

Health & Wealth

Exploring the Intersection of Health and the Economy

Remarks Prepared for the Tennessee Health Care Campaign's Closing the Coverage Gap in Tennessee
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Value of Health

Health is independently important from its economic value.

2020 State Economic Report

AN ECONOMIC REPORT
TO THE GOVERNOR
OF THE STATE OF TENNESSEE

THE STATE'S
ECONOMIC
OUTLOOK
JANUARY




2020

- Chp 4: Public Health and Economic Wellbeing in Tennessee
- Authored in partnership with **Dr. Matthew Harris**, Economist and Associate Professor with the **Boyd Center for Business and Economic Research**

Key Points

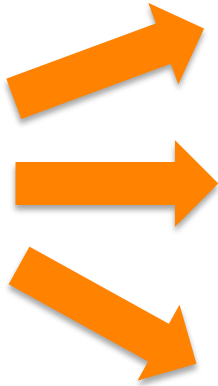
- While the state has experienced strong economic growth for the last decade, ranking in the top 15 of states in terms of employment and overall economic output (pre-pandemic), **Tennessee is far from reaching its economic potential.**
- Poor health is an **economic** problem for Tennessee.
- Access to **health insurance** is **linked to improved health outcomes.**
- **Improving health** across the state, over the long term, **will lead to improved economic growth** and prosperity for individuals and in distressed areas.

Overview

- Wealth  Health Relationship
- Health  Wealth Relationship
- Human Capital and Economic Growth
- The Economic Cost of Poor Health to Tennessee
- Health Insurance  Health Relationship

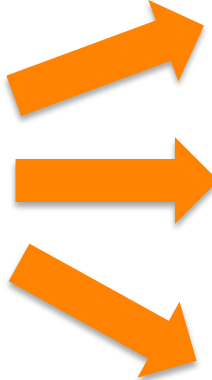
Wealth & Health

Research has found a positive relationship between the wealth of a country and better health outcomes.



Wealth & Health

Research ALSO has found a positive relationship between income and better health outcomes for individuals.





The greater one's income, the lower one's likelihood of disease and premature death.



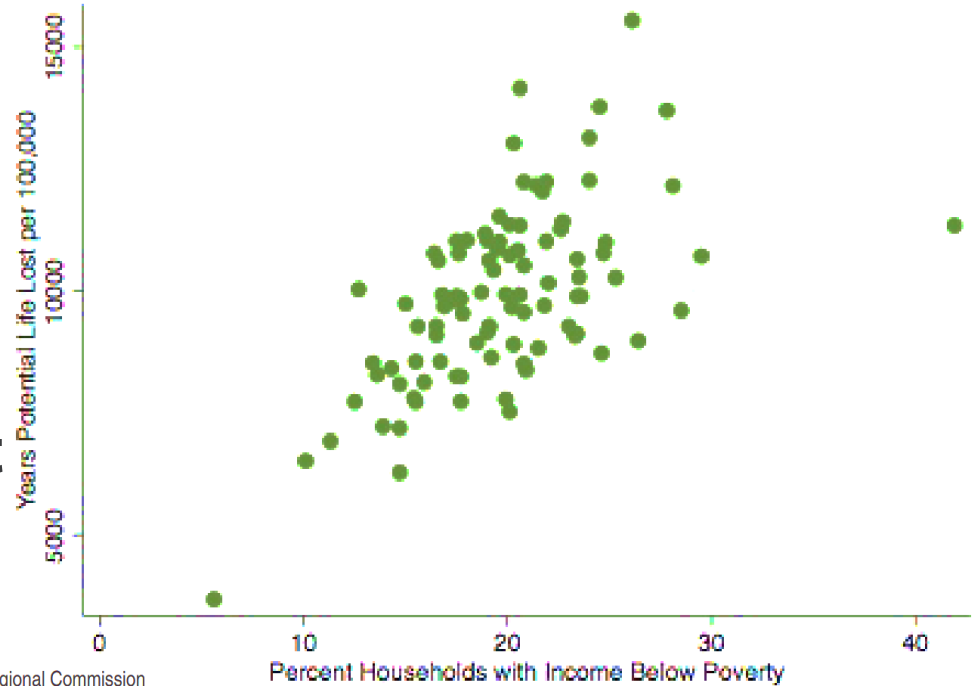
At age 25, Americans in the highest income group can expect to live more than 6 years longer than their poorer counterparts.



