

Financial Distress and Forgone Healthcare

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Many studies have documented the two-way relationship between household financial strain and health outcomes. Fewer studies have explored the mechanisms underlying this relationship. Many American families are burdened by the cost of healthcare and this study formally investigates whether financial distress is associated with not using recommended healthcare services. This is important because unfilled prescriptions; skipped medical tests, treatments, or follow-ups; and absence of attention to medical problems all can have long-term health consequences.

Using data from the 2015 National Financial Capability Study, the association between a financial distress indicator and the probability of forgoing a healthcare service was examined using logistic regression. The dependent variable was "not using healthcare services as needed." Preliminary results suggest the probability of forgoing a healthcare service was: 1) lower for the financially distressed with high objective financial knowledge, and 2) higher for the financially distressed who rated their credit record favorably, had emergency savings, and rated their numeracy skills favorably. The findings suggest possible tradeoffs occurring in the individual decision-making process.

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