



The Racial Implications of Medical Debt Grantmaking in Health

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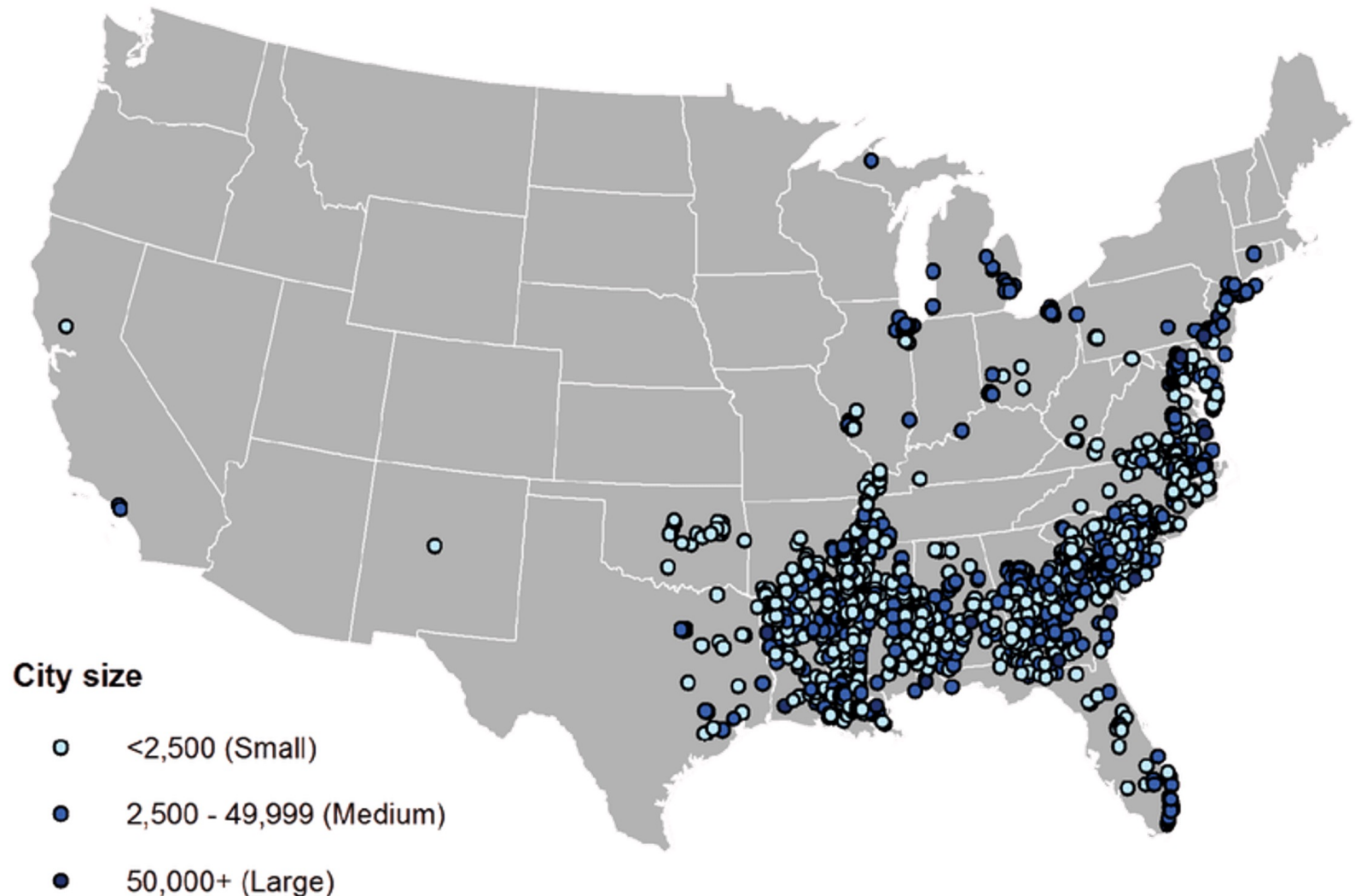
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 @andreperryec

Black cities

Largely located in
the **Deep South**
and along the
East Coast

All majority-black cities by total population
US, 2015



Major Research Areas

- **Housing and Business Devaluation**

Our housing report seeks to understand how much money majority-Black communities are losing in the housing market stemming from racial bias, finding that owner-occupied homes in Black neighborhoods are undervalued by \$48,000 per home on average, amounting to \$156 billion in cumulative losses. And our business report finds that highly-rated businesses in Black-majority neighborhoods experience annual losses in business revenue as high as \$3.9 billion.

- **Postsecondary Education and Student Debt**

Our reports highlight how student debt impedes degree attainment and deepens the racial wealth gap. Our reports also show how full student debt cancellation would significantly decrease the racial wealth gap. And our reports show that ongoing racism in labor markets is hurting Black workers with and without credentials.