Poor adults are almost 5 times more likely to report being in fair or poor health and 3 times more likely to have activity limitations due to chronic conditions.

Wealth & Health in Tennessee

Communities in poverty do not live as long— one percent increase in household poverty at the county level is associated with **22.6 years of life lost per 10,000 individuals** in the community.



Source: Appalachian Regional Commission



JUST ONE MORE DAY



The means that every Tennessean has one day less to live for every one percent increase in poverty in his or her community.

Health → Wealth

What about the other direction?
How does **health** affect **wealth**?

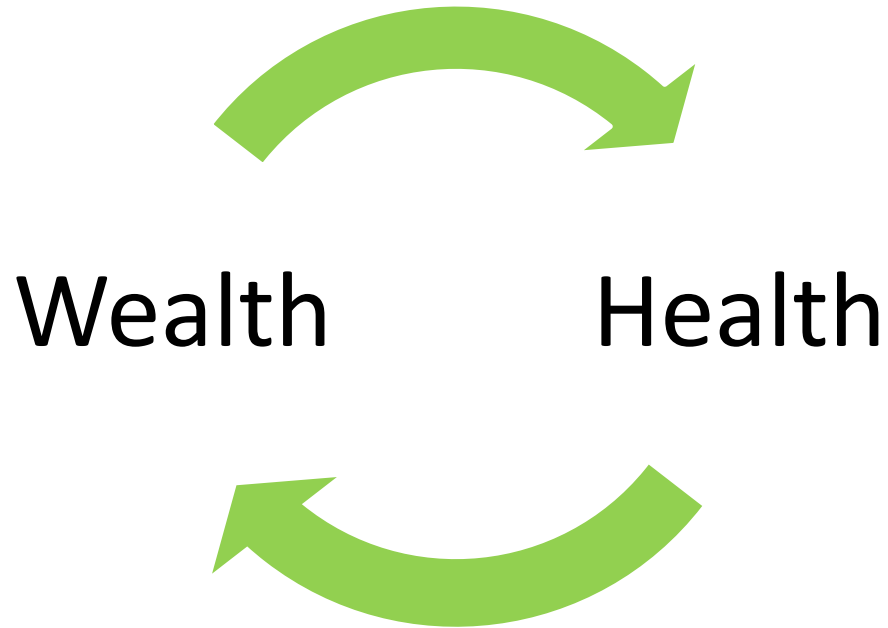


Human Capital

human capital: intangible collective resources possessed by individuals and groups within a given population.

- Like education, economists increasingly view health as a necessary component of human capital investment.
- Perhaps even *more so than education*, better health is linked to *greater productivity* across occupational domains.

A Cycle



Health & Economic Growth

Labor Productivity: healthy workers lose less time from work due to ill health, are less likely to suffer from chronic absenteeism, and are more productive when working (presentism).

Population Growth: health allows for a stable and growing population in the labor force, participating in the economy, and paying taxes.

Education: poor health can inhibit the realization of the full benefit of education investments.

