



Income boosts provided by EITC can help improve health outcomes for low-income families

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Low-income families typically have limited access to health care, healthy food and exercise options. As a result, low-income adults and children experience disproportionate incidences of poor health.¹ This paper examines previously published research that suggests that boosting low-income families' annual earnings through policy such as the Earned Income Tax Credit can foster positive health outcomes for all members of a low-income family. Specifically, our research shows:

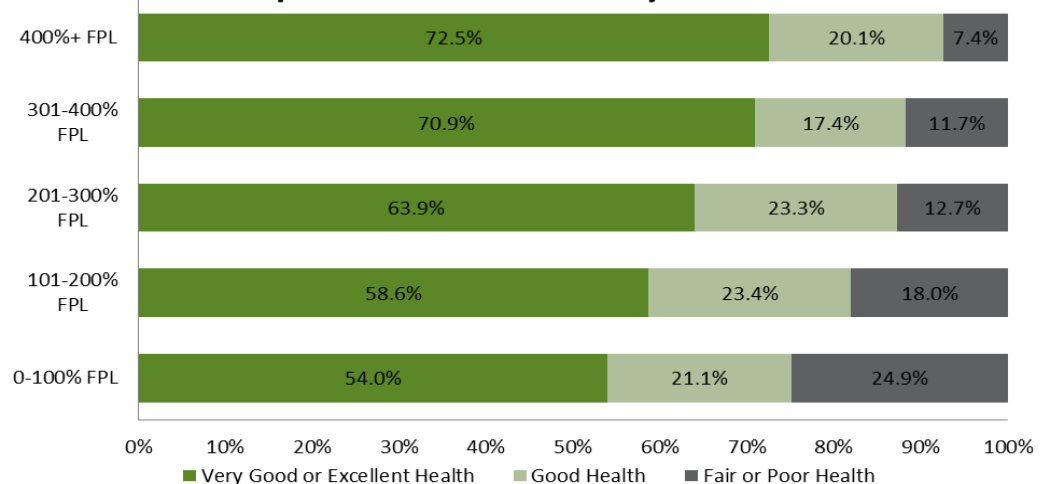
- Poverty is a major indicator of health status.²
- Income and health status are positively related.^{3,4}
- Low annual income can lead to high stress and poor health among adults.⁵
- Prenatal and childhood poverty can lead to low birth weights and other health problems throughout a lifetime.⁶
- An increase in income will generally have the most pronounced health effect among low-income families.⁷

Income is positively correlated with health outcomes

Recent data from the Colorado Health Access Survey show that nearly one in four low-income Coloradans report having fair or poor health, while only about 1 in 10 of those above 200 percent of the poverty line report the same.⁸

Figure 1

Self-reported health status by income level



Source: Health Connections, Health and Income, Colorado Coalition for the Medically Underserved⁹

Boosting low-income families' annual income can improve health now and in the future, leading to a healthier, happier workforce and population.

National statistics affirm that health disparities exist across income. According to the Kaiser Family Foundation, 42 percent of Medicare beneficiaries below 100 percent of FPL report fair or poor health compared to only 18 percent of those above 300 percent of FPL.¹⁰ The Centers for Disease Control and Prevention (CDC) found adults in poor or near-poor families are three to four times more likely to have fair or poor health when compared with wealthier families.¹¹ The data demonstrates the correlation of health and income and also suggests increased income can lead to increased health status. The percentage of each income bracket that reports being in fair or poor health in Colorado decreases as income increases. (Figure 1)

Life expectancy and mortality rates are also used to measure the correlation between health and income. A report from the Robert Wood Johnson Foundation highlights that adult life expectancy increases with income. Men earning more than 400 percent of the FPL live on average eight years longer than men earning at or below 100 percent of the FPL. Women earning more than 400 percent of the FPL live an average of 6.7 years longer than women at or below 100 percent of the FPL.¹² Additionally, the U.S. Centers for Disease Control and Prevention (CDC) estimated that the two-fold increased mortality rate of black adults compared to white adults is, in part, due to the income differences between the two demographic groups.¹³