- **Social Determinants of Health**

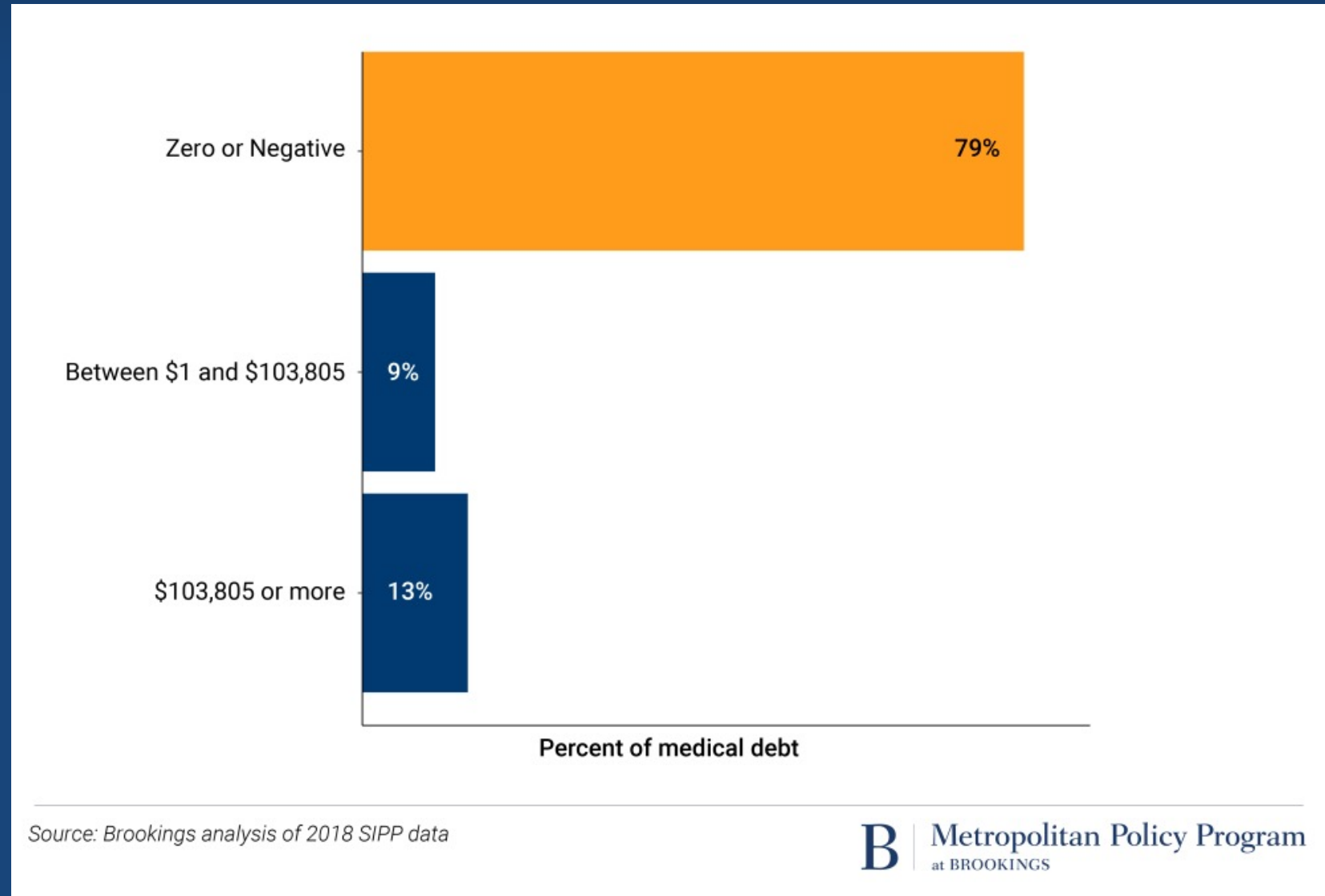
Our SDoH and Life Expectancy report explores five key determinants: 1): labor force participation and employment; 2): health care access and insurance; 3): housing security and density; 4): environmental exposure; and 5): food access and nutrition. Forthcoming research reveals racial disparities in life expectancy at the neighborhood and census tract level.

Medical Debt Research Highlights

- Our study demonstrates that **medical debt disproportionately burdens Black people**, and decreasing this debt would significantly reduce the racial wealth gap.
- To better understand medical debt, we also explore how that debt is accrued, including **failures in the insurance market and predatory medical billing practices**.
- This examination of debt as a barrier to wealth-building **provides insights into structural racism**—the policies and practices that produce racial disparities.