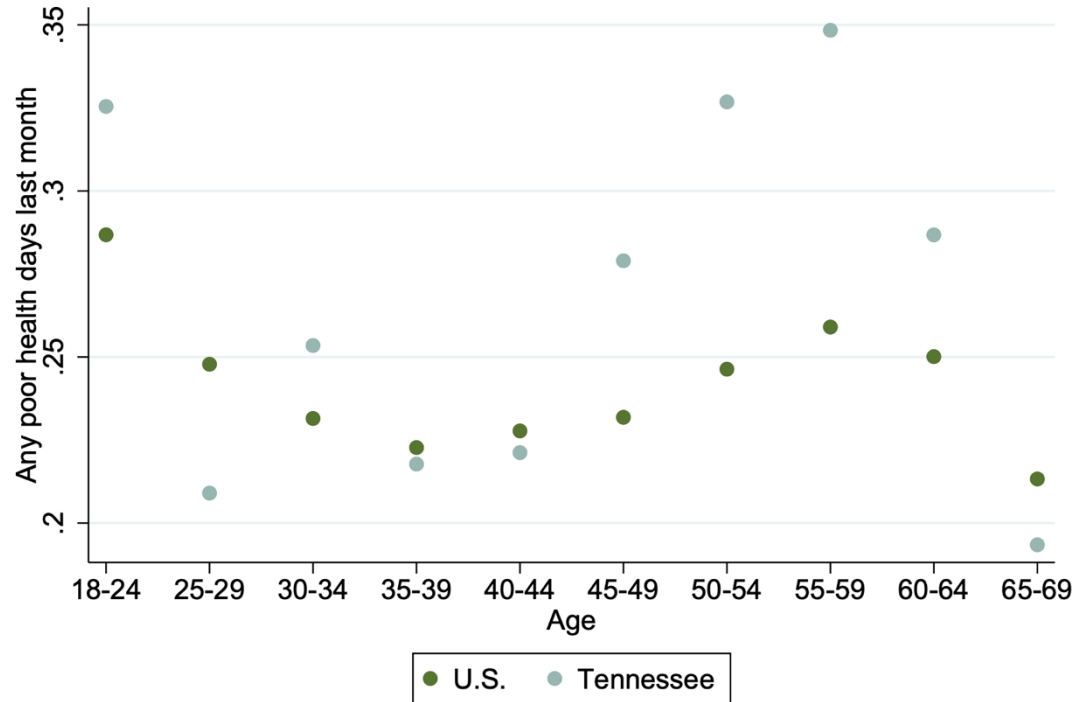
Financial Stability: longer prospective lifespans increase the incentive to save for retirement, generating higher levels of saving and wealth, and a healthy workforce can increase the incentives for business investment.



Economic development requires a stable, engaged, and healthy workforce.

