of income or health coverage, can result in delaying medical care and therefore can result in potentially worse health outcomes as well as increased health care costs. Using data from the Bureau of Labor Statistics and the Kaiser Family Foundation's June Kaiser Health Tracking Poll, this issue brief examines the effects that the economic recession has had on minority individuals' daily life, job security, health care and coverage, and employment.

Employment and the Economic Downturn

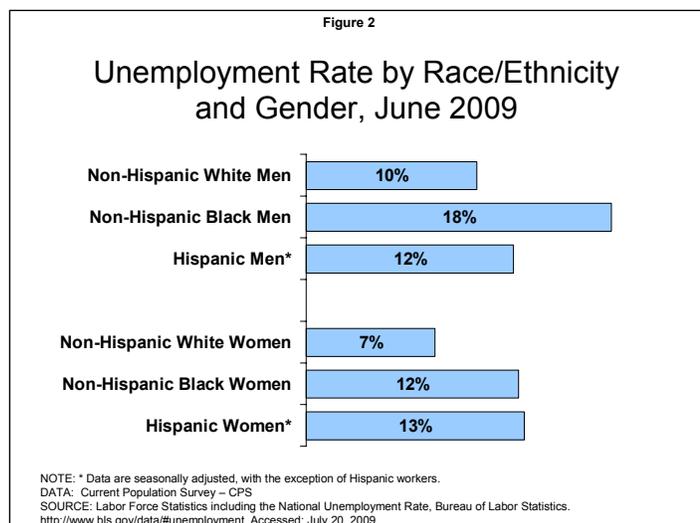
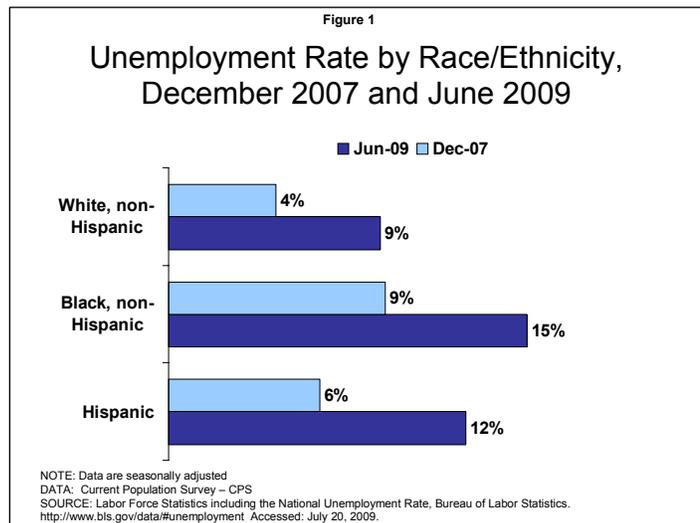
The national unemployment rate has increased from 5.6 percent to 9.5 percent over the past year, the results of which are more individuals are struggling to make ends meet in their daily lives and more individuals are becoming concerned about paying for health care.¹ Differences between Whites and people of color in their ability to weather the recession are related to the unemployment rates and the types of jobs held by certain minority populations. The unemployment rate is highest for Black individuals, and along with other communities of color, their net worth is significantly less than that of Whites. Changes in employment status not only have an impact on income, but can affect access to health coverage as well as health care. The loss of a job is often associated with a loss in health coverage because of the large percent of people who receive their health coverage through their employer. The loss of a job is also associated with increased mental stress that can have serious physical repercussions.⁴

Nationally, the unemployment rate is nearly twice what it was at the start of the recession, but remains below 10 percent,⁵ and the unemployment rate for Blacks and Hispanics remain higher than the rate for Whites (Figure 1).

