

The Public Health Implications of the Global Financial Crisis

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Abstract: The Global Financial Crisis resulted in significant economic problems that subsequently led to a public health crisis worldwide. For example, the unemployed suffered from more severe physical and mental health problems than the employed due to the loss of employer-sponsored health insurances. The crisis further exacerbated racial health inequalities that subsequently worsened maternal and child health outcomes, which negatively affected health status of the future generations. This paper provides a comprehensive discussion of the influence that this crisis has had on physical and mental health, health inequalities, and the intergenerational health impact. To respond to the health implications, the government implemented the *Affordable Care Act* and the *Continuation of Health Coverage* (CORBA). In the future, policymakers need to increase social safety net programs, especially government health insurance, for vulnerable populations so that another global financial crisis will likely not have such a negative and profound impact on public health outcomes. The motivation of this paper is to emphasize that higher-quality and more comprehensive unemployment health insurance that covers a broader and more diverse set of populations should become available for the unemployed during economic downturns. This article concludes that policymakers need to design health policies in a way that prevents future financial crises from depriving low-income and unemployed people of their right to health care. Policies must become proactive in advocating for health equity and creating opportunities for people to access medical services in a timelier manner, especially during times of financial downturns.

Keywords: global financial crisis, Affordable Care Act, health implications

1. Introduction

In the United States, the Global Financial Crisis caused significant economic problems, which in turn triggered a public health crisis in which sick people were unable to access healthcare services in a timely manner [1, 2]. From November 2007 to October 2009, unemployment rate went up from 5.3% to 10%; during the same period, 15 million Americans lost their jobs and employer-sponsored health insurance [3].

Losing one's job inflicted pain and a greater financial burden on the unemployed, and unemployment worsened health outcomes, because a lack of stable income and the loss of health insurance prevented people from accessing high-quality health care services [4]. Between December 2007 and June 2009, the unemployment rate increased by 3.9% [5]. By December 2009, unemployment rate rose to 9.9%, and the number of jobless people exceeded 15 million [1, 2]. As

GDP plummeted in this country, all-cause death rate increased by 4% on average. Child mortality rate was even higher than that of the 12 years before this economic downturn [6].

This article synthesizes the connections between rising unemployment and increase in mental and physical health problems. This article argues that expanding unemployment health insurance will reduce the cost of health care, improve population health outcomes, and lead to greater economic productivity in the long run.

2. The public health implications of the global financial crisis

2.1. Physical health implication

The unemployed often had to suffer from a decrease in the quality of life and an inability to access health care services while dealing with acute illnesses and chronic diseases. When the unemployed suffered from physical illnesses, they were unable to access health care until they were sick enough to go to the emergency room. Approximately 12% of the elderly employees became unemployed during the global financial crisis. At least 40% of these workers endured the pain of struggling to pay their health expenses, bills, and even food. After the Great Recession, almost 25% of older adults still could not find jobs by 2017, suggesting the significant health implications of unemployment. Unemployment can become recurrent or even permanent if the government had not provided enough unemployment support programs that helped the unemployed find new jobs [7].

2.2. Mental health implication

The unemployed were unable to access mental health resources due to the loss of their health insurance and the rising out-of-pocket costs of medical services [1, 2]. Further, the high out-of-pocket medical expenditures make it difficult for jobless patients to access high-quality health care services, prevent them from following the proper directions of their doctors, and exacerbate the health outcomes of people on a population level [4].

The loss of income disproportionately deteriorated the mental health outcomes of the poor, the elderly, women without college degrees, and racial minorities [8, 9]. The unemployed were more likely to abuse alcohol and drugs to cope with anxiety, and heavy drinking further exacerbated the mental health issues of these people. As more people became depressed, population health would likely deteriorate in the United States, as depression might also contribute to other physical health problems [10].

2.3. Implications of health inequalities

The rising unemployment contributed to the widening inequalities in access to health care [9]. In March 2010, the unemployment rates of these African Americans and Hispanics were 16.5% and 12.6%, respectively. However, this rate of whites was 8.8%, approximately one half of the unemployment rate of African Americans at the same time [3]. By 2010, the uninsurance rate of Hispanics (31.9%) and African Americans (20.8%) is significantly higher than that of the national average (17.4%) (Figure 1).

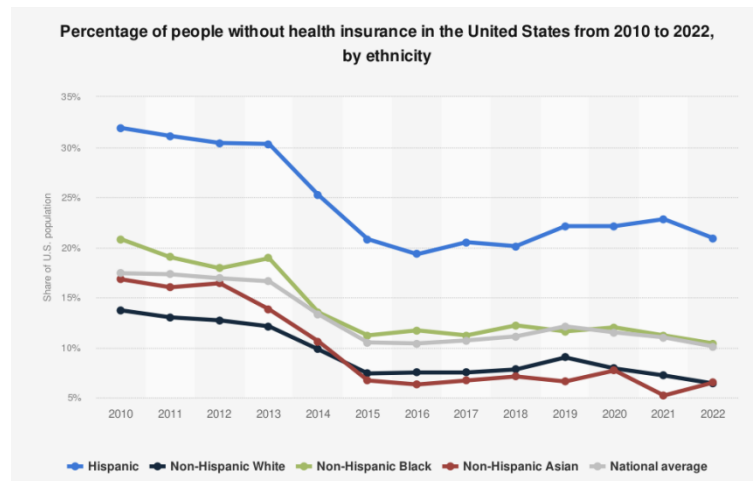


Figure 1: Percentage of people without health insurance by ethnicity in the United States from 2010 to 2022 [11]

2.4. Intergenerational health implications

The worsening of mental health issues, associated with job losses, caused many parents to abuse their children physically, potentially leading to family breakdowns and worse health outcomes for their offspring [12]. As mothers with a relatively low level of education lost their jobs, the frequency and amount of their drinking and smoking increased drastically [9]. Parents with substance abuse issues often abuse their children, contributing to health issues of the next generation. The increase in the unemployment rate was often associated with more suicides among adults. When parents pass away, the health outcomes of their children also deteriorate over time due to a lack of proper parental care. The unemployed were less likely to commit suicide when the government provided them with ample financial support and mental health resources [13].