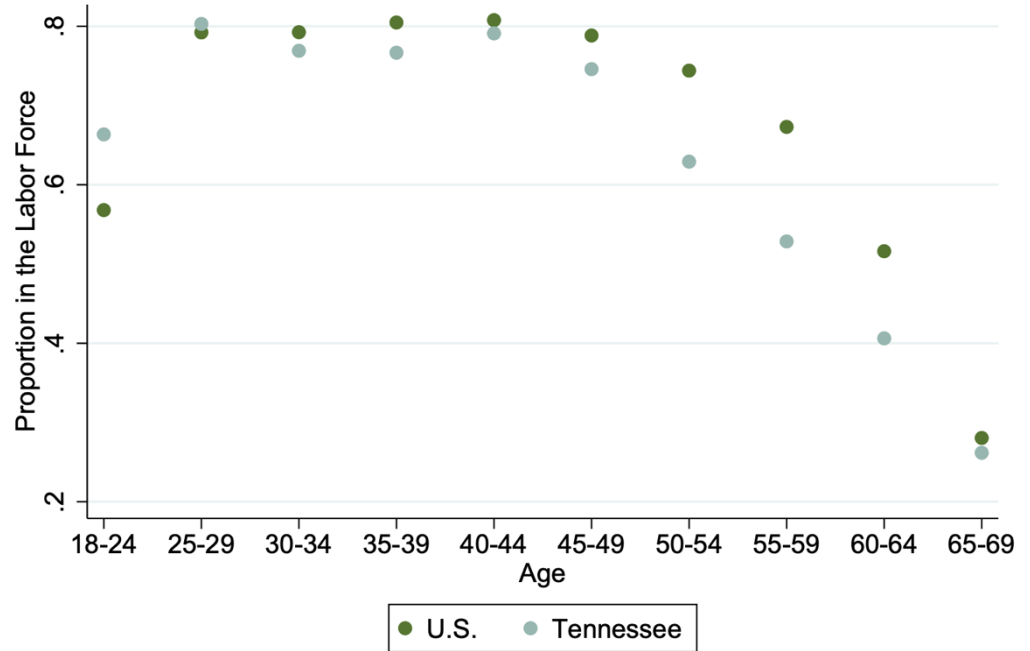
Poor Health

Between ages 45-49, Tennesseans begin **disproportionately report days with poor health** – by ages 50-54, they begin **disproportionately select out of the labor force**.



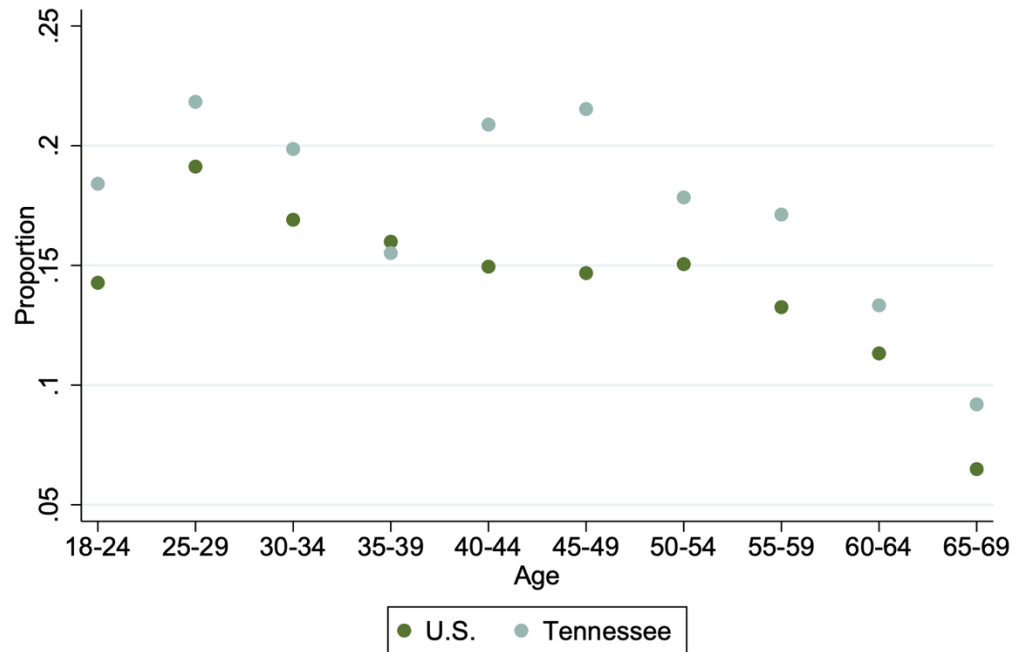
Labor Force Participation

The age at which labor force participation falls relative to the national average — **50** — is the approximate age at which risk for failing health begins to increase.



Cost Barriers

This is the proportion of individuals in each age band who were **unable to see a doctor** during the last 12 months because of cost— **this difference is particularly pronounced 40-50 years.**