In December 2007, seasonally adjusted unemployment rates for Blacks and Hispanics were 2.0 times and 1.4 times that of Whites. Since then, unemployment rates for Whites and Hispanics have doubled, from 4% to 9% for Whites and 6% to 12% for Hispanics. While the unemployment rate for Blacks has increased significantly, the rate of change has been slower than that of Whites and Hispanics. Despite the slower rate of change, the unemployment rate for Blacks (15%) remains higher than that of Whites (9%) and Hispanics (12%).⁶ Compared to a year ago, individuals who lose their job are remaining unemployed significantly longer. In June 2008, fewer than 2 in 10 unemployed persons had been so for 27 weeks or more, compared to 3 and 10 in June 2009.⁷

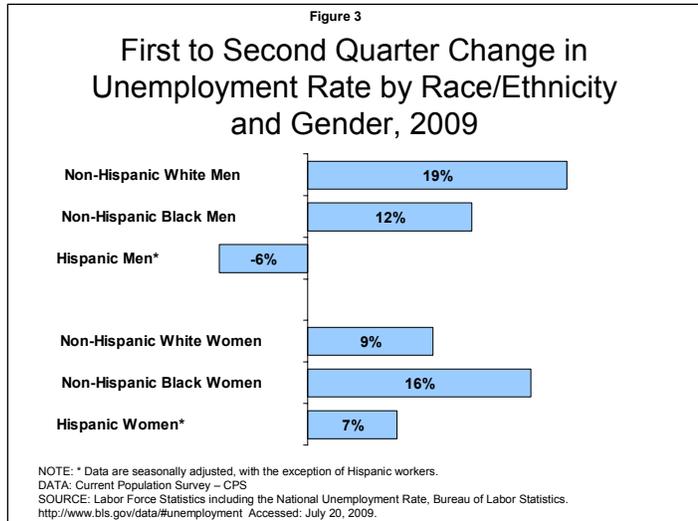
In general, unemployment rates are higher for men than for women, with Black men experiencing the highest rate (18%) (Figure 2).

Overall unemployment numbers mask important gender differences. In general, the unemployment rate for women is lower than the rate for men. In contrast to this are unemployment rates for Hispanic men and women, which are comparable. Also in contrast are unemployment rates for Black and Hispanic women, both of which are higher than the rate for White men. White women (7%) followed by White men (10%) have the lowest unemployment rates.



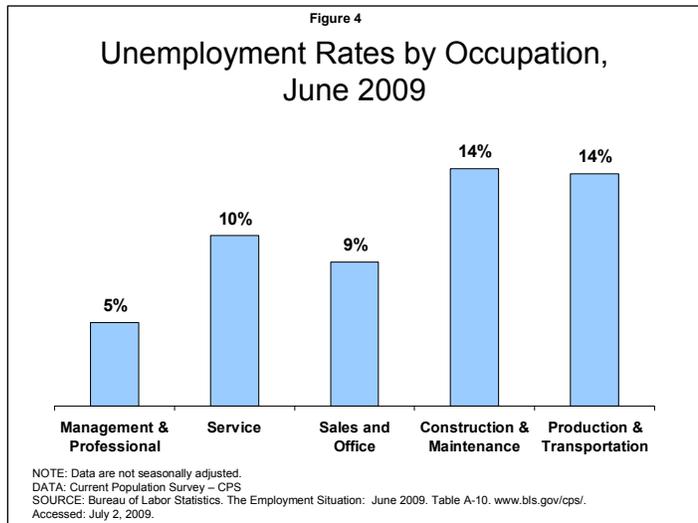
Between the first and second quarters of 2009, unemployment rates for all groups have increased, with the exception of Hispanic men (Figure 3).

Changes in the unemployment rate between the first and second quarters of 2009 are the greatest for White men (19%) and Black women (16%). In contrast to all other groups, Hispanic men experienced a decrease in their unemployment rate (6%). However, this change may not be accurate because seasonally adjusted data for Hispanic men and women is not available.



Unemployment rates are highest for construction and maintenance jobs (14%) and production and transportation jobs (14%), two occupations in which Hispanics are overrepresented (Figure 4).

Hispanic individuals are also overrepresented in the service jobs. Blacks are overrepresented in the service industry which has the third highest unemployment rate. Whites are overrepresented in the management field, which has the lowest unemployment rate of any occupational field. Furthermore, the median earnings for individuals employed in the service, maintenance, transportation and production occupations are lower than earnings for individuals employed in management occupations.⁸ As a result, these individuals may have fewer resources to help them should they or a family member lose their job.



