HOUSING INSECURITY

Neighborhood conversations on health care costs

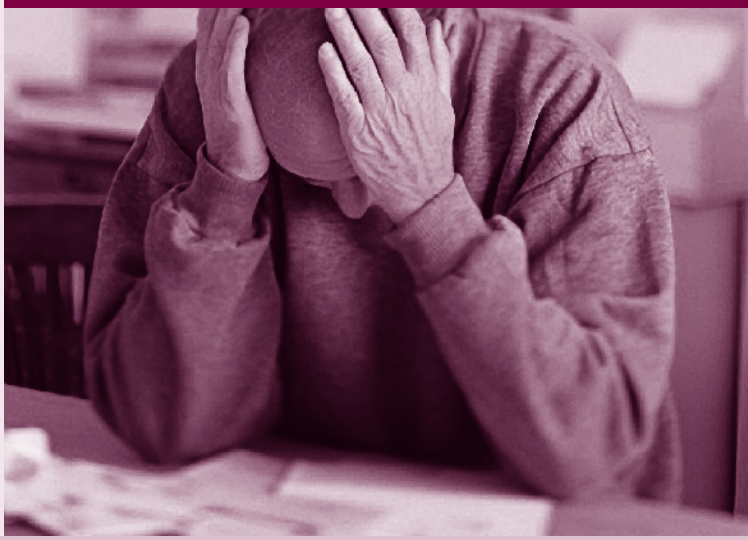
Metropolitan Housing Coalition

In Louisville, as in many American cities, rising health care costs are a major factor in housing instability. This is not surprising as health care expenditures are among the largest of all expenses within American households today, averaging $7026 per person.[i]

The increasing cost of individual health insurance, coupled with the decreasing number of employer based health plans, is expanding the number of uninsured at an alarming rate—putting already financially vulnerable families at an even greater risk. Housing instability has many sources, however good health is a prerequisite for allowing homeowners and renters alike to have the ability to afford and maintain the quality of housing they choose. Poor health limits these choices, both directly and indirectly –the effect that poor health has on access and mobility and its potential effect on reduction in income and increased living expenses may severely narrow one's housing choices, which could in turn adversely effects one's health status. Currently, 31% of Kentucky's non-elderly population are uninsured, compared to 27.7% just six years ago.[ii] One health care crisis can substantially change a household's budget, especially for the uninsured. As MHC's latest report, *Louisville's Foreclosure Crisis,* discovered, health care crises can substantially change a household's budget. Fifty percent of the foreclosure study participants cited medical expenses or health issues as a primary factor that lead to the foreclosure action against their homes.[iii]

MHC sought to explore the relationship between health care costs and housing stability and was awarded a grant by the Metro Louisville Health Department's Center for Health Equity. Through this grant MHC partnered with Making Connections Louisville to hold two focus groups among residents in the Smoketown, Shelby Park, Phoenix Hill, and California neighborhoods. From these focus groups, several residents self-identified as resident advocates wanting to work towards change in health care policies in Kentucky. MHC also partnered with health care policy advocates, Kentucky Youth Advocates, Advocacy Action Network and the Presbyterian Community Center's Harambee Clinic to hold advocacy training for interested residents from the four neighborhoods. This paper contains the qualitative results of those focus groups, providing some insight and evidence into how Louisvillians housing stability and health care costs are connected and served as the catalyst to bring professional and neighborhood advocates together to further health care policies. Among the report findings are:

- Free health care in the form of free health clinics and reduced prescription programs is utilized by participants
- Health care coverage for children is mainly provided by KCHIP rather than employer based plans
- Gaps in Medicare coverage for prescriptions led vulnerable (elderly, disabled, chronically ill) participants to choose between health care and other basic needs
- Medical care debt is the last financial obligation addressed by participants, sometimes ignored, causing more problems in the future in obtaining health care and credit
- Individual insurance plans were not purchased by any participants; those who did not qualify for medical assistance or who were not covered by employers were uninsured



i Health Care Costs In U.S. Break Spending Record, DbTechno.com accessed January 2008

ii Wrong Direction: One Out of Three Americans Are Uninsured, Families USA Publication No. 07-108© 2007 by Families USA Foundation

iii Louisville's Foreclosure Crisis: A study of loan elements and Property Valuation information for all foreclosures in Louisville Metro from January 1 to June 30, 2007 and interviews with 26 individual households in foreclosure, Metropolitan Housing Coalition, January 2008

Focus Groups

The Metropolitan Housing Coalition of Louisville (MHC) received a grant from the Center for Health Equity (CHE), a division of the Metro Louisville Department for Health and Wellness, to conduct a study on the effect of health issues on housing stability. The premise of this investigation is that the cost of medical care has a decided impact on housing choices. Data was collected for this study utilizing focus groups in the four neighborhoods where the Annie E. Casey Foundation sponsors Making Connections Louisville — Smoketown, Shelby Park, Phoenix Hill, and California. The first three of these are adjacent and just east and southeast of downtown Louisville. California is just southwest of the downtown area. All four neighborhoods are characterized as being low income and predominantly African-American. The eastside focus groups were conducted at the Presbyterian Community Center in Smoketown. The westside focus groups were conducted at the California Community Center. Both groups began at 5:30 PM to allow the widest diversity in attendance. Each groups exceeded fifteen participants. Ages ranged fro the 20's to the 80's with most nearer the midpoint of the range.