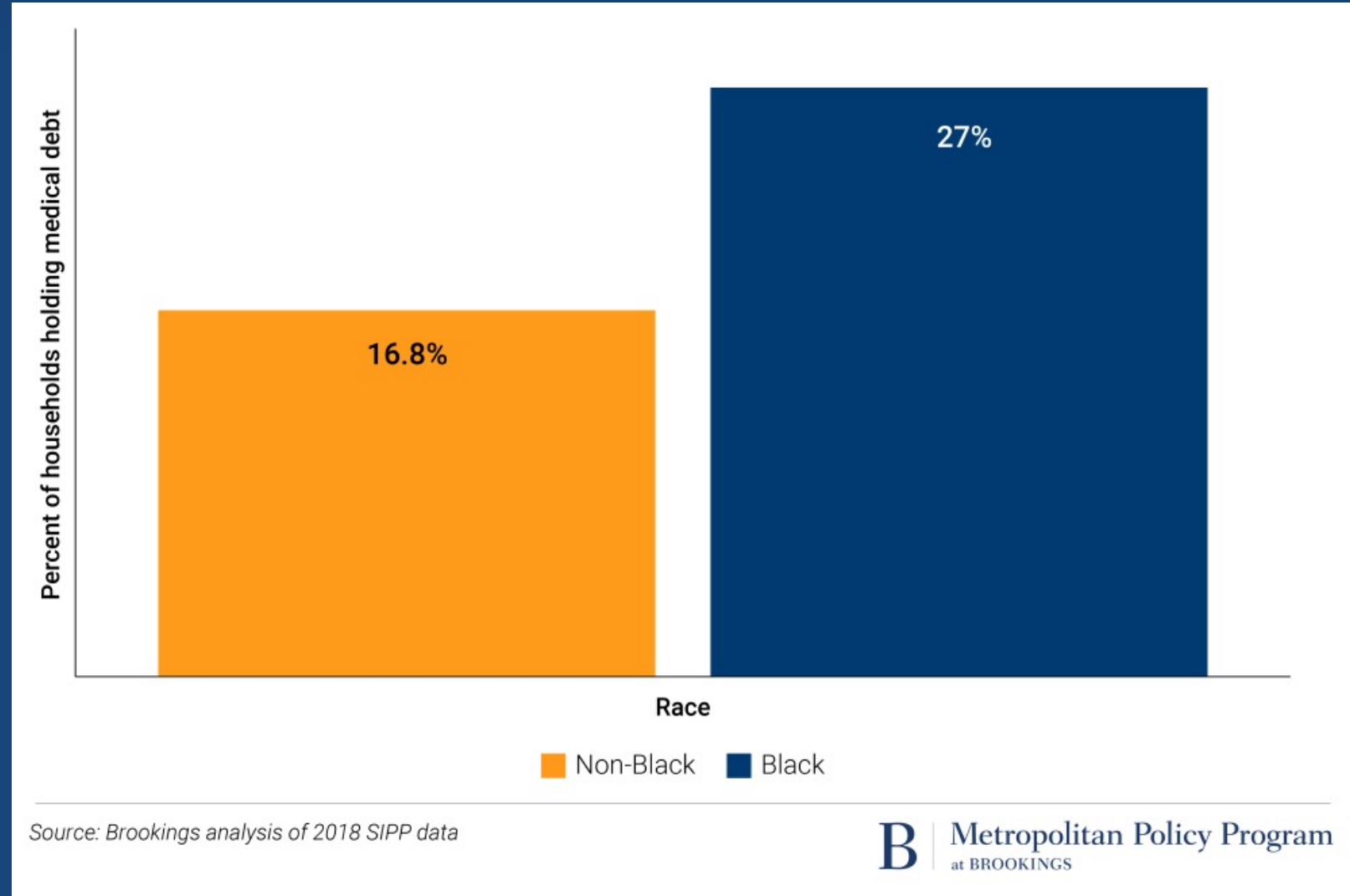
Wealth and Medical Debt

Households with **zero or negative** net worth hold almost **80%** of medical debt