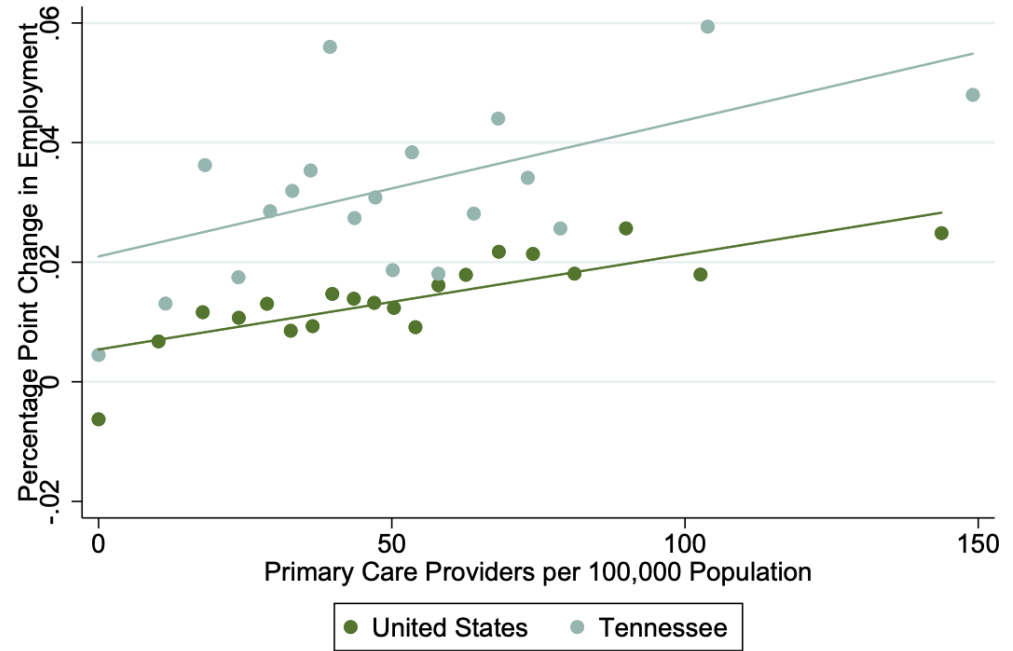


Economic Cost of Poor Health

- Compared to the U.S. average, Tennesseans are more likely to smoke, less likely to exercise, and more likely to become obese.
- By the middle of their working lives, Tennesseans are more likely to have heart disease and/or diabetes, and are at a greater risk for heart attacks.
- During this time, Tennesseans also face higher barriers to care on the basis of cost and other factors (i.e., hospital closures).
- By age 50, they are less likely to participate in the labor force, and earn less money than the national average for their cohort when they do. **This reduced income leads to substantial economic losses for the state, even in an era of strong economic growth.**

Access to Care

Across Tennessee and the US, *improved access to primary care is linked to stronger economic growth.*



Health Insurance & Health

2002 Institute of Medicine (IOM) Report:

After reviewing 130 studies found “**the uninsured have poorer health and shortened lives**” and that gaining coverage would decrease their all-cause mortality.

2017 Annals of Internal Medicine:

Found that recent research supports and strengthens the conclusion that health insurance reduces mortality.

Conclusions

- Tennessee has a long history of poor health, but strong economic growth— while the state has taken important steps, there is still much more work to be done.
- Taking steps to improve the health of the population with the recognition that health and the economy are connected, and equally important, will be key to unlocking the state's potential.
- COVID-19 necessitates that Tennessee recognize and be innovative in developing policies to promote the health/wealth connection.

Thank you! Questions?

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Economic Cost of Poor Health

- **Each overdose death** results in an **economic cost of \$1.3 million** due to lost worker productivity (Florence et al. 2016)— a figure that The White House’s Council of Economic Advisors thinks is an *underestimate*.
- **Increases in opioid use** per capita can **explain over half of the decline in labor force participation** since 2000 (Harris et al. 2019).
- The **shortened life-span of productive workers** due to **tobacco use** costs the state an estimated **\$3.59 billion per year** (TN Tobacco Program 2017).

Economic Cost of Poor Health

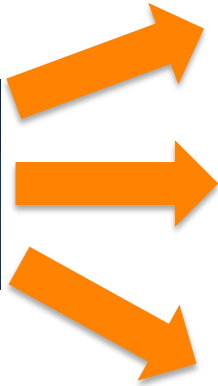
- **One in three Tennessee adults are obese** (America's Health Rankings 2019) and the **national cost of worker absenteeism** linked to obesity is **\$8.65 billion** in losses each year (Andreyeva et al. 2014).
- **Nearly one in four Tennessee children live in poverty** (America's Health Rankings 2019) and national rates of childhood poverty **costs an estimated \$1 trillion annually, or 5.4% of GDP** due to lifelong effects related to educational attainment, employment, and engagement in risky health behaviors (McLaughlin et al. 2018).