The choice to do a limited number of focus groups turns this study into an anecdotal report – a portrait of the state of the relationship of health and housing issues in neighborhoods in the central part of Louisville.

Health Care Coverage

Well over half of all respondents had health insurance. All who did have either Medicare, Medicaid, or employer-provided health insurance. The numbers of seniors, disabled, and low-income persons who were recruited for the groups and enrolled in federal health insurance programs positively skewed the percentage of the insured. There was no one in either group who purchased individual health insurance. This is not surprising given the high costs of such policies for mature adults.

While some in either group were currently uninsured, most had been uninsured at some time in the past five years, often from job changes, and all expressed some trepidation about their exposure for these periods. Most of the uninsured in the groups utilized the free care available from the Park DuValle and Portland clinics and the free and inexpensive sources of prescription medications available from many informed sources.

K-CHIP has been very beneficial to parents within our groups. K-CHIP has allowed some children to be covered for the first time. Few parents in either group had children covered by their employers, even if they themselves received employer-provided health insurance. One that did have employer-based insurance covering a child felt locked in a job she wanted to leave. The expansion of K-CHIP might one day allow parents in this situation to make beneficial job changes without jeopardizing their children's coverage.

At the other end of the age spectrum, Medicare covered many participants, but Medicare A, B, and D alone comes with some costs, and even for those in the groups who have a Medicare supplement, many of these costs are not covered. Medicare does not leave seniors as exposed as the uninsured, but gaps in coverage, particularly for prescriptions, force seniors who are frequently on small, fixed incomes to make financial choices.

Financial and Housing Stability

The findings of the groups clearly indicate that the cost of health care is significant in everyone's life. Expenses for chronic disease and conditions are capable of costing a person or a family everything they have and more, and in a few instances among respondents, did so. Those families and individuals who experienced chronic conditions or disabling illnesses and accidents were and continue to be at great risk to develop imbalances in their cash flows. Loss of employment and the high cost credit, especially when forced to borrow money to get by, affect all aspects of their lives, causing changes in a downward direction – buying less or lower quality food; terminating purchases of needed medicines, clothing, and other necessities; ignoring utility bills; losing the use of an automobile; and moving to lower cost housing.

The loss in income and/or savings that leads to moving or even eviction is magnified when the displaced person or family needs to borrow money to meet initial needs. Loans, and especially predatory loans, can result in loss of property and vastly extend the time period for recovery.

Debts for medical care appear to have the lowest priority, lower than utilities, rent, or car payments. Many in the groups expressed that doctors and hospitals are more forgiving about delays than other creditors, and rent, utilities, and transportation are more susceptible to adverse action by creditors. These old medical debts may be ignored or postponed, but they are not forgotten, and they inhibit people from seeking additional medical care when needed, including doctor visits, prescriptions, therapies, and surgeries.

Even with a good job and employer-paid health insurance, job loss due to health issues leading to a diminished ability to work, can lead to housing changes because keeping the insurance may not be affordable while employed and more so after one has to leave work. One participant who had been a fireman was injured on the job and was unable to work. He had to move a number of times into progressively worse housing in less attractive neighborhoods due to diminished income, health insurance coverage, and savings. Optional short or long term disability insurance is often considered too expensive and is not a useful option to most hourly workers. One respondent praised this coverage, having helped her to survive a disability, but all of the others found it too expensive or, in their specific jobs, unavailable.

Moving to different housing may be the result of a foreclosure, but more frequently it is caused by the inability to pay rent. A younger woman with a husband, her own children, and newly adopted nieces and nephews lost her house to foreclosure as the result of an automobile accident and the subsequent uncovered medical expenses. Her family now rents a house and has lost the possibility of building equity in her home. Other respondents described having been in the downward spiral of having been evicted or breaking a lease they could not afford. Their solutions range from moving to a more affordable rental, moving in with family or friends, and moving to a homeless shelter. All of these choices were represented by members of the groups.