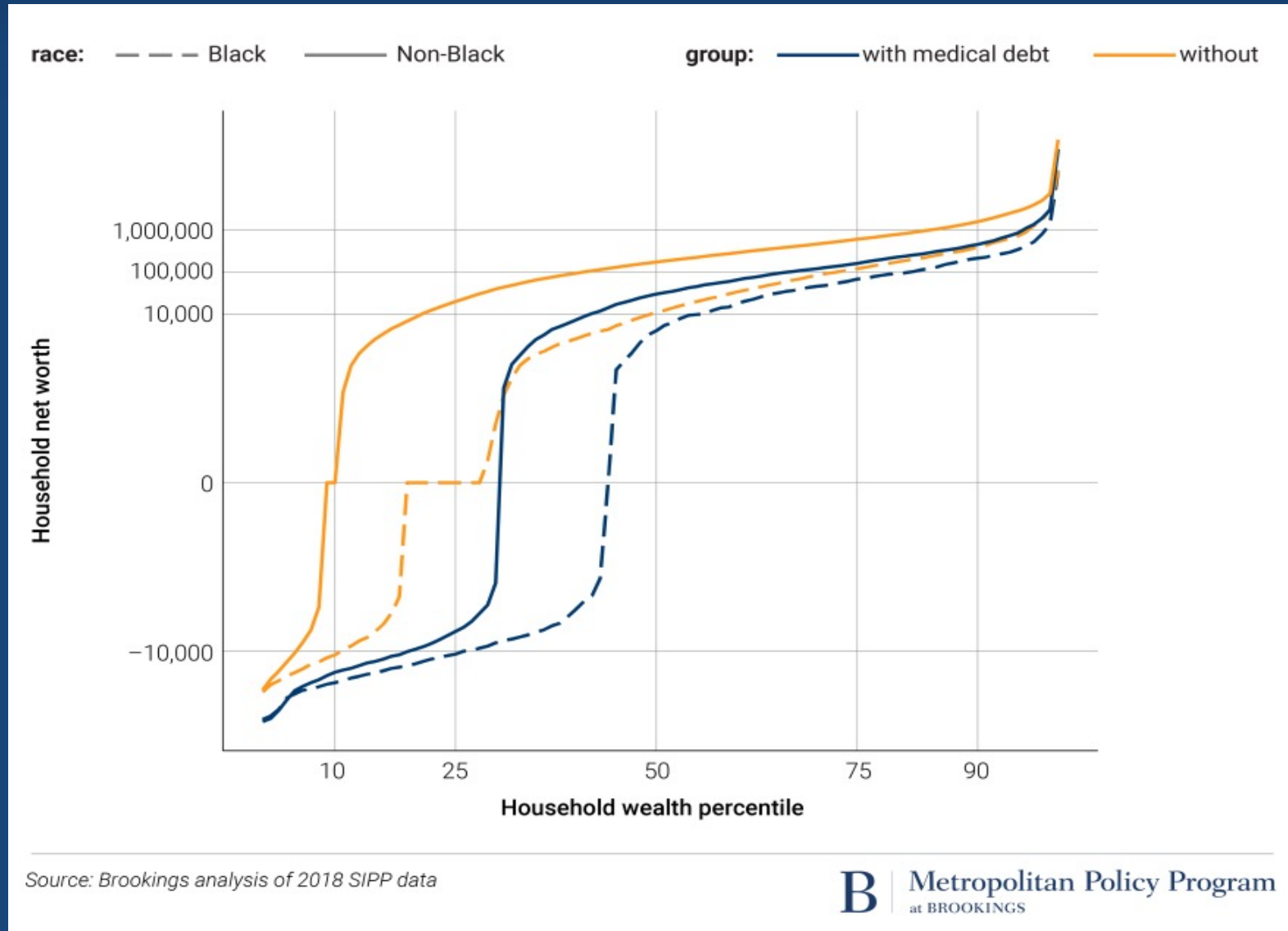
Race and Medical Debt

Black households are **more likely** to hold medical debt than non-Black households



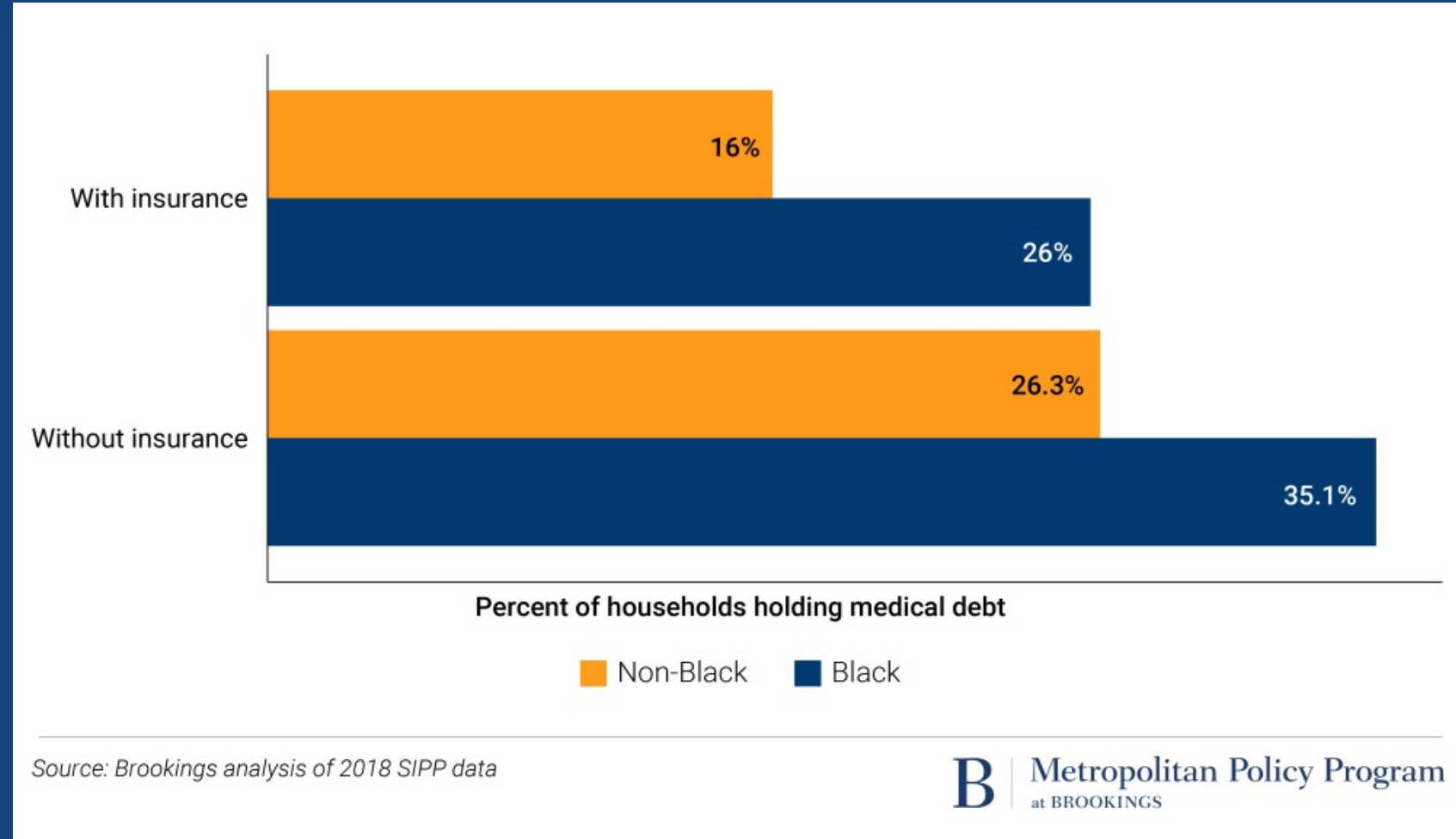
Wealth, Race, and Medical Debt

- Households with medical debt are significantly less wealthy than households without medical debt.
- Non-Black households with a positive net worth, regardless of medical debt status, have a higher net worth than Black households.