Changes to Daily Life in the Economic Downturn

Many Americans are feeling the effects of the economic recession. The types of problems people experience, and the extent of those problems vary significantly. Many of the struggles associated with the economic recession are financial, and they vary from losing money in the stock market to having difficulty paying for food and housing. People of color report more job-related challenges and challenges associated with daily life than Whites. These differences in experience are often the result of numerous factors, including pre-existing wealth and earnings gaps, the availability of and access to social programs for low-income and unemployed individuals, and access to health care and health coverage.

More people of color report experiencing job-related problems resulting from the economic downturn than Whites (Figure 5).

One in two Hispanics and nearly 1 in 2 Blacks report problems getting a good-paying job or a raise as a result of the economic downturn compared to about 1 in 3 Whites. More Hispanic individuals report problems associated with losing hours or losing pay as a result of the economic downturn than any other group. About 50 percent of Hispanics, or 1 in 2 Hispanic individuals compared to 3 in 10 Whites and more than a third of Blacks report a problem with lost hours or a pay cut as a result of the economic recession. Almost 4 in 10 Hispanics and 3 in 10 Blacks report losing their job as a result of the economic downturn compared to about 2 in 10 Whites. Job loss also results in one losing one's employer-sponsored health insurance.

Figure 5

Percent of People with Job-Related Problems as a Result of the Economic Downturn

	White, non-Hispanic	Black, non-Hispanic	Hispanic
Getting a good-paying job or raise	32%	46%*	49%*
Lost hours or took a pay cut	30%	36%	51%†
Lost a job	18%	28%*	38%*

NOTE: * Significantly different from White individuals † Hispanics are significantly different from Black and White individuals
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted Jun 1-8, 2009)

More Blacks and Hispanics report facing financial problems in their daily life as a result of the economic downturn than Whites (Figure 6).

About twice as many Blacks and Hispanics report problems paying for housing compared with Whites, and the percent of Hispanics and Blacks who say it was a serious problem was almost double that of Whites. More than 1 in 3 Hispanics, 1 in 4 Blacks, and 1 in 5 Whites report problems paying for food. Similarly, more Hispanics than Whites report problems with paying for gas.

Figure 6

Percent of People with Problems Related to their Daily Life as a Result of the Economic Downturn

	White, non-Hispanic	Black, non-Hispanic	Hispanic
Paying mortgage or rent	22%	43%*	46%*
Paying for food	20%	25%	36%*
Paying for gas	29%	36%	40%*
Credit card or other personal debt	26%	39%*	30%
Losing money in the stock market	51%	35%*†	20%*

NOTE: * Significantly different from White individuals † Blacks are significantly different from Hispanic individuals
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted Jun 1-8, 2009)

Before the beginning of the recession in December of 2007, the median value of debt for families with holdings increased by 0.1 percent for White, non-Hispanic individuals from 2004 to 2007, but increased 31 percent among families of color. During this same time, the percent of families with credit card balances also increased by 1.7 percentage points for minority families but decreased by 0.9 percentage points for White, non-Hispanic families.³ Blacks are more likely to report credit card debt or other personal debt as a result of the economic

downturn a problem than Whites. However, Whites are more likely to report a problem with losing money in the stock market as a result of the economic downturn than Black and Hispanic individuals. This may in part be reflective of the wealth differences between Whites and communities of color, as Whites in general may have more income to invest in the stock market.

Health Care Challenges of the Economic Downturn

A higher proportion of Blacks and Hispanics are either covered by Medicaid or are uninsured than Whites, Asian Americans, Native Hawaiians and Pacific Islanders. The primary reason is that Blacks and Hispanics are more likely to have low paying jobs, which are less likely to offer health insurance. Additionally, people employed in low paying jobs are less able to afford health coverage when it is offered. This was evident prior to the recession.

