Topics in Health Disparities: The Effect of the Economic Downturn on the Health of Communities of Color
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CARA JAMES, Ph.D.: Hello, and welcome to the Kaiser Family Foundation's Today's Topics in Health Disparities. I'm Cara James, the Foundation's Senior Policy Analyst on Race, Ethnicity, and Healthcare.

Today's Topics is a series of conversations that address issues relating to health and healthcare disparities in the U.S. Today's topic, The Effect of the Economic Downturn on the Health of Communities of Color, comes in the midst of a serious economic crisis. Last month alone more than 650,000 jobs were lost and the national unemployment rate rose by a half a percent just too over 8-percent.

Our conversation today will focus on how the recession is affecting communities of color with respect to housing and employment, as well as its impact on health coverage, access to care, and health outcomes. We will discuss how states are adjusting to the rising demand for public programs such as Medicaid and potential strategies for improving the situation. We welcome your questions so feel free to email us. The address is ask@kff.org.

Our panel today includes three distinguished guests whose bios are available on our website. In our studio, we have Dr. William Spriggs, Professor and Chair of the Department of Economics at Howard University; next to him, Adrienne Hahn, Senior Attorney and Program Manager at Consumers Union. And

joining us by telephone is Dr. Lauren Smith, Medical Director for the Massachusetts Department of Public Health. I want to thank you all for joining us.

So, Dr. Spriggs, I'd like to start with you. If you could just give us a lay of the land of what is going on with the economic crisis for the entire country.

WILLIAM SPRIGGS, Ph.D.: Well, we have several crises going on at the same time. Over the eight years that we called recovery 2000 to 2008, incomes remained flat. So, we actually saw no gains for the first time since we started keeping these records. An income of over an eight-year period, in consequence, people borrowed in order to maintain their lifestyles. We told them the economy was turning around and they thought it would. And their home values went up so they were also told you're wealthier, so it's okay to borrow against that.

So, the one thing that happened is we got more and more in debt on the household sector side. The Federal government was also running debts. And if you keep circulating debt that means that you're going to clog the arteries of the financial system, which we did. So one problem is this financial crisis of all this debt, which as it turns out was being backed by home values, which we now know weren't sustainable.

Then we have this other problem which is when all of that borrowing stopped, consumption stopped, that meant that

you don't need to hire anyone because no one is buying anything and now we have another problem, which is in the real economy that is where we actually produce, sell, and buy things.

And so, we've seen unemployment increase at an unbelievable rate, historic rates. In the last couple of months, we've lost close to 2 million jobs. A rate that's really scary. So we have the financial crisis. We have the crisis of the household sector being in debt to the level that it is and then we have this real economy problem because we don't have consumption-driving hiring. So, we've had layoffs that at a very rapid rate.

This has been across the board. It has affected every industry except healthcare in the public sector so far. And it has affected all education levels. Those who are college educated have seen their unemployment rates go up as is true for everyone down to high school dropouts. And it's been in almost every state, so it's not as if there are some states that have been more heavily impacted as was the case in the recession we had in the 1990s.

So, it's a deep and wide recession. It's global. People in the United States think we have it bad but actually our recession is not as bad as most other countries. So, there are a lot of things going wrong at the same time.

CARA JAMES, Ph.D.: So let's bring it down to sort of the focus of our conversation today, communities of color. And

Ms. Hahn, what is happening in communities of color at this moment with regards to the economic downturn.

ADRIENNE HAHN: Well, we know that minorities have higher rates of being uninsured. African-American, Latinos, and Asians have a higher propensity of being uninsured compared to whites. And we know that folks that are uninsured don't receive the same level of care as those that are insured. So, we're seeing them cutting back on care, reducing their medications, not visiting their providers more frequently, even for those folks who have chronic conditions.

So, that doesn't even – so that's just like the most immediate and obvious, but that does not even speak to the issue of the stress that is occurring. As you were just talking about how the economy is failing, so many Americans, even if you do have a job, are feeling the stress of the situation, which can also, as we know, exasperate a person's health.

So, it's a really problematic issue in the minority community and particularly because of the fact that we know minorities have a propensity for having a higher disease rates in relation to heart, in relation to diabetes, and in relation to cancer. And two-thirds of healthcare costs in this country are attributable to those three diseases. So, you know, it's difficult to say what it will be in the long term but certainly we know that many of these conditions must be worsening as a

result of the fact that they are not receiving the appropriate level of care.

CARA JAMES, Ph.D.: Okay. So we sort of introduce the health topic a little before we sort of said well, you know, what's happening just in terms of the economy, job loss, and housing for our communities of color. What do we see going on there?

WILLIAM SPRIGGS, Ph.D.: Well, the initial impact in the housing sector happened in the African-American and Latino neighborhoods because they had always been excluded from the conventional loan system, the standard loan, the one that everybody would like to have. If you don't get that then you're not getting the prime type of loan, so you're getting a subprime loan.

