ASK THE *author*

PRESENTED BY Asset Funders Network

FIONA GREIG

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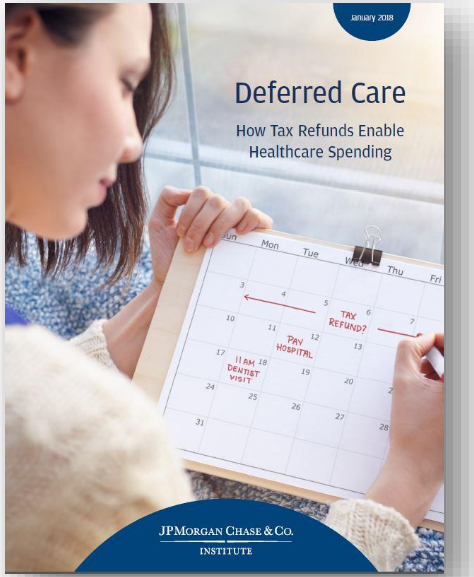
AUTHOR OF:



JANUARY 31, 2018

#JPMCInstitute #spendtaxrefund @FionaGreigDC @assetfunders

Asset Funders Network

we are

AFN IS a membership organization of

national, regional, and community-based foundations and grantmakers

working to advance economic opportunity and prosperity for low and moderate income people through philanthropy.

we are here

AFN regional chapters connect

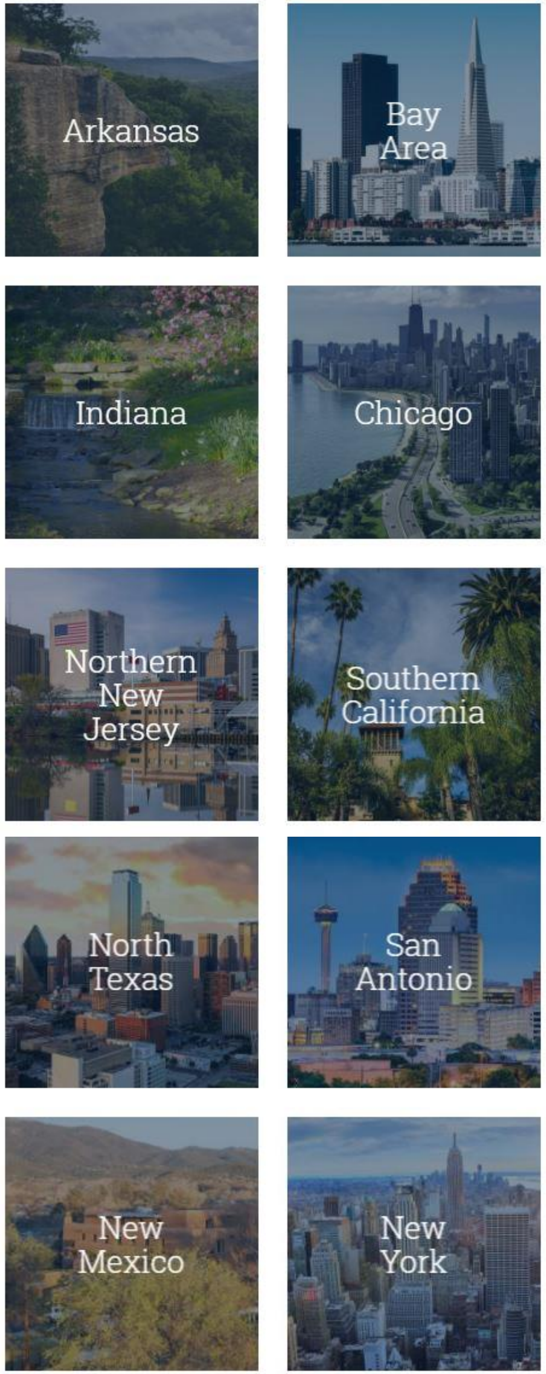
Grantmakers to discuss challenges, learnings, successes & failures; to elevate promising, innovative approaches; to share intellectual capital and expertise.

what we do

AFN empowers

foundations and grantmakers to leverage their resources to make more **effective and strategic funding decisions**, allowing each dollar invested to have greater impact.

