Negative Health Effects of Financial Stress

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Every New Year's Eve, millions of Americans resolve to get healthier and wealthier. Health and personal finances are related in a variety of ways. Perhaps the simplest association is the high cost of unhealthy habits. Kick a $5 a day smoking habit, for example, and you can save $1,825 annually. The U.S. Department of Health and Human Services ("Preventing Obesity and Chronic Diseases," 2003) reports that a 10% weight loss will reduce an overweight person's lifetime medical costs by $2,200 to $5,300. Other linkages between financial well-being and physical health include: overdue medical debt resulting in delayed or inadequate treatment, stress and anxiety caused by financial difficulties (Drentea & Lavrakas, 2000), and lower retirement asset accumulation (Kim, 2004) and/or a poor credit history due to high medical bills.

Some employers are starting to use incentives (e.g., cash bonuses) and/or penalties (e.g., insurance surcharges) to motivate workers to adopt healthy lifestyle habits and reduce health care costs (Andrews, 2004; Wysocki, 2004). Others, particularly smaller companies ("Despite Rising Health-Care Costs," 2004), are simply shifting more of the burden of health care costs onto their employees through higher co-payments and deductibles (Fuhrmans, 2004a). There is also evidence of another employment-related linkage between health and wealth: workers earning less than $30,000 a year are less likely to have health insurance coverage and benefits. Two of five workers in low-paying jobs reported either not filling a prescription, skipping a test, or not seeing a doctor when sick, compared to just one-fifth of high-income workers (Fuhrmans, 2004b).

This study adds to the knowledge base about associations between health and wealth by exploring the specific health effects associated with financial distress. Respondents were asked to indicate if they felt that their health had been affected by their financial problems and, if they answered yes, to explain how with an open-ended response. The population for this study was a group of financially distressed consumers who telephoned a large national non-profit credit counseling organization, seeking assistance with outstanding debt, and subsequently joined its debt management program. A total of 6,757 questionnaires were mailed in June 2003 and 3,121 respondents (46%) returned usable questionnaires.

Characteristics of the sample are as follows: 69% were employed full time and 12% part time; 53% were married, 37% single living alone, and 10% single with a partner; 40% had two or more people to support, 21% had one dependent, and 39% had none. In addition, 71% of the sample was female and 54% were homeowners. More than 6 in 10 (62%) were age 45 or younger. Almost half (47%) of the sample had an annual family income of $30,000 or less, 30% earned 30,001 to $50,000, and 23% earned above $50,000. More than half (51%) of the sample reported experiencing moderate financial stress, and 23% and 12%, severe and overwhelming financial stress, respectively.

In this study, respondents reported exactly how their health was affected by their financial distress. Four in ten respondents (1,323/3,121 = 42.4%) answered yes to the question "Do you feel your health has been affected by your financial problems? If yes, please explain," 1,091 (82.5%) specified some type of health effect. Some listed specific physical ailments while others mentioned an inability to afford health care services or recommended health maintenance practices. The responses were examined and classified into naturally occurring categories. The frequencies for each categorized response are reported in Table 1, below. The total adds up to more than 100% because up to three health effects per respondent were recorded from their open-ended responses.

Table 1
Health Effects of Financial Distress

Health Effect of Financial Problems	Frequency (Percentage)
Stress/stressed out	613 (46.3%)
Worry, nerves, tension, anxiety, pressure	157 (11.9%)
Depression/depressed	132 (10.0%)
Insomnia and sleep disorders/problems	122 (9.2%)
Headaches/migraines	96 (7.3%)
High blood pressure/hypertension	95 (7.2%)
Stomach/abdominal/digestive problems	38 (2.9%)
Other aches and pains (e.g., back, chest)	16 (1.2%)
Ulcers or possible ulcers	13 (1.0%)
Appetite disorders and weight gain or loss	46 (3.5%)
Fatigue and feeling tired/weak	14 (1.1%)
Drug, alcohol, or cigarette use	4 (.3%)
General or other sicknesses	85 (6.4%)
Unable to afford or access health care services and exams	8 (.6%)
Can't afford or don't follow recommended health maintenance practices	22 (1.7%)
Other responses	111 (8.4%)

These results indicate that there are a variety of perceived impacts of financial distress upon mental and physical health. Intuitively, it makes sense that poor health and financial problems are associated. Financial problems, such as overextended credit, are one of many life events that can cause people to experience the physical manifestations of stress (e.g., insomnia, migraines, anxiety) that are associated with many health problems and/or to cut back on recommended screening, prevention, and health maintenance activities. Indeed, stress was identified as a health effect of financial problems by almost half of the survey respondents who reported their personal finances affected their health (613/1,434 = 46.3%). Conversely, poor health can result in increased medical expenses, reduced productivity and earnings, and other negative financial effects that increase debt and drain household wealth.

Several of the "other" responses alluded to debt and problems paying bills, disability, missed work-days, and a change in work hours. These findings suggest that holistic educational programs and client support services should be developed that purposely blend health and personal finance topics to meet learner needs. For example, a class about debt reduction might also cover stress management techniques. A cancer support group might discuss coping with the financial impact of diagnosis and treatment. Credit counselors might make inquiries about their clients' physical health and make referrals to low-cost health care services where needed. All too often, financial educators and health educators operate on separate tracks (Vitt, Siegenthaler, Lyter, & Kent, 2002) that are limited solely to their area of expertise.

Research is increasingly confirming the view that financial distress plays a role in causing and aggravating different health disorders. Continued research is needed on the effects of personal finances upon health and health upon personal finances, especially with panel data over time. In addition, more study is needed about successful motivational and behavior change strategies (e.g., employer incentives) that promote good health and financial security, as well as key "success factors" such as automation, environmental influences, positive thinking, and personal control.

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