Well, the rejection rate for African-Americans who have high income, those with incomes above 160,000 looks like the rejection rate for whites with low income, those are the income below 40,000. So, of course, there are a lot of people who looked at that and said wow, there is a market there. And they seized upon it. Unfortunately, they were the wrong characters to seize upon it. And they gave defective mortgage instruments. These are instruments which make money for the seller but are bad for the borrower. They were predicated upon the housing values continuing to increase. The moment housing

values didn’t continue to increase, then the whole instrument becomes a bad instrument.

We saw mortgage foreclosure rates rise rapidly in the African-American and Latino neighborhoods where these instruments were targeted as early as 2005 and 2006. These were at record levels. No one wanted to pay attention. They didn’t want to hear the warning signs about correcting these instruments and getting people into proper loans.

Unfortunately, because this was the unregulated portion of the mortgage sector, one portion is regulated by the Federal Reserve and by the Federal Deposit Insurance Corporation and by the Contra World Currency [misspelled?]. There is a Community Reinvestment Act. There are also two watchdogs in the conventional loan market. There were no watchdogs in this other market. This was done totally outside of bounds.

They invented their own insurance and so, today we are bailing out all of these banks that bought that paper. And we're bailing out AIG, which was the insurance company that came up with these ingenuous ways of giving people the sense that they could sell these loans in this unconventional market.

So, the rest of us are now paying for that level of discrimination. If those high income African-American households had been put into conventional loans as they should have, the market for these other folks who got the loans would have been too tiny and no one would have gone after them anyway and would have ignored the.

But the foreclosure rates that we're hearing initially hit the black and Latino market. They were very severe. We're continuing to go through that problem. This is the biggest drop in wealth in the African-American community since the fall of agricultural prices in World War I.

Unemployment has gone up. It's now close to 14-percent for those in the African-American community. It has been at double digits for a year. The Hispanic community has an unemployment rate between the 8 and the 14-percent. It's continuing to go up for them, as well. Hispanics rely very heavily on the construction industry, which has totally collapsed. So, in terms of job prospects, this has been a very bad market for African-Americans and again across the board at all education levels. The unemployment rate for those with college degrees has gone up dramatically. Those who have Associate Degrees has almost seen their unemployment double.

So this is a very severe downturn affecting the broad area of African-Americans. And the foreclosures aren't low income. Those foreclosures rates are among high income African-Americans. This is why we're seeing the dramatic drop in wealth in the community.

CARA JAMES, Ph.D.: I mean that’s a good question. You mentioned wealth and what are some of the wealth differences that we see between African-Americans and Latinos and their white counterparts?

ADRIENNE HAHN: Well, we know just looking at the last time that we had a recession, between 1999 and 2002, that by 2002, the economic gap or divide between whites was 11 times greater for Latinos and 14 times greater for African-Americans.

And as you were just talking about, the foreclosures, credit cards debt, all of these issues combined make it very difficult for those folks who are even insured to have access to the wealth, to pay for their medications, to see a dietician so that they can get their dietary issues addressed appropriately; to address fitness issues and things so that we can work on prevention. So as long as people don't have that cushion in terms of additional cash and resources, it makes it even more difficult for those who have insurance to act appropriately and engage in the preventions that we all know will help save money in the long-term. But for those who are uninsured, we know that the hurdles that they face in terms of being able to access appropriate care are enormous.

CARA JAMES, Ph.D.: So Dr. Smith, I'd like to ask you, you know, you're at the state level and kind of we talked about these numbers nationally, but what do you see happening in Massachusetts?

LAUREN SMITH, M.D., M.P.H.: Well, I think you all have raised some very interesting points. I think the – what I would like to point out is that while health coverage, health insurance is a critical part of maintaining health, it is not the only part or perhaps sometimes even the most important.

The impact of social factors on the development of illness and the patterns of illness really is one that we are very aware of in the Department of Public Health and has well established in the literature in the terms of exposures to substandard housing, to differential rates of environmental air pollution and other kinds of exposures. The kinds of burdens of disease that low-income and minority folks carry with them before they even enter the healthcare system, even when they are insured.

Those things speak to the issues that the other panelists have raised in terms of what kind of neighborhood can you afford to be in, what kind of access to think that promote health like physical activity in a safe environment, access to grocery stores. What's the proportion of liquor stores and fast food restaurants in your neighborhood? Advertisement for smoking and alcohol, those things are all what we would call the social factors that have a direct relationship both to the complex interplay of race and income in our communities.

So I would say that anything that has an adverse impact on the overall sort of social environment we know is going to ultimately have an impact on health because those social factors are such important drivers of health and well-being.

CARA JAMES, Ph.D.: Okay, so one of the things that I kind of want to make the point and just drive it home for a second is this link between employment and health. And I mean

from a very basic standpoint it's the link between health coverage and, you know, your employment since most American's do receive their coverage through an employer.