Medicaid is an important source of coverage for minority populations, as they make up the majority (56%) of Medicaid enrollees. Over a quarter (27%) of Blacks and 24 percent of Hispanics rely on Medicaid for their health insurance in contrast to 12 percent of Whites. Medicaid's role is even more substantial for children of color -- covering 2 out of every 5 Black and Hispanic children compared to 1 out of every 5 White children.⁹

In a recession affording health care becomes an even bigger issue. As unemployment rises, individuals lose jobs and job-based health coverage. Continuation of coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA) is often not affordable (even with a 65 percent subsidy that was part of the ARRA), non-group coverage on the individual market is not affordable or not available to those with pre-existing conditions and many low-income adults are not eligible for Medicaid coverage. For many individuals one aspect of their life that they cut back spending on is costs associated with health care such as not fulfilling a prescription or relying on home remedies instead of going to the doctor for care.¹⁰ Minority individuals potentially face the greatest challenges in affording health care as a result of the economic recession, as Black and Hispanic individuals are more likely than Whites to report problems with indicators of accessing health coverage and health care services.

Compared with Whites, more Hispanic and Black individuals report issues associated with affording and accessing health coverage and care (Figure 7).

Nearly 4 in 10 Hispanics (38%) report having trouble paying for health coverage or health care as a result of the economic downturn compared to more than 2 in 10 Blacks (25%) and Whites (22%). One in four Blacks (25%), one in five Hispanics (21%), and about one in ten Whites (13%) have lost health coverage as a result of the economic downturn. Research documents that the uninsured face significant barriers in accessing care. The uninsured are less likely to have a usual source of care and more likely to have gone without needed care than those with coverage.⁹

Figure 7

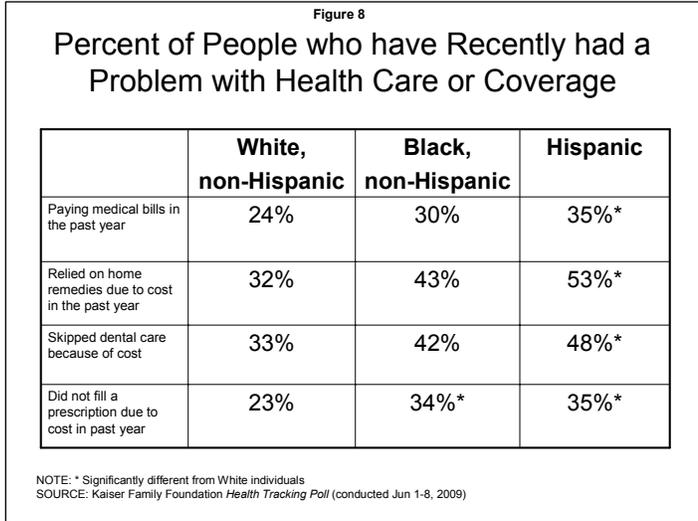
Percent of People with Problems Related to their Health Coverage as a Result of the Economic Downturn

	White, non-Hispanic	Black, non-Hispanic	Hispanic
Paying for health care and/or health coverage	22%	25%	38%†
Lost health coverage	13%	25%*	21%

NOTE: * Significantly different from White individuals † Hispanics are significantly different from Black and White individuals
SOURCE: Kaiser Family Foundation *Health Tracking Poll* (conducted Jun 1-8, 2009)

More Hispanics and Blacks report having problems paying for health care compared to Whites (Figure 8).

Issues associated with losing coverage or not being able to afford health services has led to many individuals delaying care. Furthermore, individuals with chronic conditions who have problems paying medical bills are apt to delay care.¹¹ This can result in their condition becoming more severe, and the medical care that they do eventually seek being more expensive. About 1 in 4 Americans report having skipped a medical test or treatment due to cost in the past 12 months, and nearly 1 in 3 report having put off or postponed needed care. More Hispanics than Whites report having had a problem paying medical bills in the past year. In addition, more than half of Hispanics report relying on home remedies in the past 12 months instead of going to the doctor because of cost compared to almost one-third of Whites. More Black individuals and Hispanics than Whites report not filling a prescription in the past year because of cost.