3. Government policies

3.1. Affordable Care Act

Regardless of the benefits of the Affordable Care Act, this law did not decrease healthcare costs and failed to increase insurance coverage in many cases [14]. For example, 37 million people still did not have health insurance by 2019. In the United States, 20% of adults argue that the *Affordable Care Act* harms them by making healthcare costs increased. For people who felt harmed by this act, approximately 59% of them assert that this law caused health insurance to become more expensive, and 22% of them say that this law created more obstacles for them to get medical services [15].

Scholars disagree over whether the government should provide adequate unemployment health insurance to Americans. One argument is that Medicaid expansion decreases the proportion of Americans without health insurance. However, the counterargument is that expanding unemployment health insurance for the jobless will increase the cost of healthcare budget allocated to each state and cause medical costs to go up for some families. Therefore, the government needs to come up with innovative ideas to contain healthcare costs and expand access to high-quality care simultaneously [16, 17].

Further, religious views also made the *Affordable Care Act* controversial, and employers still debated over how to provide health care for their employee. For example, Arizona started permitting employers not to offer contraception to female employees for religious reasons. Although many

people agreed that providing free contraceptives to women improved their health and reduced medical expenditures of the United States, religious leaders and businesses disagreed over whether contraceptives should be delivered directly to women or be provided as employee benefits. To expand preventative care and enhance women's health, the government still needed to make free contraceptives available to all women through expanding neighborhood health clinics or other innovative methods without having to mandate all employers to deliver contraceptives to their employees. Within some states, the *Affordable Care Act* expanded Medicaid and enabled the unemployed to obtain Medicaid insurance in cases where their salaries fell under 138% of the federal poverty threshold [15]. However, if some states refuse to expand Medicaid, many low-income adults who are still above 50% of the poverty threshold will become unable to receive any insurance through the *Affordable Care Act* [18].

3.2. Continuation of Children's Health Insurance Program (CHIP)

In 2009, the government re-approved the *Children's Health Insurance Program* (CHIP) and provided additional funding for Medicaid to offer health insurance to children; without the support of this policy, at least 4.1 million minors would have lost their health insurances in 2013 [19]. However, unemployed adults did not benefit much from CHIP. Therefore, almost all the unemployed adults experienced an increase in unmet medical needs, and they suffered from mental health crises. Unfortunately, many people were neither impoverished enough to qualify for coverage provided by the *Affordable Care Act* nor financially able to pay for the Continuation of Health Coverage (CORBA) due to the loss of income. The failure of the *Affordable Care Act* to provide sufficient insurance for all unemployed people demonstrates the need for more government funding to support unemployment health insurance programs [1, 2]. More funding should be provided to hospitals and other non-profit public health organizations so that contraceptives can be given to women for free; investing in contraception and other forms of preventative care is essential to improving women's health [18].

3.3. Thoughts for future public health policies

Health policies not only need to achieve equity, but also should show respect for religious perspectives. It is also crucial for the government to address the current problems in the *Affordable Care Act*, to fix the coverage gap issues, and to ensure that more people will have access to high-quality health care services. If the government can design and implement health policies that are more affordable and patient-centered, unemployment issues will likely not have a disastrous impact on the healthcare system in the next economic downturn. It is indispensable for the government, health policymakers, and economists to better understand the intersections between economics and public health to ensure that future financial crises will not trigger severe public health crises. Furthermore, the government should understand how economic and public health crises can widen inequities in access to health care, and policymakers must design health policies that benefit both the unemployed and racial minorities who tend to be disproportionately impacted by economic crises. Increasing governmental support for the unemployed can potentially lead to better physical and mental health outcomes, less self-harm and suicide, and a reduction of health disparities.

4. Conclusion

During the global financial crisis, the rising unemployment rate led to the loss of health insurance for millions of displaced workers. Consequently, the sudden loss of access to health care not only deteriorated the physical and mental health outcomes of millions of Americans, but also widened health disparities between racial minorities and majorities and worsened intergenerational health outcomes. Domestic violence and family breakdowns also happened during the crisis, which

worsened children's health status. The increase in health issues and the social ramifications of unemployment made it even more important for the government to provide more unemployment health insurance for the jobless and to expand funding for public health initiatives. The previous policies, such as the *Affordable Care Act* and the *Continuation of Children's Health Insurance Program*, were well-intentioned but still left many Americans uninsured. Although some health policies have been established to address the public health ramifications of the global financial crisis, the government still needs to collaborate with businesses and other key stakeholders to figure out more effective ways to deliver medical services to vulnerable populations like the unemployed. With the implementation of more policies that are tailored to address health inequalities, population health outcomes will likely improve in this country. When better public health infrastructures, such as improved government health insurance programs for the poor and unemployed, are put into place, the unemployed and their family members and other vulnerable populations would not have to suffer from such severe physical and mental health problems if another global health crisis were to happen.

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