ISSUE BRIEFS → GRANTMAKER WEBINARS → REGIONAL & NATIONAL GRANTMAKER EVENTS



INTRODUCTIONS & AGENDA

Fiona Greig

DIRECTOR OF CONSUMER RESEARCH
JPMORGAN CHASE INSTITUTE

Padmini Parthasarathy

PROGRAM DIRECTOR
THE CALIFORNIA WELLNESS FOUNDATION

A GLOBAL THINK TANK DEDICATED TO DELIVERING DATA-RICH ANALYSES AND EXPERT INSIGHTS FOR THE PUBLIC GOOD

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@FionaGreigDC

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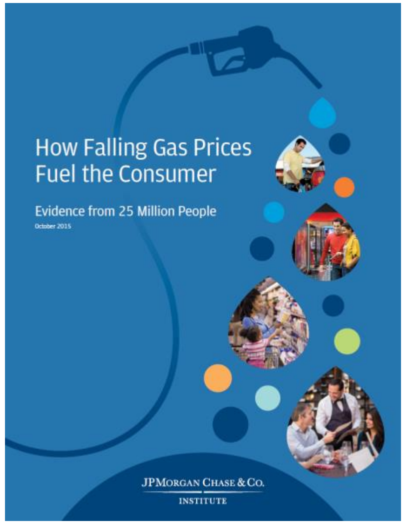
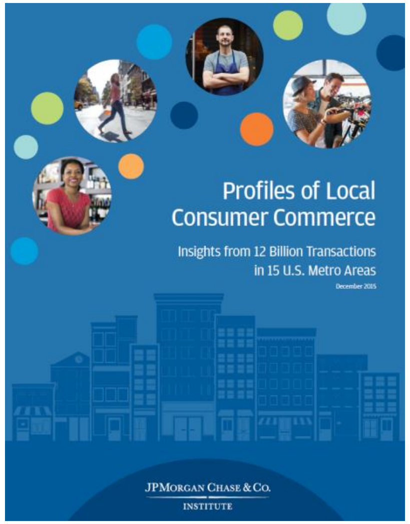
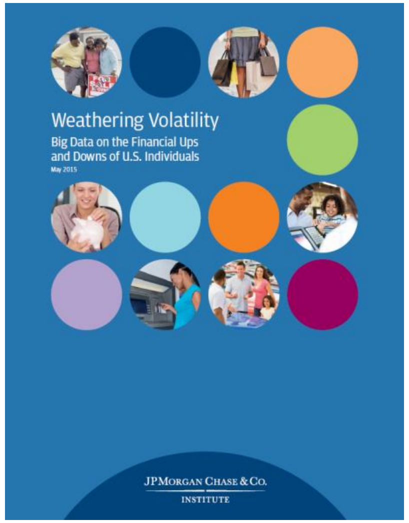
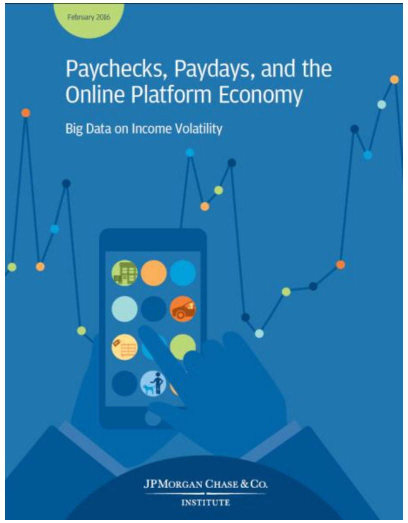
Reports