Economic Cost of Poor Health

- While Tennessee is near the national average for food insecurity, **many counties remain food deserts** (USDA 2019), with an estimated costs national of **\$17.8 billion in lost economic productivity due to hunger and malnourishment** (2016 Hunger Report).
- **Tennessee's violent crime rate is nearly double the national average** (US Dept. of Justice 2019), with violent crime costing an **estimated \$65 billion nationally as a result of lost productivity** related to the associated stress, social isolation, medical costs, and mental health challenges related to living in high-crime areas (Corso et al. 2007).

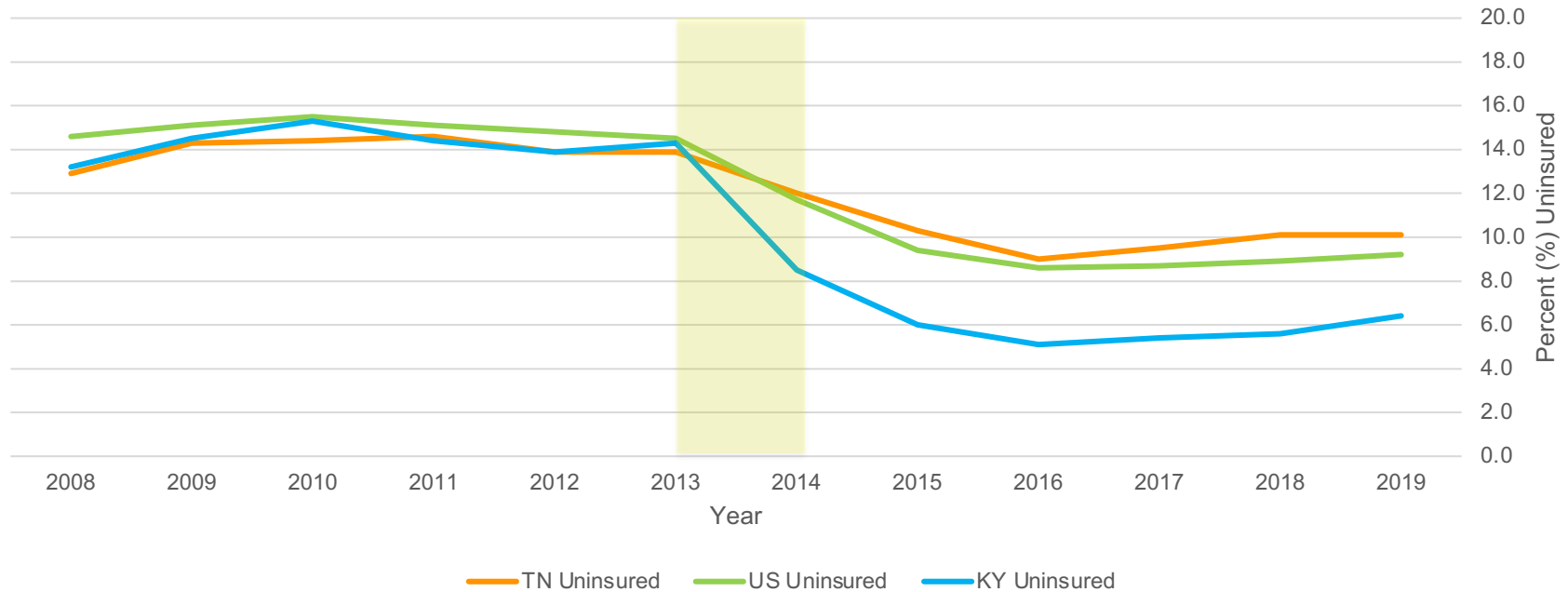
Medicaid Expansion

Research has found a positive relationship between the Medicaid expansion and state as well as individual economic outcomes.