So just broadly speaking what do we see or can we expect to happen as the employment – unemployment rate rises and the coverage access. And then we move into talking about the coverage and what it means for healthcare but also the other social determinants that Dr. Smith was just mentioning.

WILLIAM SPRIGGS, Ph.D.: Well the Economic Recovery Act that was passed and that the President put through very quickly provided help for workers in making their payments to continue their health insurance. The problem is that only a third or about a third of workers who are unemployed actually draw unemployment insurance.

So this is assistance, unfortunately, this assistance is not going to go out to many workers who losing their jobs. The Act also attempted to encourage states to expand coverage of unemployment insurance. But we saw in the response that Governor Jindal of Louisiana gave that there are many governors who are balking at giving unemployment insurance coverage to their citizens.

So a state like Louisiana which is well below the national average in terms of the share of unemployed workers who get unemployment insurance are not going to get unemployment insurance and, therefore, won't get this continued

coverage. African-Americans are more likely than whites to become – to be members of labor unions and, therefore, are slightly more likely to have access to employer-based health insurance and are slightly more likely to have access to pension funds because of their unionization rate.

But they also tend to be lower paid and so while the workers may have access themselves to health insurance they often don't have the money to cover their children. So the big gap tends to be not just the workers but in coverage for children. So in this pressure filled environment where a lot of companies are trying to cut corners we're going to continue to see pressure for companies to not offer to pay for family coverage or to increase the out-of-pocket expense that workers will have to pay to continue their coverage.

And that's going to put additional strain on black families who keep their job to keep their health insurance, at least for their family members. In addition to which, you know, we have folks who losing jobs. So there is going to be a lot of difficulty in accessing health insurance coverage.

ADRIENNE HAHN: And we already know that those folks that are uninsured are twice as likely to have difficulty paying for housing and paying for food. So I mean that's just a basic bottom line and we also know that healthcare expenses are the leading reason that folks are declaring bankruptcy.

And two-thirds of those folks actually had insurance coverage. So it's the, as the other speaker said, it's not the end-all-be-all to have health insurance coverage. But certainly can make your life a lot more easier. And if you're suffering from some type of chronic condition it can help to ensure that you receive the appropriate care that you need so you don't compound that condition.

But as long as we continue to see these unemployment rates at the existing levels that we're at we're certainly going to see this correlation between more and more folks pulling down and declaring bankruptcy and what that will have on the economy in terms of ability to ensure that we have the consumer demand to be able to pull ourselves out of this.

LAUREN SMITH, M.D., M.P.H: One thing I would sort of add to this discussion is that we know that when folks look at their disposable income and their family budget that the first things that, you know, people try to pay for are the big – bigger ticket items like their rent or their housing costs.

And anytime that exceeds more than 40 to 50-percent of their income we know that there are going to be other things that we still would consider necessities that are going to be put off. And for many folks that ends up leading to food instability because they reduce their expenditures on food and they also reduce their expenditures on out-of-pocket healthcare costs.

So that might have impact on whether or not people can fill their prescriptions, even if they have a $10 co-pay. If you are, you know, really strapped that $10, you know, needs to be put to some other use even though you do have insurance. And what we need to, I think, in the healthcare – in the public health setting be prepared for is to look for changes in patterns of care seeking. That is how people are using the healthcare system and what they're – any shifts from primary care to emergency kind of services on the one hand.

And also be prepared to think about what would be considered sentinel conditions, the kind of conditions that give us – that we would expect to increase in times of great sort of economic or fiscal upheaval.

CARA JAMES, Ph.D.: That's a very good point, Dr. Smith. And in terms of our ability to monitor what's happening, you know, we have the Bureau of Labor Statistics produces monthly economic numbers that tell us what's happening on the employment side. Do we have that same ability in the healthcare system?

LAUREN SMITH, M.D., M.P.H.: Well within the – within our state we are looking at such issues as emergency department visits. We're looking at what's called preventable emergency department visits. That is if you had, had access to primary care would this visit have been necessary. We're also thinking

about – so that's a utilization kind of way of keeping track of things.

But we also have mechanisms for keeping track of specific conditions or diagnosis that one could imagine would be these sentinel conditions. So, in times of – difficult economic times one might expect that substance abuse might increase as people are struggling with the kinds of stresses that Miss Hahn and Dr. Spriggs talked about in terms of those family/economic stresses. We might look at whether or not there are increases in cases of domestic violence or child neglect referrals to our social service system.

So there is a host of things if one thinks about what happens to families as their economic situation disintegrates and deteriorates, you know, we can look in the direction that we might be able to see those things so that we can be prepared and be able to respond.

CARA JAMES, Ph.D.: Okay, so have you seen any changes in those numbers or is that something that's ongoing at this moment?