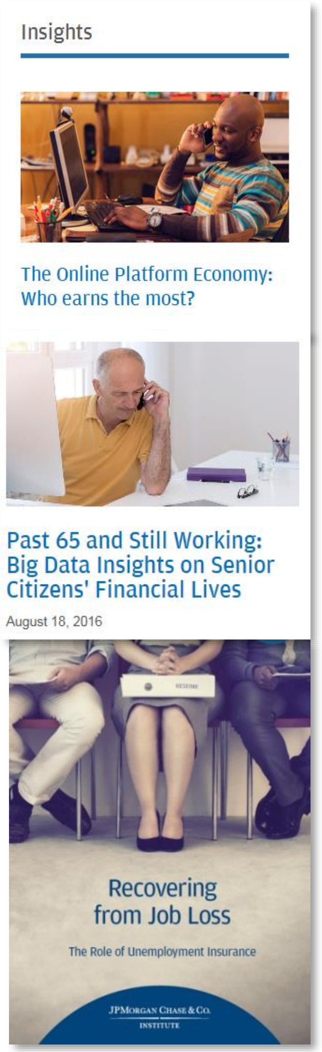






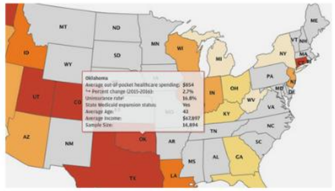


Research Briefs



The JPMorgan Chase Institute is a global think tank dedicated to delivering data-rich analyses and expert insights for the public good.

Indices and Data Visualizations



JPMCI HOSP Geographic Data Visualization Tool

Healthcare spending varied widely in the US in 2016, both across and within states. Explore the JPMCI HOSP data asset at the state, metro area, and county level with our interactive data visualization tool.

View Data Visualization

Download Data

Source: JPMorgan Chase Institute


September 2017
Paying Out-of-Pocket
The Healthcare Spending
of 2 Million US Families
JPMorgan Chase & Co.
INSTITUTE

JPMorgan Chase Institute Healthcare Out-of-pocket Spending Panel (HOSP)

37 MILLION

checking account holders

2.3 MILLION

Chase customers met the following three criteria between 2013 and 2016:

- Had at least five outflows from a personal checking account in each month and at least $5,000 in take-home income each year.
- Spent less than 50 percent of expenses using paper checks, non-Chase credit cards, or cash in each calendar year.
- Were between 18 and 64 years of age.

OUR LENS ON OUT-OF-POCKET HEALTHCARE SPENDING

We offer a family perspective on out-of-pocket healthcare spending among adults aged 18-64.

- ✓ Includes payments made using a credit card, debit card, or electronic bill pay.
- ✗ Excludes healthcare payments made via cash, check, and non-Chase cards (e.g. health reimbursement accounts), premium payments, and health insurance reimbursements.