The Earned Income Tax Credit

The EITC has the potential to raise family income and create better health outcomes for its recipients. A combined state and federal EITC can increase a family's gross annual income by up to one-third.¹⁴ EITC effectiveness in promoting health is especially probable when considering that the link between health and income is nonlinear, meaning that income increases do not have the same impact on health across all income brackets. An income increase has a much greater impact on the health of low-income individuals than the health of wealthier Americans.¹⁵

The impact of income on adult health outcomes

Research on income and health finds income level is linked with many adult health issues such as chronic conditions, heart disease, and diabetes.¹⁶ Specific research examining the impact of the EITC on adult health reinforces this connection, especially in regard to mental health. CDC figures show that depression among adults ages 45 to 64 was five times as high for adults below poverty compared to those above 400 percent of FPL.¹⁷ Additionally, one study that looked at the impact of the EITC on mothers found that the EITC decreased the number of mothers' self-reported bad mental health days. The study also offered suggestive evidence that the EITC increased the probability of low-income people reporting very good or excellent health and showed evidence of lowered risky biomarkers (health indicators like blood pressure and inflammation) in mothers.¹⁸

Other research examining the link between psychological health and socioeconomic status suggests stress-induced physiological responses could partly account for the link between health statuses across income.¹⁹ A paper examining public policies that impact mental health disparities among

minorities suggests the EITC has the potential to ameliorate mental health status disparities by decreasing poverty.²⁰

Family income and child health outcomes

Income is not just an indicator of an individual's health or stress level. Family income is intimately tied to the health of the children in the family. In fact, economic conditions throughout infancy or childhood shape health opportunities throughout a lifetime.²¹ Not surprisingly, the higher a family's income is the more likely it is that their children's health opportunities and health outcomes will be positive while the opposite is true for lower-income families and their children. In other words, poor and lower income families are more likely to raise children who may face health problems in all stages of life. These health problems begin from day one of a child's life.

For example, one study shows that prenatal poverty is linked with low birth weight. Low birth weights are, in turn, detrimental to long-term development. Cognitive and physical development in-utero is paramount to later success in life. Low birth weights are connected with a number of detrimental outcomes such as infant mortality, poor child health and low educational attainment and earnings.²² Strully et al. says this could trigger a reinforcing cycle of inequality that persists over generations. Luckily, Strully et al. found that the EITC can actually increase birth weights making it more likely that the host of health problems associated with a low birth weight are avoided.²³ In other words, boosting family income through tax policy is a potential way to foster good health in the early stages of life which in turn can lead to better health and educational outcomes later in life. In addition, one study conducted in North Carolina, found that children in families earning less than \$25,000 were more likely to lack a personal provider, watch more television and miss school more due to illness and injury compared to families who earn more than \$25,000.²⁴ By implementing a state EITC, families will have more money to spend throughout the year allowing for regular check-ups and more timely medical care.

Income assistance can help improve health outcomes

Although there are many reasons why people have poor health, it is clear that family income can affect the health outcomes of every individual in a family. Public policy should be used to supplement low-income families' annual earnings. As noted above, several recent studies have shown the effectiveness of state-level EITCs when combined with the federal EITC. These studies show that the EITC can create measureable improvements in health condition. The Carsey Institute states that the EITC is associated with a significant increase in the number of 11- to 14-year-old children in excellent health.²⁵ Strully et al. found that state EITCs increase birth weights. Increasing birth weights, as indicated above, can lead to a number of positive health outcomes later in life. Furthermore, the study found state-level EITCs increase maternal employment and earnings as well as reduce maternal smoking during pregnancy.²⁶ Boosting low-income families' annual income has the potential to improve an entire family's health now and in the future, leading to a healthier, happier workforce and population.

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