LAUREN SMITH, M.D., M.P.H.: Well its ongoing because as you recall, I mean this really for collecting data on a state level if we think about these things the process of unraveling, if you will, at the national level happening in the late fall it's going to take a little bit of time to be able to see the impact of that on data at a state level.

I can say that, you know, we have in 2008 seen an increase in both the rates of unemployment which you were talking about for our black and Hispanic residents. So, we know we've seen that and we are likely to then be able to see what the impacts of that are sort of after that. And there are substantial differences as we look at non-emergency, emergency room use, for example, where our Latino residents are two – more than twice as likely to have had to go to the emergency room for a non-emergency reason. So, you know, those the kinds of things that we are going to keep track of.

CARA JAMES, Ph.D.: Okay, and so before we started to move a little bit more into how the health system is dealing with this Dr. Smith I wanted to ask you, I know you're a pediatrician by training. And how do we expect that this might – the economic downturn might appear differently in children or do we think that, you know, the manifest of the family will wear differently on children than it does the parents?

LAUREN SMITH, M.D., M.P.H.: Well actually that's an excellent question. I think that you could think about it in several different ways. The first is, you know, children by definition are affected by anything that happens in their family context. So they're not immune to the kinds of psychological stressors that the parents are experiencing. So in terms of a developmental or a behavioral approach we might expect a change in kid's behaviors at school.

Maybe difficultly sleeping or other sorts of behaviors that indicate anxiety or stress as children reflect the anxiety and, perhaps, depression or other kinds of disorders that their parents. So I think we could certainly expect to see that. In terms of more health and material ways we have in Massachusetts already noted an increase in subsidized school lunches, for example.

You know, when there are 13,000 more kids on subsidized – who receive federally subsidized, reduced or free lunches than we had last year. So that tells us that families are really stretched and that they're having to change what had been their usual patterns. And so for some kids that's going to require real adjustments to what kind of lifestyle they had and that will undoubtedly have some emotional effects.

The other piece that Dr. Spriggs mentioned about health insurance for children, luckily, in Massachusetts we have pretty low rates of uninsurance for children. But there is still the issue of underinsurance and whether or not families will be able to afford the co-pays. And a particular set or vulnerable group would be kids who have chronic illness who families need to take for regular appointments, you know, to maintain their illness if for some reason they're not able to pay the co-pays if they are insured or if they become uninsured due to a loss of a job one could expect that they would rely

instead on urgent care visits instead of the preventative maintenance visits.

Say for a child with asthma or a child with seizure disorder. So the same patterns of changing how people seek and obtain care that you see in the adult world you would, in fact, expect to see in – for children, as well.

CARA JAMES, Ph.D.: Okay so let's talk a little bit about how the health system is kind of weathering all of these changes and the increased use. And in particular obviously you know Medicaid is the program that we see that as helping people are who are low income and as Dr. Smith just mentioned with the Mass CHIP program for the children. And so what would we expect to see happen for Medicaid at this point as the unemployment rate is continuing to rise.

LAUREN SMITH, M.D., M.P.H.: Well, we know the Medicaid numbers are increasing and that's why as a part of the Economic Recovery Act that was passed there was an increase in the FMAP formula so that states would have the ability to draw down on more federal dollars to assist them with paying for the cost for more folks who are relying on the system.

We also, to address some of the concerns that the other speaker raised, we also saw them recently enact the State Children's Health Insurance Program. And we authorized that for an additional five years. That will also help to expand coverage to many of the working poor who before had difficulty

accessing it through the Medicaid program. So there has been some efforts at the federal level to try and address these issues. But certainly we are to the point that you just raised we're not clear whether that's going to be sufficient enough because we don't know when exactly this is going to come to an end.

But Medicaid and the CHIP program are certainly buffers to help ensure that we address some of these issues. But I think the – I feel like we keep skirting around what is the real issue here which is the need for healthcare reform in this country. If we really want to be able to compete in a global economy with other first tail countries we're going to need to ensure that every American in this country has access to healthcare insurance.

That will help us to have a stable, reliable workforce that will allow us to compete. And will help to address some of the issues around the disproportionate number of minorities who suffer from heart conditions, from diabetes and from cancer which we know are two-thirds of the drivers around healthcare costs. So I just feel like it's this 300-pound gorilla that we've been circumventing.

But I think Massachusetts speaks to the reason why we need to act. Massachusetts was a great effort in moving that. But until we address issues around ERISA and federal barriers

that prevent the move towards universal healthcare coverage I think we're going to be just skirting around the issue.

CARA JAMES, Ph.D.: Okay. Did you…?

WILLIAM SPRIGGS, Ph.D.: Well we see them reflected in the President's budget. You know, people want to say he's spending too much money but we have not just the economic problems that caused the immediate downturn but these chronic issues like the underinsured problem we have in the United States.