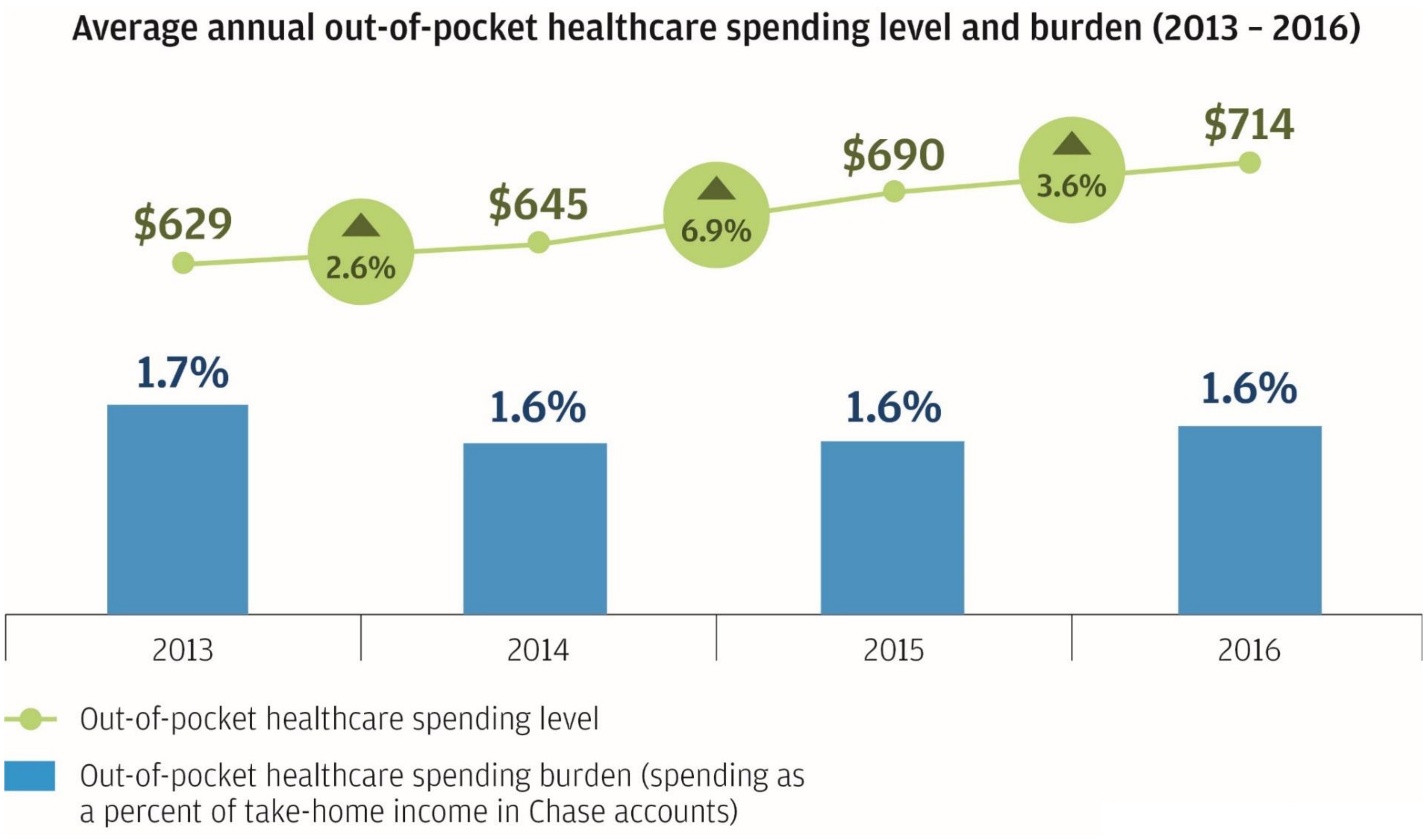
Timing is based on when a payment was made, and not when healthcare services were received.

SUB-CATEGORIES INCLUDE:

Dental	Hospital	Drug
Doctor	Vision	Chiropractor

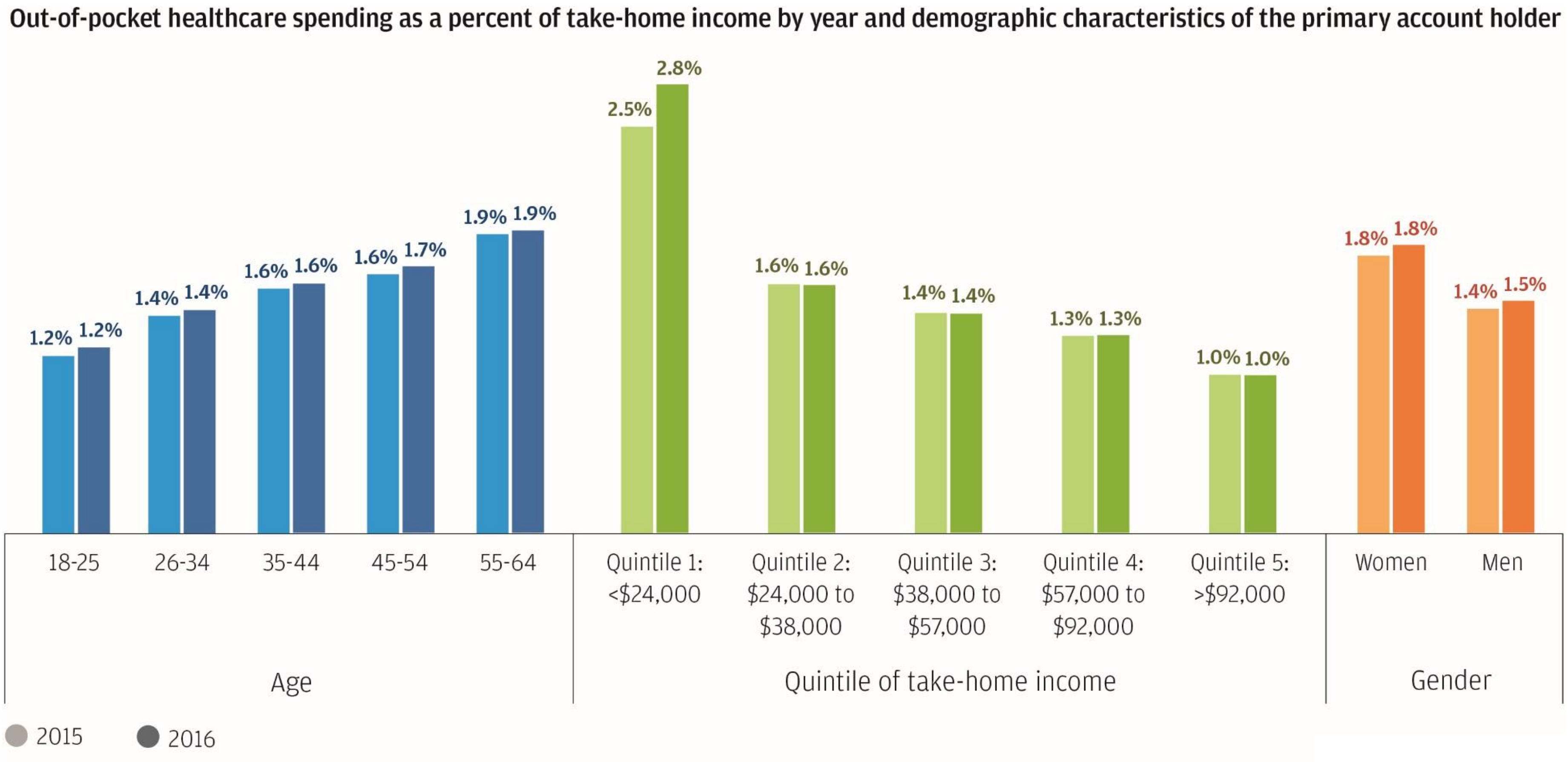
Source: JPMorgan Chase Institute

Out-of-pocket healthcare spending grew between 2013 and 2016 but remained a relatively constant share of take-home income