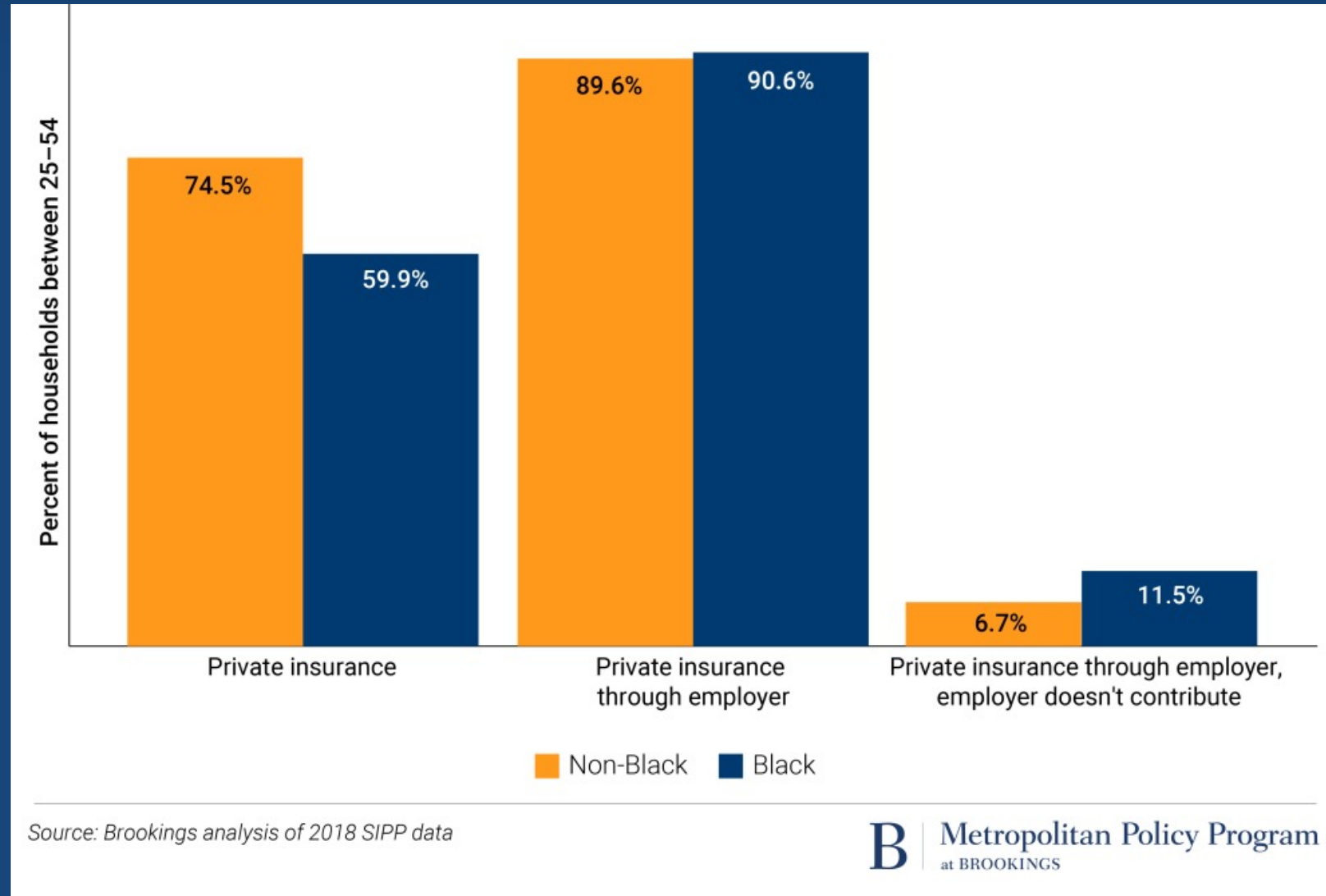
Insurance Access Doesn't Explain This...

Black households with insurance are **twice as likely to hold medical debt** as non-Black households without insurance