So, you can't come out of this as an economy moving forward without addressing the healthcare issue. So a lot of people who see the amount that he's put in the budget for that are questioning why we would spend that amount of money but if we don’t make the plans to make the changes now it only gets more complicated. And as this recession deepens a big part of Medicaid expenditures also go to the elderly.

In fact, it's very cheap to cover children under Medicaid. The big problem that states face are those folks who are dual eligible for Medicaid and Medicare and they are very expensive to maintain. The Medicaid eligibility for the elderly is a means tested on assets. And as people have lost their homes, as their retirement funds have disappeared there are going to be more people who actually are eligible for Medicaid in the elderly portion of the program.

So this is going to be a big strain on states. And so that's why we don't know as, you know, we're getting a little bit of good news that maybe housing prices have stabilized. But we don't know that we've come all the way through. Some of the problems on these mortgage instruments – we have another nightmare ahead of us on some of adjustable rate mortgages that will adjust next year that is bigger than the subprime market problem.

So we don't know that we're out of the woods on this at all and that may affect the Medicaid expenditures that we see going forward the for the elderly. So if we don't get a handle on health coverage and figure out how we can have a more rational program it may get us earlier than those plans are anticipating.

CARA JAMES, Ph.D.: Okay. So unemployment rises means lower tax base that the states can collect from. It means a rise in the number of people who are eligible for Medicaid meaning more numbers. States are required to balance their budget. How does all of this happen given the economy that we have right? And how do we expect states to be able to handle the budgetary issues and the increase in need for programs such as Medicaid?

WILLIAM SPRIGGS, Ph.D.: Well the Recovery Act included a large chunk of money to go to states to address these specific types of issues but for two years. And the, as you

mentioned, the lower revenues on the state side from lower consumption and lower property tax values puts this big strain on the states. It may turn out that we may have to go back and give additional aid to the states because the way we have thought about state based insurance programs like Medicaid or even the unemployment insurance system has been that these would be local effects, not the broad systemic failure that we're seeing right now.

And so it is not really the way we designed these programs. They really can't – states really can't address a systemic failure of this nature. And Congress needs to prepare itself that after two years the budget crisis in the states may not have gone away and Congress may have to respond again. It may have to monitor how things go with Medicaid because again we don’t know what's going to happen with the elderly and this big drop in wealth that's taking place on the consumer household side.

The household sector lost over $6 trillion in wealth in the last year. So there has to be this room in public space and in dialogue for Congress to be prepared to go back and help the states again.

ADRIENNE HAHN: And I would really echo that, particularly, because 49 out of the 50 states have balanced budget requirements either statutory or constitutionally. So unlike with the federal government where we can run a national

deficit they don't have that financial ability. So there is going to be a real need for a greater partnership between the federal and state government in terms of being able to provide the resources so that states can remain afloat because of these requirements.

LAUREN SMITH, M.D., M.P.H.: And as a voice from a state I can tell you that we are facing substantial budget cuts across all sectors of state government for all of the reasons just outlined. Certainly in the Department of Public Health we are looking at a substantially decreased budget for FY-10 compared to where we started at FY-09. And that's including the fact that during the – this past year in both October and January the governor made cuts in anticipation that our revenues were going to be decreased.

And our FY-10 budget is still substantially below where were even with those two intra year cuts. So it's very real for a state government. And within the Department of Public Health the magnitude of the cuts we're having to face means that we really have to – you can't just trim. There's just not that much fat so we're having to substantially reduce, you know, some programs that might very well be considered core programs.

Luckily today, Governor Patrick has announced that he's going to be using some of our federal recovery dollars within the healthcare sector. And some of that money is going to come

back to the Department of Public Health to help sustain some programs that took pretty big cuts in the FY-10 budget. Some of that money will go to the Medicaid program to allow us to continue to cover folks and we'll get it increased on the federal matching side for that which will be, you know, a great addition.

But there's a lot of programs in the state, our Department of Mental Health, our Department of Mental Retardation that have all been forced to make substantial reductions.

CARA JAMES, Ph.D.: That – and I thank you for bringing that up because I actually did want to as we transition to what the budget means and the economic downturn in your ability as the Department of Health broadly speaking but within your specific department of Public Health. The Departments of Health in states do more than just provide and manage Medicaid and the S-CHIP programs. And you do so much more than that and the impact of the budgets that we're seeing cutbacks. How do you see that affecting your ability to do your job for your communities?

LAUREN SMITH, M.D., M.P.H.: Well I think that it's, in some cases, certain activities were left sort of untouched. We didn’t have to change a significant portion of our, for example, substance abuse treatment services. We get a fair amount of federal money from there.

But on the other hand, some of our – the proportion of state funds for our tobacco cessation programs was decreased significantly. And we had made really substantial gains in Massachusetts in terms of the rates of smoking and deaths from smoking-related illnesses like heart disease, stroke and other cardiovascular disease.