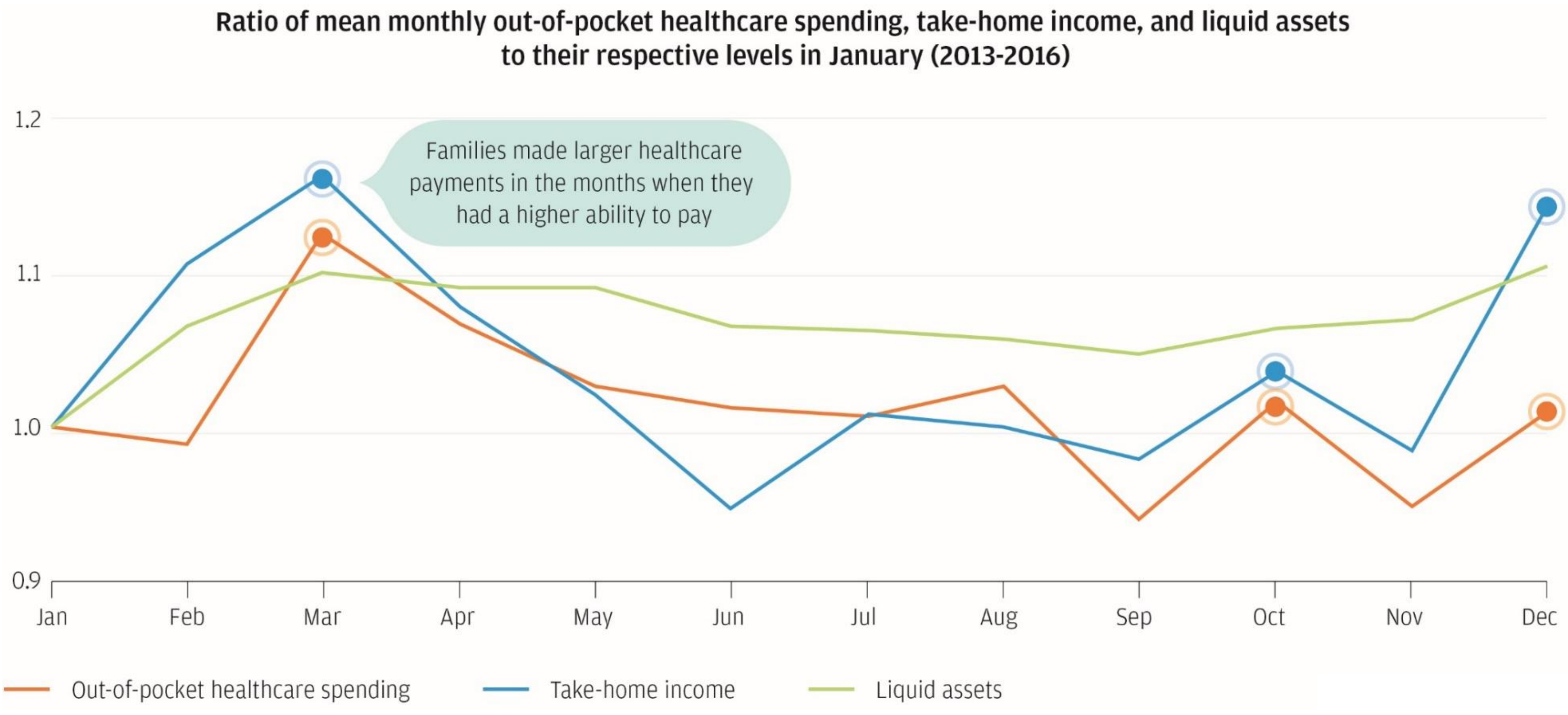
Source: JPMorgan Chase Institute

Finding 2: The financial burden of out-of-pocket healthcare spending was highest for older, lower-income, and female account holders and increased in 2016 for low-income account holders.