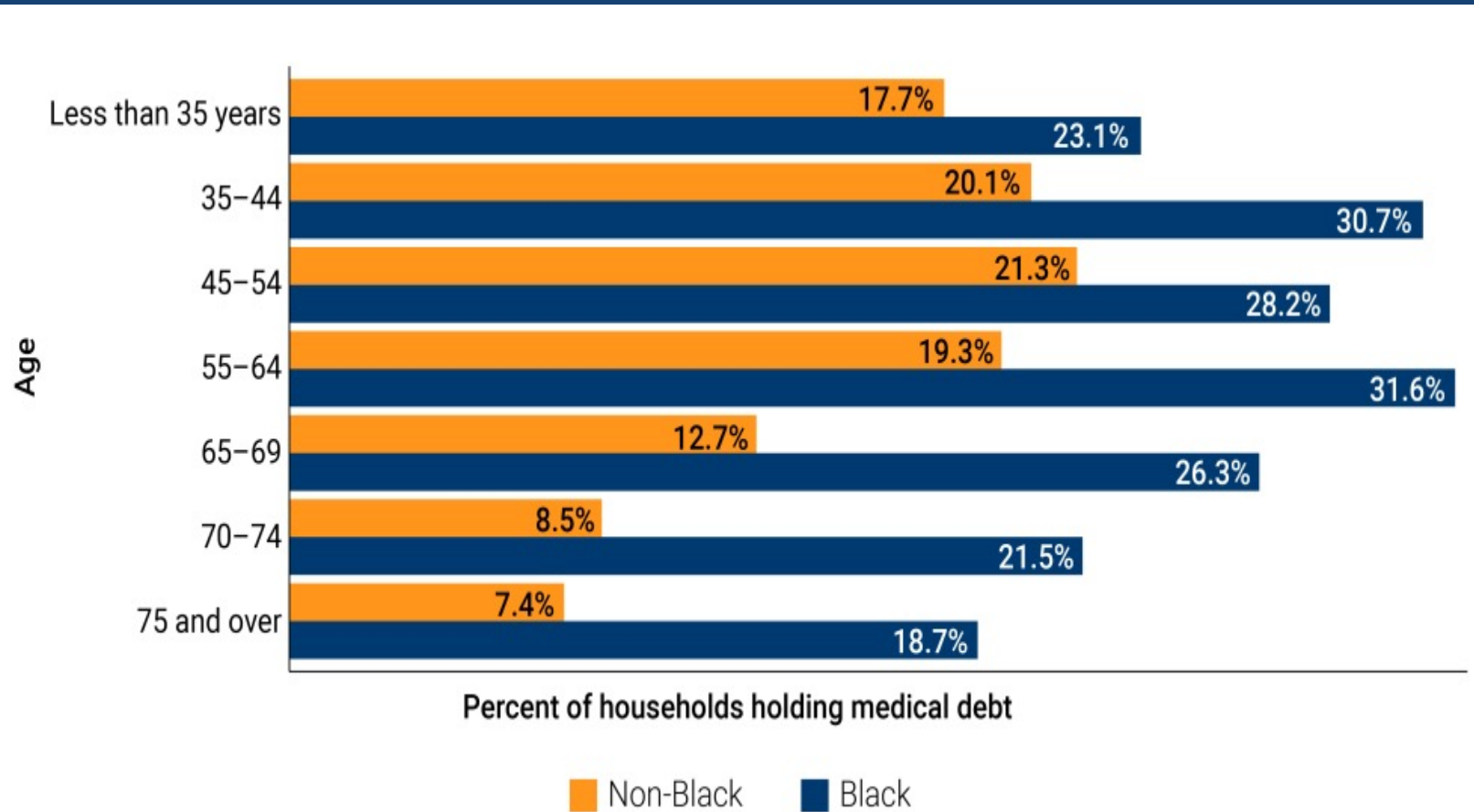
But Black People Are Less Likely to Be Insured

Black households are **much less likely** to have private health insurance but much more likely to work for employers **who do not contribute to their insurance premiums.**



Medicare Coverage Doesn't Erase Disparities

Black households are **more likely to have medical debt at every age**, but this debt disparity is particularly acute for Black households past retirement age, when households can access Medicare