You know, we've had to make, you know, cuts in some of our school-based health centers, for example.

So all that is to say that you're right it's not just about mass Medicaid, but we are doing our best to think creatively about how we can reorganize the delivery of some of these programs so that we don't leave sort of gaping holes where there were important programs before.

But we really are heavily constrained by the magnitude of the budget cuts that we have been faced with.

CARA JAMES, Ph.D.: Yes. One of the questions, Dr. Smith, that we just received was you mentioned the Department of Mental Retardation and some of the mental health that's going on there and could you speak a little bit to some of the mental health disparities that we see in communities of color, and how the economic downturn might influence those? We talked earlier about increases in anxiety disorders and things like that.

LAUREN SMITH, M.D., M.P.H.: Well, there's been quite a lot of work around issues of mental health disparities, both in

the diagnosis of different kinds of mental conditions, as well as, in the approach to treatment.

And unfortunately for some of our communities of color, particularly among youth, their entry into receiving mental health services is through the juvenile justice system whereas other folks might enter through a different door, many of our youth of color end up entering through the juvenile justice system, which is obviously not ideal, and sets up a whole dynamic that, you know, ideally we wouldn't have if they had been diagnosed with their mental health or substance abuse issue first before entering a legal or juvenile justice system. So that's one issue.

The other, really, is how people perceive symptoms and the kinds of screening that goes on, and how much different populations of people describe their emotional or mental health to providers. And people have differing levels of comfort for doing that. And certainly, there's, you know, substantial issues with disparities in diagnosis.

Happily, again, with this new announcement that just came out just a few minutes ago, some money is going to be put back into the Department of Mental Health budget, so we're, you know, it's going to be better than we had predicted.

But mental health and other kinds of health disparities obviously are persisting, and something we are working very hard to address.

CARA JAMES, Ph.D.: Yes, yes. So one of the other groups that we've kind of not talked about in this conversation is the health providers and how are they weathering the storm, the hospitals, the community health centers. What do we know about what's going on there?

ADRIENNE HAHN: Well, we know, according to the American Hospital Association, they performed kind a rapid response survey in November comparing three months in 2008 to the same three months in 2007 to try and identify the consequences of the economic crisis.

And their hospitals reporting back, 38-percent of the hospitals surveyed reported decreases in admissions, and the volume was down across the board in utilization categories.

So we're talking about in-patient surgeries, ambulatory surgery visits, emergency visits and discharges were all in the negative.

So, clearly, even folks, you know, how we normally think with the uninsured, that they're going to the emergency rooms? Even if you're uninsured, you're still exposed to healthcare costs. And, in fact, it's much more if you're uninsured than if you were insured.

We all know the example of the, you know, with the $10 pill, if you're insured versus $100 aspirin if you're uninsured. And they're just not willing to expose their family

to that type of economic disparity and so many of them are just refraining from going in and getting the care that they need.

CARA JAMES, Ph.D.: And, Dr. Smith, what are we seeing in the community health centers in Massachusetts?

LAUREN SMITH, M.D., M.P.H.: Well, we have seen a substantial increase in the visits, overall visits to community health centers. There's also a sense that there might be some increases among folks who still remain uninsured.

As you would expect, there's always going to be a pocket of folks who, for various reasons, aren't able to enter the insurance system. So that creates a substantial issue that community health centers have to face. And I think they are having to deal with an increase in volume of patient visits at the same time that they're weathering their own storm, if you will, with their own fiscal and budgetary issues.

And just one other piece that I would put into this context is that, you know, we've been talking about state and federal government but a fair amount of not solely health programming, but I would say more broad-based kind of programming, has traditionally been funded through philanthropy from more creative programs, for example, that might be based in a health center.

Well, you know, that sector is also contracting substantially, and there's a lot of folks who have either lost

funding, or had it decreased, or promised funding from private foundations got sort of withdrawn.

So, you know, some of these health centers that were lucky enough to be the recipient of, say, a grant from a financial institution to do a certain kind of program, well, they might have that program just sort of pulled out from under them because that financial institution can't make that grant anymore.

CARA JAMES, Ph.D.: So we've kind of, I think, touched on all of the aspects that this is having, and its effect on health and health outcomes in terms of the economic downturn.

So what can we do? What are some of the things we could hope to see? And I know we've already, Dr. Spriggs, you've mentioned the stimulus package a couple of times, and some of the provisions that are in there.

Let's talk a little bit more about that. So you mentioned the COBRA coverage for people who lose their job. And we did have a question about whether or not we will see a lag in the health coverage effects because of COBRA. And you mentioned that about a third of people, actually, who are eligible take it up. Why do we see such low numbers?

WILLIAM SPRIGGS, Ph.D.: Well, the Recovery Act actually helps people in a way we have not in the past. In the past, if you became unemployed, you really had to come up with the money yourself for the COBRA payment.