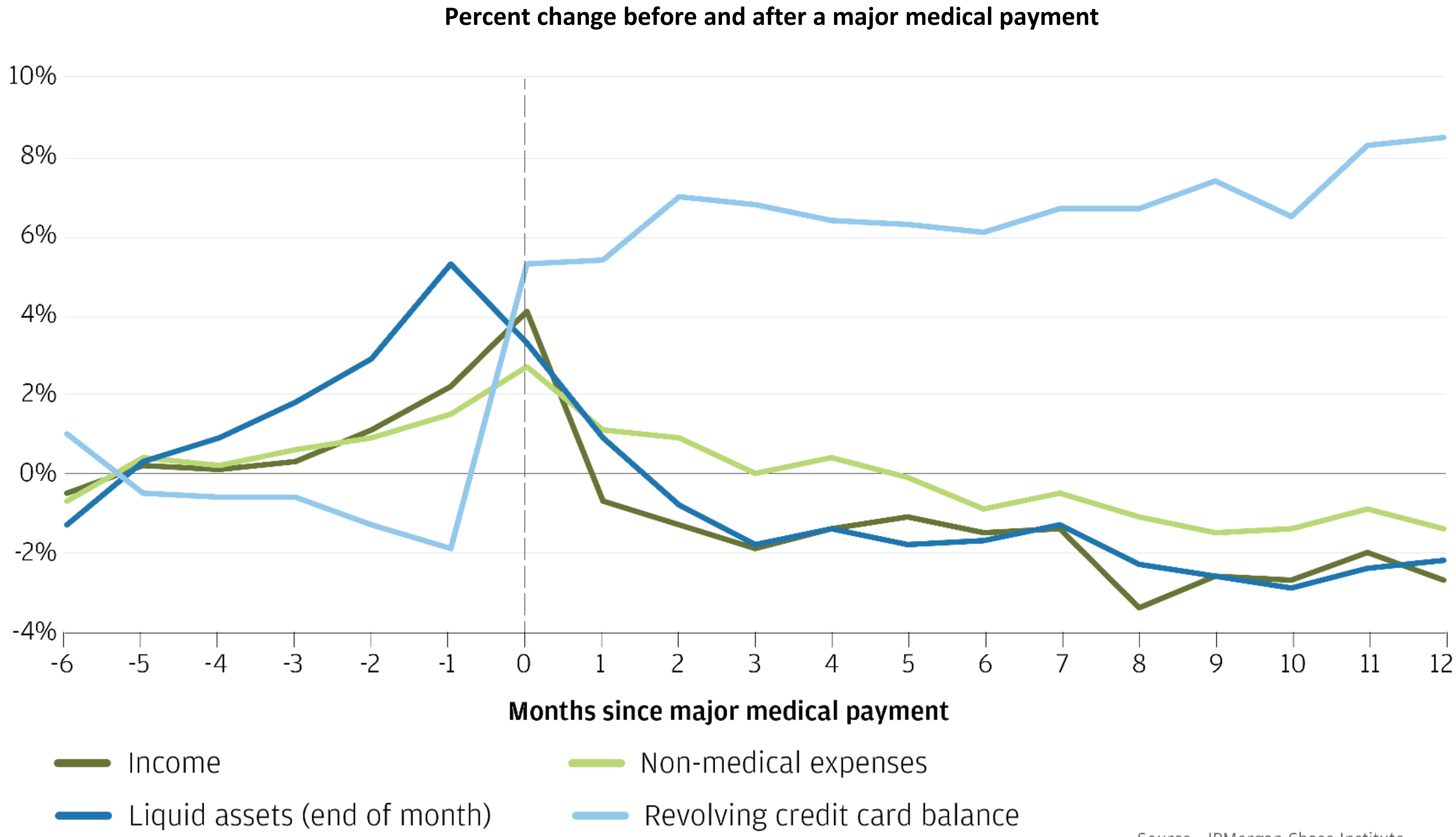
Source: JPMorgan Chase Institute

Families made larger healthcare payments in the months and the years when they had a higher ability to pay.