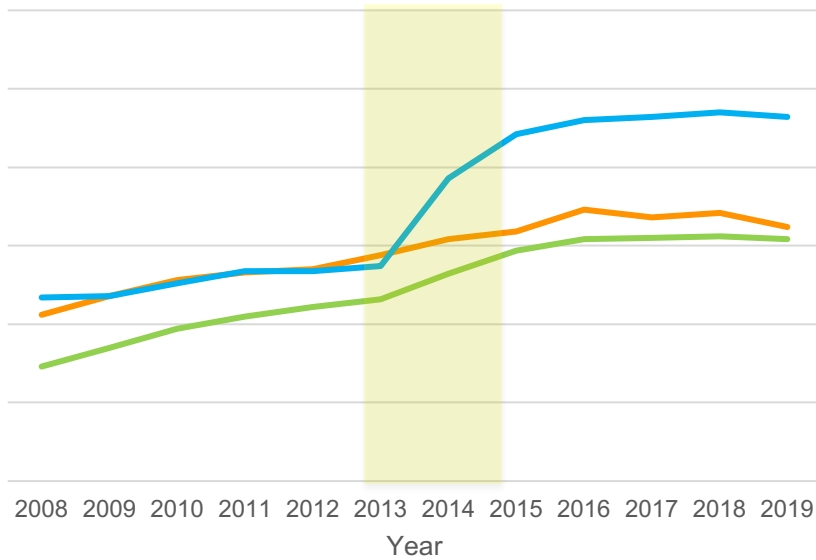
Uninsured Rate

Uninsured Rate 2008-2019



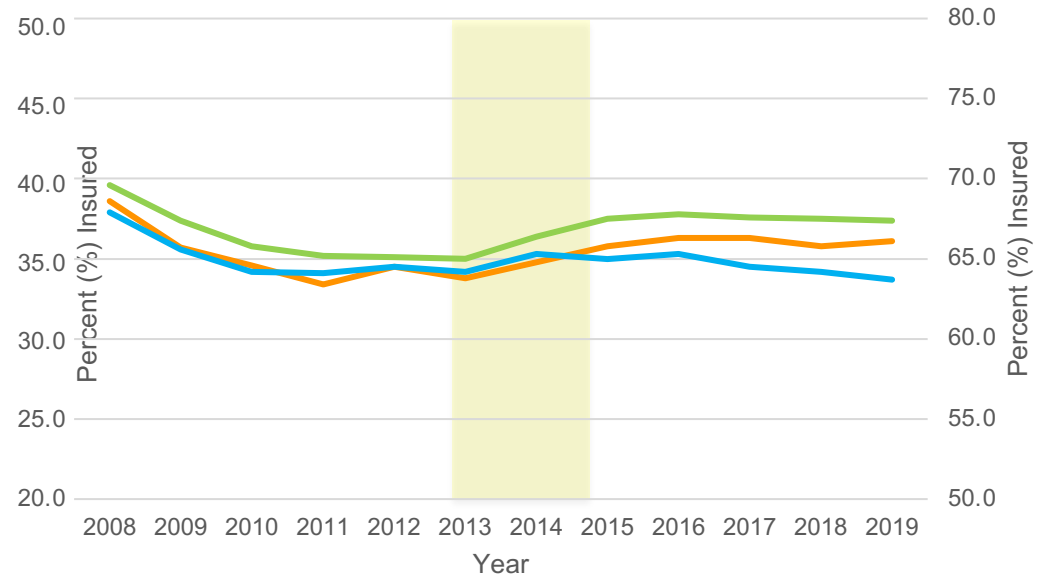
Insurance Rates

Public Insurance Rate 2008-2019



TN Public US Public KY Public

Private Insurance Rate 2008-2019



TN Private US Private KY Private

Direct-Purchase Insurance Rate

Direct-Purchase Private Insurance Rate 2008-2019