If you were getting assistance under the Trade Adjustment Assistant Act, we did have a provision that was administered by the IRS to help front the money so that you could make the COBRA payment.

But even there, there was a very low take-up rate. And really, the problem is the cash flow issue. People have a dramatic drop in income, even when they're getting these unemployment checks, because it only covers about 30-percent of your normal pay.

So they don't have the cash flow in order to meet the house payment, the food and all the other things that they have to do, and then take care of healthcare costs.

And this recovery act, the government stepped in for the first time to help people who are getting unemployment checks. But only a third of people get an unemployment check. So that's going to be a severe problem.

And a lot of people, even if they can access health insurance, can't really do it for their family. That's an additional amount of money. So it becomes very difficult for families to try and keep up with their insurance coverage.

We also have the problem that companies are facing the strain of healthcare costs going up on them, and whether they can absorb, and in this current climate, having higher healthcare costs. And whether they will do as they have been doing the last eight years, push more of that as out-of-pocket

expense on the employees, telling them that they will have to pay more for the premium from their own pocket to maintain access to health insurance.

So that's the big strain we see going on right now. And I think there will be a lag. There are some hospitals who are, surprisingly, even though I said that health was the one area where we were still hiring people, where they are going to have to do some layoffs, because they have seen this downturn.

And clients — they can't – if they're not seeing patients, they're like any other business. They have to make adjustments, too. And that lag may continue for some time because as this recession deepens and we have more sectors affected than before — the retail sector started its downturn around Christmas. And we see more retailers that are really strained because of the drop in consumption.

And so, as this deepens, we may see more people lose coverage. And that will have an impact on hospitals. People in the retail sector are the ones who are the least likely to get unemployment insurance, because of the way that the industry is structured. And their employees tend to be part-time, and part-time workers tend not to get unemployment insurance, even though the bigger retailers may have given those workers access to health insurance.

So it's going to be a lag in terms of what we see, I think, both impact on the actual industry and the impact on health of the workers.

ADRIENNE HAHN: There is one other proactive thing that I can recommend. Consumers Union, we're the nonprofit publisher of *Consumer Reports Magazine*, and we received a grant from the National Association of Attorney Generals to disseminate information through our best-buy drugs initiative.

Based on a Kaiser Family Foundation wonderful survey, your respondents were reporting that 41-percent of them are having difficulty with addressing their prescription costs. And what this best-buy drug initiative does is it looks at the safety and efficacy of various drugs to determine, you know, what are the various choices that are out there.

So to give you an example of this, you've all heard of the Purple Pill, Nexium. Well, a Nexium basically will cost you approximately around, like, $190 a month for a prescription. But Prilosec OTC, which is the generic version of it, is around, like, $24 a month.

And through our research we have determined that basically just as safe and just as effect, the generic drug.

So we have looked at a variety of different conditions that disproportionately impact the minority community, such as asthma, such as depression, such as heart disease, in terms of high blood pressure and diabetes.

And we translated that information, for example, on diabetes, into Spanish and obviously in English. And we have a new publication out called *Best Drugs for Less*. And if you want to hear more information about our best-buy drugs, I encourage you to go to bestbuydrugs.org.

And we're really trying to reach out to the minority community and make this information much more readily available to them, and as a part of grant. So I really encourage you to let your friends and family and other folks know so that we can disseminate this. Because this is certainly a way that you can cost – just look at that different, how much more you could spend on food and housing if you didn't have to use the brand as opposed to the generic.

WILLIAM SPRIGGS, Ph.D.: And we have the President's budget before us now. And that's going to be a very important fight because, again, we had a lot of deficiencies in the economy that are now apparent to us, one of those being healthcare. And so while a lot of people want to rail about spending money, we actually have to make investments.

And we were under investing in the American people. And one of those key investments is in health. So while it may look like a lot of money, people should now be used to seeing big numbers.

So every day they pick up the paper and there's $100 billion for this bailout or $100 billion for that bailout. The

amount that he wants to put in for underlining and figuring out what we can do in healthcare, when they see billions of dollars, if we can bail out companies, we can certainly bail out the health of the American people for billions of dollars and undo this lack of investment we've put into solving that problem.

So going forward, people can make a lot of claims about this budget fight and understand that the government has to make some investments. There's a big difference between saving and investing.

Investing means you have to put some money out. And that's not the same thing as saving. And this is a time when we have to correct some investment balances in the United States.

ADRIENNE HAHN: And if we do that we know that prevention saves money. We know it across the board across the board. And I'm sure that the doctor on the line could talk how WIC by providing food and nutrition to pregnant women and children that we know how many dollars that, that saves. So you're absolutely right, if we make these investments in the long-term we will certainly be able to reap the savings because the route that we're currently on is just not sustainable.