Conclusion

The economic recession has affected the ability of people to maintain their daily routines and their ability to access and utilize health care. Communities of color have been disproportionately impacted by the economic recession. At the start of the recession unemployment rates for communities of color, particularly Blacks were much higher than those of Whites. While the biggest increase in unemployment has been among Whites, their overall unemployment rate remains much lower than that of Hispanics and Blacks. As a result of the recession, people of color report having more difficulty paying for housing and food. They also have more difficulty maintaining health coverage and paying for health care.

Health coverage is mainly linked to employment, and therefore in an economic recession such as this, individuals who lose their jobs also tend to lose their health insurance. Once they do, many individuals have one of several options. If eligible, they may purchase coverage through COBRA, some may qualify for Medicaid or other forms of public coverage, and some may choose to purchase coverage in the private market. However, while some of these individuals are eligible for COBRA the cost may be prohibitive as individuals are usually required to pay for the full cost of their coverage (the employee and employer share) under COBRA.¹² Even with a 65% subsidy to purchase COBRA which was included in the ARRA, many hit by the recession can still not afford COBRA. Purchasing coverage in the private market is generally much more expensive than group plans obtained through an employer and individuals are often not eligible for this coverage because of pre-existing medical conditions, and public programs such as Medicaid have limits on who can enroll. Specifically, median Medicaid eligibility for parents is 68% of poverty and adults without dependent children are generally not eligible for Medicaid. In particular, men generally have higher unemployment rates than women but are less likely to qualify for public programs, increasing the likelihood that they remain uninsured. Furthermore, individuals who are already struggling to pay for housing and food do not have extra income to pay for health care.

People of color tend to have fewer resources available to weather an economic storm. They tend to have less net wealth, lower homeownership rates, and recently, credit card debt for people of color has increased while that of Whites has decreased.³ These differences in wealth and ability to weather the changing economy, coupled with their disadvantaged position at the start of the recession, have resulted in more people of color depending on state programs to meet the needs of daily living and to access the health care system.

At the same time that many people are turning to state programs and the public safety net to meet their needs, states are feeling the effects of the economic recession. High unemployment rates lead to shrinking state revenues which often results in states cutting the services and benefits of public programs at a time when they are the most needed.¹³ To help states support their Medicaid programs, the ARRA included a temporary federal fiscal relief in the form of an enhanced federal match rate for Medicaid. To be eligible for increased federal funds, states were not able to make their eligibility criteria or enrollment processes more restrictive than on July 1, 2009. These provisions have helped states fiscally and helped to protect Medicaid eligibility as demand has increased. In addition, the Medicaid ARRA funds reached states quickly as other stimulus funds took longer to get out the door. Despite this relief, states are still looking for ways to cut back to meet huge budget shortfalls. As of March 2009, at least 18 states had cut their budget in a way that influences eligibility for public health insurance programs.¹³ For example, California and Utah have decreased the number of services offered through their Medicaid programs, and therefore individuals who relied on these services will now either avoid using them or need to pay out-of-pocket for these services.¹³ This can lead to worse health outcomes and potentially more expensive health care because patients will likely have more serious conditions when they present for care. As the recession continues, the budget pressures for states and the need for these programs will also continue to increase.

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- ¹ Unemployment rate for individuals age 16 and over from June 2008 to June 2009. Bureau of Labor Statistics. Table A-10. Unemployment Rates by Age, Sex, and Marital Status, Seasonally Adjusted. <http://www.bls.gov/cps/tables.htm#monthly>
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- ⁵ Bureau of Labor Statistics. The Employment Situation: June 2009. http://www.bls.gov/schedule/archives/empsit_nr.htm#2009
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- ⁸ Bureau of Labor Statistics. (2008). Table 39. Median Weekly Earnings of Full-Time Wage and Salary Workers by Detailed Occupation and Sex. www.bls.gov/cps/cpsaat39.pdf
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The Henry J. Kaiser Family Foundation

Headquarters
2400 Sand Hill Road
Menlo Park, CA 94025
650.854.9400 Fax: 650.854.4800

Washington Offices and Barbara Jordan Conference Center
1330 G Street, NW
Washington, DC 20005
202.347.5270 Fax: 202.347.5274

www.kff.org

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