Trends in Social Research, Policy, and Practice

A time for commitment: Economic and health equity for older Americans

Income inequality and health inequities are two trends affecting the well-being of older adults and the care they are able to receive from health professionals. As social researchers and policymakers, members of GSA’s Social Research, Policy, and Practice (SRPP) Section should commit to study and address these troubling trends.

1. Income and net worth inequality: Mind the widening gap

Income inequality

While income inequality has existed in the United States for decades, the gap between rich and poor narrowed during the mid-20th century. Public policies that were pursued during that time lifted incomes and improved the way of life. Americans benefited from the enactment of a minimum wage. The creation of Medicare, Medicaid, and Supplemental Security Income provided economic and health safety nets. Public spending and other benefits, especially during the New Deal Era and after World War II, fostered a rising middle class. In fact, between 1928 and 1979, the share of income held by the top 1% of Americans declined in all states, except Alaska.

Today, these trends are being reversed, as income inequality eats away at the shared standard of living and undermines the well-being of many older Americans. According to the Economic Policy Institute, “Income inequality has risen in every state since the 1970s” and has increased in many states since the Great Recession.

Income inequality increases as people age. In households of people in their 30s, those in the top decile have income 8 times higher than the lowest decile. For households of people in their 50s, this gap increases to 11 times or more.

Net worth

Net worth — which includes the value of real estate, stocks, bonds, retirement, and other assets after accounting for debt — is an important measure of economic security. The greater the net worth, the more of a “cushion” a family has when changes occur in employment, health, disability, or marital status.

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Between 1983 and 2013, the median net worth for all households headed by Americans 65 years of age or older almost doubled ($116,500 to $210,500), but this rising tide affected boats differently based on race and ethnicity. For example, the median net worth of households headed by older whites was almost 7 times greater than that of households headed by older blacks at the beginning of this time period, and remained 4.5 times higher in 2013 (whites: $137,300 to $255,000; blacks: $20,200 to $56,700). This trend leveled off and even reversed in the early part of the current century. There was a slight drop in the median net worth for older households between 2001 and 2004 and again between 2007 and 2014.

Cumulative advantage and disadvantage

Researchers, including GSA SRPP colleague Stephen Crystal, have described a two-class system over the life course—those with cumulative advantage or a cumulative disadvantage. Crystal and colleagues coined the term “cumulative advantage and disadvantage” to refer to accumulation of early economic, educational, and other advantages over the life course. The study found that income inequality increases with each age cohort as it ages, especially among the Depression-era, war baby, and leading-edge baby-boomer cohorts. Increasing inequality among older people, and especially in cohorts approaching late life, presages upcoming financial challenges for elderly persons in the lower part of the income distribution,” these authors wrote.

Social Security is responsible for 49% of per-capita family income among older Americans. For the lowest quintile (one fifth of the population), Social Security is critical, accounting for two-thirds of family income; earnings account for just 13% of income. For those in the top quintile, Social Security accounts for 18% of per capita of family income, while non-Social Security earnings account for two-fifths.

Social Security and poverty

Social Security helped lift persons of all ages, including older people, out of poverty, dramatically reducing the percentage of elders living in poverty. Social Security has helped 14.5 million older persons rise above the poverty level—reducing the numbers living in poverty from 41.5% to 10%. The majority of the older persons lifted out of poverty were older women—8.6 million in all.

Economic well-being differs for older people living in America based on sex, race, and ethnicity. Income security programs were especially important for older women and minorities. For example, almost 46% of women over 65 would have lived in poverty had it not been for Social Security, which reduced that percentage to 12.1%.

Supplemental Security Income (SSI)

Supplemental Security Income (SSI) provides monthly assistance to families with disabled children, disabled working-age adults, and people 65 or older who have little or no income from other sources. SSI is credited as a major national policy accomplishment that successfully lifted many families out of poverty. From 1966 through 2008, the official poverty rate for people age 65+ fell from 28.5% to 9.7%. In 2008, 2 million older recipients were receiving SSI, about the same number as in 1998 and 1999. The absence of growth in the SSI population is puzzling since during these decades the 65+ population grew by 29%.