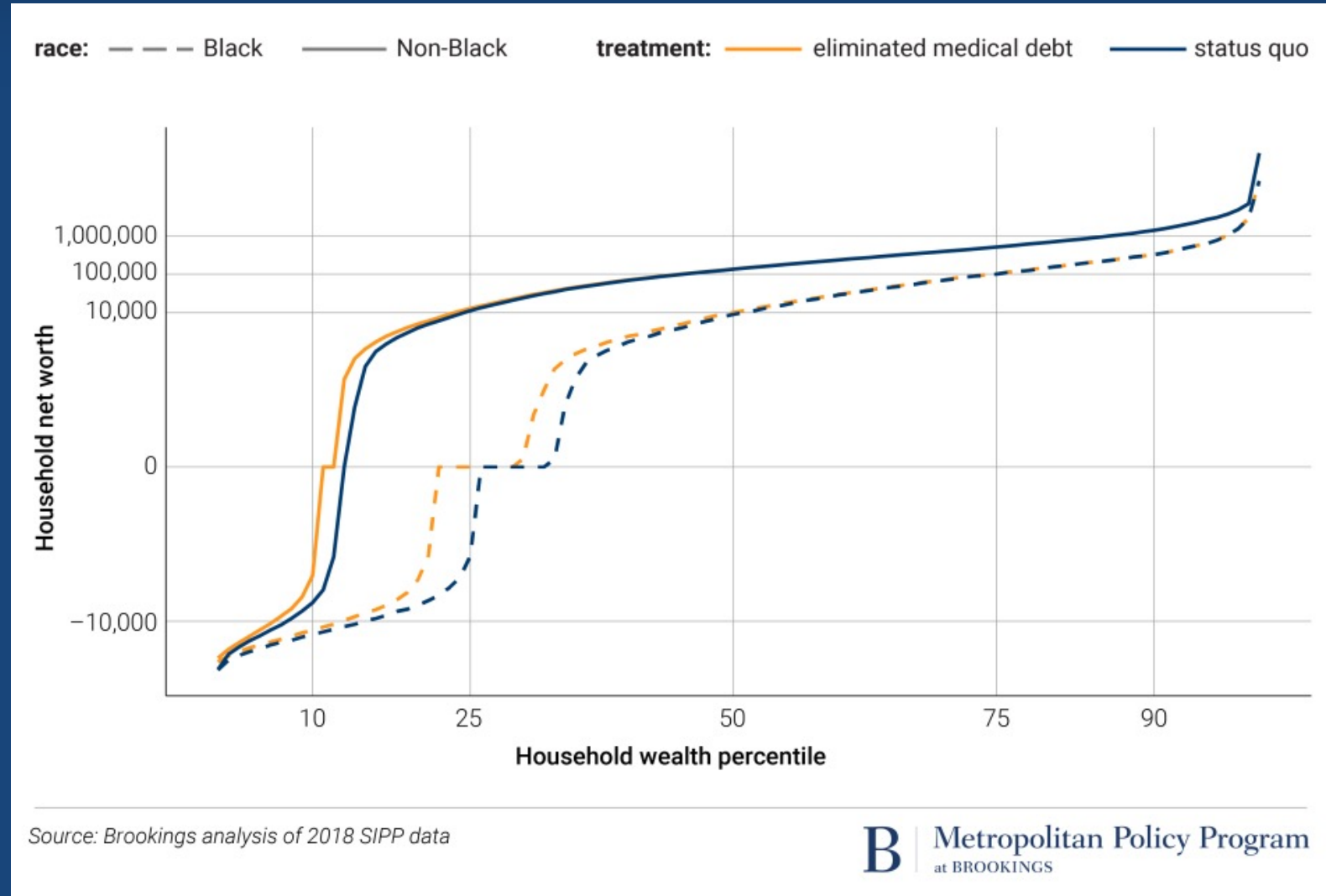


Source: Brookings analysis of 2018 SIPP data

B Metropolitan Policy Program
at BROOKINGS

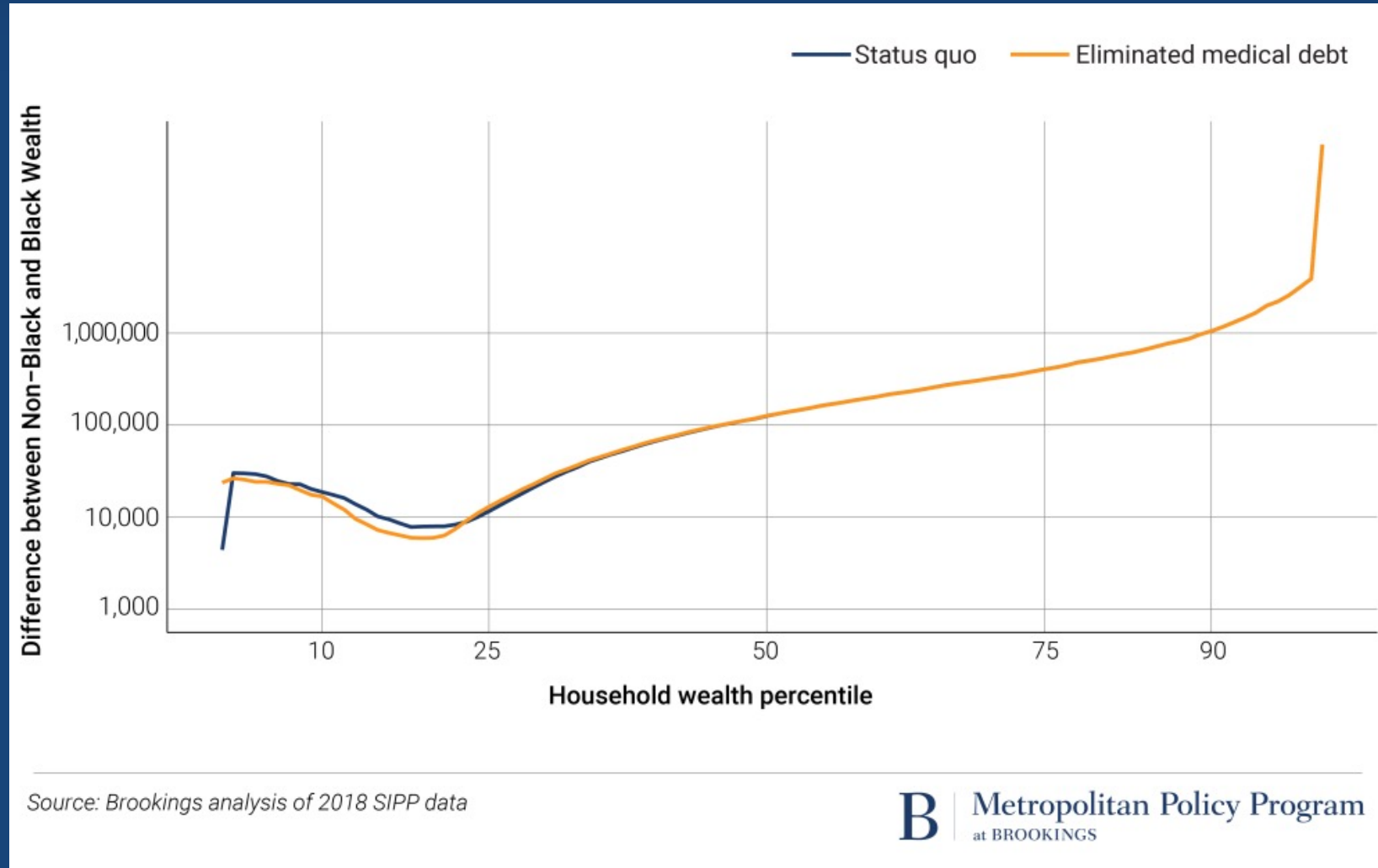
#CancelledDebt Helps Low-Income Black Households

Cancelling
medical debt
shifts wealth up
**more for Black
households**
than non-Black
households