CARA JAMES, Ph.D. And so, Dr. Smith, in the President's stimulus package, he does have some information, or the Recovery Package. He doe have information for food

assistance for WIC and some of the school-based programs. When might you guys expect, at the state level, to see some of that money?

LAUREN SMITH, M.D., M.P.H.: That is the multi-million dollar question, for sure, and it's one that all of us in state government are asking.

We are very pleased and relieved to be getting some of the funds that you mentioned. As another example, we'll be getting some additional funds for early intervention, which is a very important service in terms of what Ms. Hahn talked about—investment and, you know, saving money.

We know that if we can help kids with their developmental delays before they have to go to school and require special education services, that that should be considered a wise and prudent investment.

So we're hoping that we'll be able to see some of those funds by late spring. Our fiscal year starts in July, so we're hoping that we'll be able to see some of those in the current FY '09 fiscal year. But then some of it, undoubtedly, we won't get until FY '10 after July.

But I think that, in terms of one of the other things that people can do to you—back to your question—from a state's point of view, I think, we've gone through this process trying to be as thoughtful as we can in terms of thinking about what are the core sort of safety net programs that we must provide

in what, you know, is considered as a counter-cyclical situation where, you know, some our—the requirement for our services go up as the funding for them goes down.

And you know, many of the things that we do fall into that category. So we're trying very hard to be strategic in how we manage our budget decreases.

On the flipside I think will be the families who may have not had to take advantage of certain kinds of safety net programs, feeling okay about having to do that. And I think, for some families, that's harder. As I mentioned, we've seen this increase in subsidized school lunches, for an example, but there were, you know, concerns that people had about, you know, is this maintaining the confidentiality about that since they weren't sort of used to having to do that before.

So there's a whole host of things that we can do, I think, as a department, to make sure that, you know, people feel comfortable accessing the services that are available to, again, not totally take care of everything, but perhaps buffer some of the hard edges.

CARA JAMES, Ph.D. And so, Dr. Smith, you mentioned a couple of times now, the increase in the number of people on school lunch programs. And Dr. Spriggs, I know you previously wrote about, sort of, the school lunch programs and what happens in the summer when school ends. And so, what happens in the summer when school ends for these kids?

WILLIAM SPRIGGS, Ph.D.: Well, this is a big problem. A number of cities have fashioned ways of keeping the schools open, precisely so they could continue to access the funds, both for school lunch and for school breakfast.

It's a big problem that we face in a lot of urban areas and in many of our rural communities. How do we keep ensuring that children will get nutritious food? The big problem is that while families may have access to food stamps the, you know, fortunate thing with this recovery act is that there was an increase in food stamps so that people could begin to afford nutrition, as opposed to affording calories.

So this is a challenge that we're going to see urban areas continue to address to make sure that children can have access to nutritious food during the summer, and parents can feel confident.

With so much stress being put on those who are still on the labor force, you know, the big problem for parents is monitoring what their children are going to eat during the summer. And so thinking that through now is very important.

CARA JAMES, Ph.D. And, Dr. Smith, what do you guys have, or have you thought about plans for the summer for the kids, given the rise that you're seeing?

LAUREN SMITH, M.D., M.P.H.: Well, there's a—there are multiple, sort of, summer programs that are available here in Massachusetts that, as part of the summer program, provide

lunch. So at least we know that kids have that meal taken care of.

I should say that our WICK enrollment has also increased substantially over the past several months more than we had even projected. So I think to some extent, people are reaching out for the food assistance.

And I would say that one other piece of what we're doing, even though that we're in this sort of challenging fiscal situation is that we are maintaining a focus on a wellness initiative that really has within it a heavy emphasis on looking at health disparities in communities of color and thinking about ways of making communities healthier overall, including the kinds of issues that Dr. Spriggs said in terms of what's the nutritional landscape in a community. Is there no grocery store, but, you know, 10 fast food restaurants?

Well, you know, that gets into the situation where he talked about, you get calories, but you don't get nutrition. And so we are trying very hard to maintain a focus on that initiative, even as we are, you know, dealing with these budget deficits. So we're going to be funding some community-level public-private partnership grants so that communities can gather some of the unusual suspects, if you will, to talk about health in their community.

So not just the health folks, but the planning folks, the transportation folks, the Parks and Recreation people, the

economic development folks. So we're seeing that as a very real way that we can get after some of these things.

CARA JAMES, Ph.D.: Well good. Well it sounds like we still have a lot more to learn as we're going to see what happens with the current economic situation as it continues and changes. And monitoring what's happening health wise and how the system is adapting to the increased need.

But I would like to thank Adrienne and Dr. Spriggs and Dr. Smith for joining me today. And I would like to thank all of you for your questions. On our Web page you will find resources on Today's Topics that may be useful to you. Again, I am Cara James of the Kaiser Family Foundation. Thank you.

[END RECORDING]