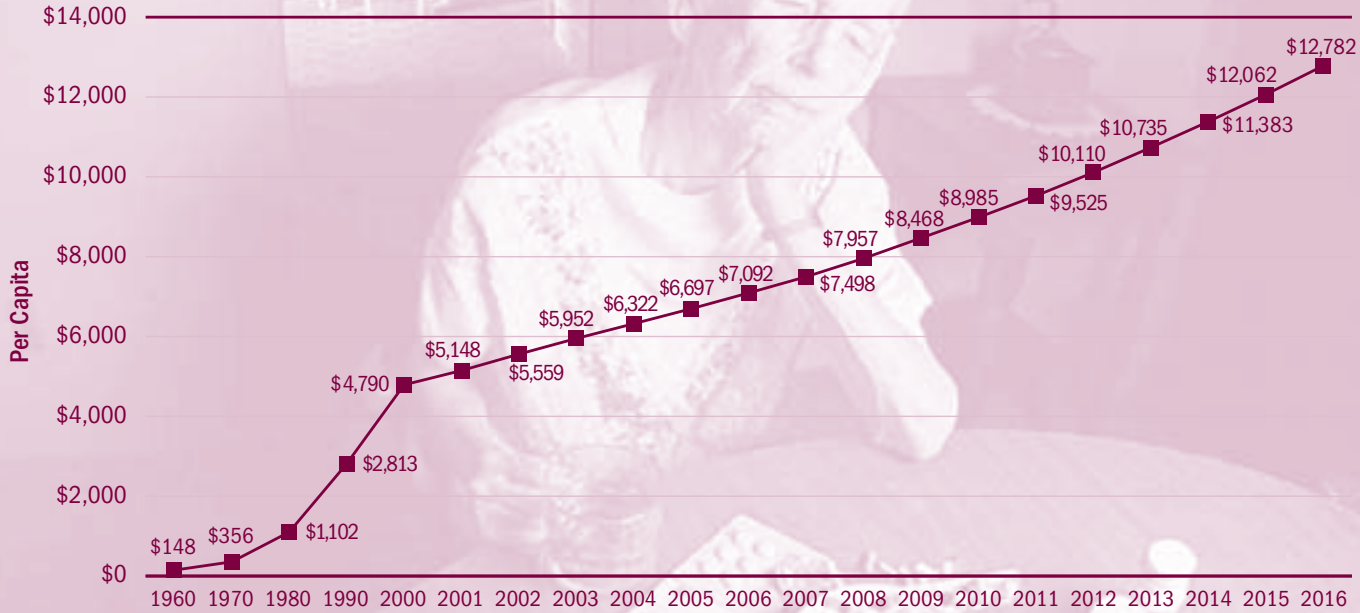
When it comes to a finding more affordable housing, one must choose between government-subsidized and private sector rentals. Both may be hard to find. Subsidized housing may not be available or person may not qualify at the time needed. Acceptable rentals may put one and one's family in jeopardy. Some respondents expressed their fears about personal safety in affordable housing choices – that some neighborhoods have high crime rates where theft or personal injury could threaten a family even more. The process of being dislocated from an apartment or house is emotionally taxing – having to find a new place to live when financial resources are diminished is degrading and difficult. The initial outcome is usually temporary and less accommodating than before. The long-term outcome can be a permanent decrease in quality of life.

Many of the respondents had stories to tell about how health problems affected their living situations:

▶ *Continued on back page*

Annual Health Care Costs 1960–2016*

*1960–2005 actual, 2006–2016 projected



Information compiled from Kaiser Family Foundation (www.kff.org) and Center for Medicare & Medicaid Services, US Dept. of Health & Human Services (www.cms.hhs.gov) .

Metropolitan Housing Coalition
P.O. Box 4533
Louisville, KY 40204-4533
(502)584-6858
www.metropolitanhousing.org

Continued from previous page

- One male participant had to take a sick bed at a mission because he could not work due to illness. He was able to stay there for six months to get healthy, to ease back into work, and to save enough money from that employment to get back into his own housing.

- One quite old and frail woman, a widow, owned a paid-for house, but could not afford to pay for a catastrophic structural problem. Predatory lenders take advantage of these kinds of situations. Fortunately, in this case, her children were able to do the repairs, and she stayed in her home.

- One respondent described a friend with terminal cancer who had moved in to his girl friend's house where she could take care of his medical needs as if it were a nursing home. He had completely run out of options for places to stay and needed a Medicaid bed in a nursing home, but moving in with a companion was the only available and affordable option.

- More than a few participants expressed that they were limited by health care expenses in addition to other costs from creating the saving and the credit-worthiness to purchase a home. Car repairs, appliance, furnace and air conditioning replacements, family member funeral and legal costs, and other expensive occasional events contribute to the problem of building a nest egg.

Next Steps

As these Neighborhood Conversations indicate, it is time for a change in health care policy in Kentucky and the United States. MHC offers the following recommendations:

1. Universal health care coverage/Single payer health care
2. Expansion of Medicare coverage to ensure the most vulnerable can afford prescriptions without sacrificing daily needs
3. Community conversations on health care including education on how to obtain free health care and how to handle health care costs without negatively affecting future care or credit
4. Increase supply of affordable individual health care plans so that low-income families have the opportunity to purchase
5. Expand KCHIP to insure all Kentucky children

Sponsored by The Center for Health Equity,
Louisville Metro Department of Public Health and Wellness