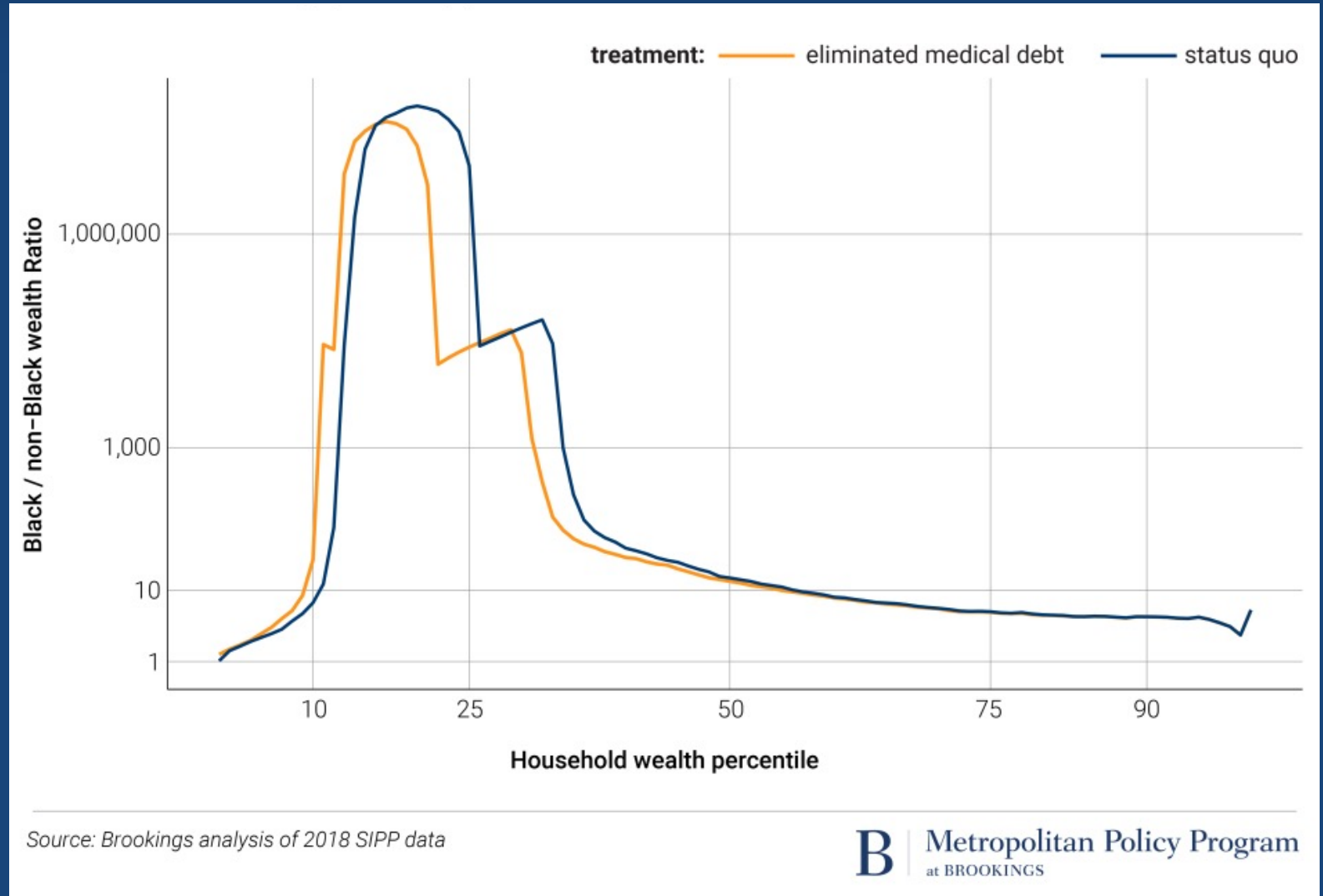
#CancelledDebt Decreases The Racial Wealth Gap...

Eliminating medical debt decreases the numerical racial wealth gap most for low and negative wealth households.



But We Also Need to Cancel Student Loans

Medical debt contributes to the racial wealth gap much less than student loans



Policy Solutions to Medical Debt

- **Separate health insurance from employment.**

Making health insurance marketplaces more viable, providing a subsidized public option, and expanding existing health insurance subsidies will both protect and empower consumers as they seek health care.

- **Hold nonprofit hospitals accountable for providing community benefit services**

- Congress should ensure that there is greater federal oversight around community benefit services, establish measures that increase hospital transparency around using community benefits, and should require that providers discuss hospital financial assistance options as well as billing and collection policies with patients.
- Policymakers should also ensure that nonprofit hospitals are using precise accounting standards for community benefit services and have a minimum threshold for community benefit spending.

Policy Solutions to Medical Debt

- **Provide remedies for surprise billing.**
 - Policymakers should continue to ensure that there are measures in place to maintain oversight on consumer protections.
 - Such measures should include ensuring that hospitals are transparent in their reporting, requiring hospital audits, and carefully reviewing any complaints of health care providers or issuers violating surprise billing protections.
- **Build more robust data collection systems.**
 - Congress should take steps toward standardizing assessment and quality improvement measures, including disaggregation by race and ethnicity.
 - Policymakers should ensure that hospital providers collect patient data by directly asking patients, rather than only gathering information through observation alone.
 - Steps should be taken to standardize billing codes across health providers and health insurers.
 - Policymakers should support efforts toward establishing a centralized, streamlined data-sharing system that houses hospital and health care plan data within an entity such as the National Institutes of Health.