Housing

Affordable housing continues to be a problem for low-income older adults. Households that are headed by older adults, either renters or owners, face a cost burden as defined as exceeding more than 30% of household income for housing and utilities. Between 2009 and 2013, the cost burden declined from 40% to 34% for older owner/renter households. During that same period, the cost burden declined slightly for all other households without anyone 65 or older.

Household expenditures

In 2014, housing accounted for the largest category of spending for households of persons 65 or older, accounting for 34% of expenditures. For households with persons 75 years of age or older, this percentage was higher at 37%.

Another major category of household spending was for health care. Health care expenditures climb with increasing age. For households with persons aged 55 to 64, expenditures were 9% compared to almost twice as much (16%) for households with persons 75 years of age and older.

The average per capita percentage of household income related to out-of-pocket health care services for the poor and near poor age 65 and older population (household income was below 125% of poverty level) in 1977 was 12%. By 2013, the percentage climbed to 17% for this income group.
2. Health inequities

Growing need for health justice

Social determinants are defined by the World Health Organization (WHO) as the conditions in which people are born, grow, live, work, and age. These are shaped by the distribution of money, power, and resources at global, national, and local levels.7

*Social determinants of health are mostly responsible for health inequities — the unfair and avoidable differences in health status seen within and between countries,* WHO said.

The Joint Center for Political and Economic Studies calculated that between 2003 and 2006, the United States would have saved $2.29 billion in direct health care expenditures if health inequities had been eliminated. Health inequities persisted or even worsened during the decade of emphasis on Healthy People 2010 for 80% of its objectives.8

More work is clearly needed to promote health equity. The National Institute on Aging recognized the importance of this issue when it developed a framework for research to address health inequities. Aging-related health inequities research examines biological, sociocultural, and environmental factors that influence population-level differences. “Older U.S. racial and ethnic minority populations suffer premature morbidity over the life course, pointing to biological-environmental interactions that hold important implications for understanding mechanisms to explain health disparities,” Institute staff wrote.9

Uncertain future for health insurance

The Affordable Care Act (ACA), which became law in 2010, successfully increased health care insurance coverage by approximately 20 million people, including more than 2 million persons between age 55 and 64. The ACA expanded coverage by establishing health insurance markets and premium and cost-sharing subsidies. In addition, ACA eliminated the barriers to coverage for persons with pre-existing conditions, allowed parents to cover children up to age 26, and gave states the opportunity to expand Medicaid.

In addition, the federal government is paying for the total cost of the expanded coverage through 2020. After 2020, the federal government would pay for 90% of the coverage and states would need to pick up the remainder. Thirty-one states and the District of Columbia chose to expand Medicaid coverage and reduce their number of uninsured.10

“Among those gaining coverage from 2010 to 2015, 8.2 million (43%) were non-Hispanic white, 2.8 million (15%) were non-Hispanic black, 6.2 million (32%) were Hispanic, and 2.0 million (10%) were other non-Hispanics,” Garrett and Gangopadhyaya wrote. “The large majority (87%) of adults gaining coverage from 2010 to 2015 did not have a college degree. Among them, 6.2 million were non-Hispanic white and 7.9 million were nonwhite or Hispanic.”10

Future of Medicaid – Long-term care financing

The President’s budget for fiscal year 2018 proposes cutting Medicaid by more than $800 billion over the next decade. The Medicaid program provides coverage for long-term care services in community-based and institutional settings for low-income individuals, including children, adults, and older people. In 2015, about 25% of federal and state Medicaid spending was for long-term care services.

If Congress approves the proposed Medicaid cuts, older persons could face massive increases in their health care premiums. States that have not expanded Medicaid would be responsible for a greater share of the costs for the program. The proposal would provide a per-capita amount that would not increase with the growing aging population.11

Even if the safety net is spared, income inequality may become more pronounced in coming years. As gerontologists and members of CSA’s SRPP Section, we need to support income and health justice for the nation’s older adults.
For further reading


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