

Managing a Health Shock in Older Age: Housing Wealth, Mortgage Borrowing, and Medication Adherence

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This study examines the wealth-to-health link among older adults, particularly the effect of liquidating home equity through borrowing on cost-related non-adherence to prescription medications. Our study examines adults age 65 and older following the onset of costly diseases. Using the 2002-2018 waves of the U.S. Health and Retirement Study results indicate that new mortgage borrowing is associated with a two-percentage point reduction in cost-related non-adherence to prescription medications. This relationship is strongest for older adults, for whom the largest source of wealth is the equity in their homes. This study contributes to the understanding of the role of home equity for older adults to meet health-related expenses following a health shock and points to health disparities among homeowners of older age.

Acknowledgments

The authors gratefully acknowledge the CFP Board's ACCI Financial Planning Paper Award for this study. Dr. Loibl acknowledges the generous financial support of the Center for Financial Security Retirement and Disability Research Center at the University of Wisconsin-Madison for the ACCI Annual Conference 2022 participation.

The research reported herein was performed pursuant to a grant from the U.S. Social Security Administration (SSA) funded as part of the Retirement and Disability Consortium. The opinions and conclusions expressed are solely those of the author(s) and do not represent the opinions or policy of SSA or any agency of the Federal Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of the contents of this report. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply endorsement, recommendation, or favoring by the United States Government or any agency thereof.

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