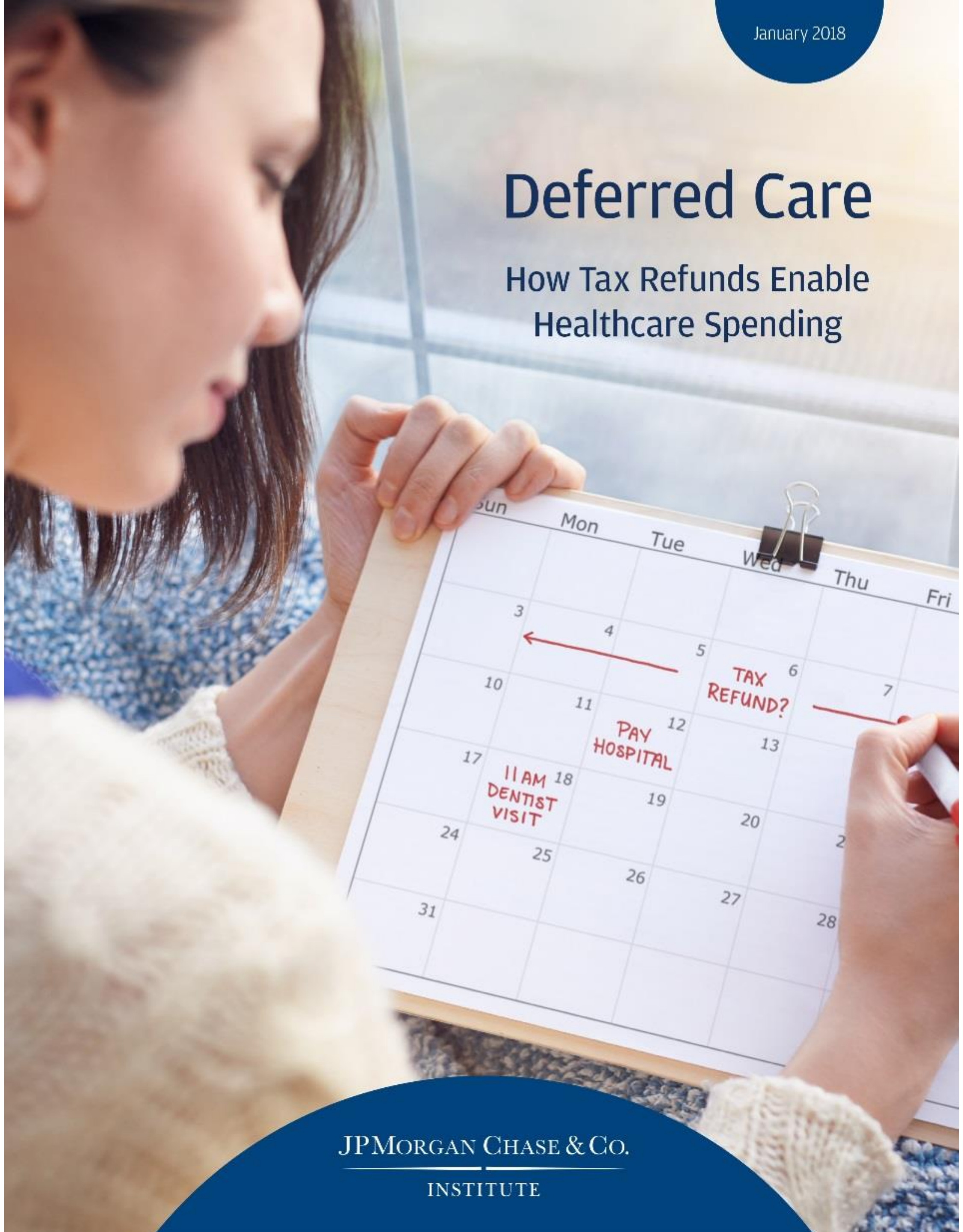


Source: JPMorgan Chase Institute

Prior to a major medical payment, families garnered substantial liquid assets but did not recover financially within 12 months after the payment *(Coping with Costs, Feb 2017)*



Source: JPMorgan Chase Institute


January 2018
Deferred Care
How Tax Refunds Enable Healthcare Spending
Sun
Mon
Tue
Wed
Thu
Fri
TAX REFUND?
PAY HOSPITAL
11 AM DENTIST VISIT
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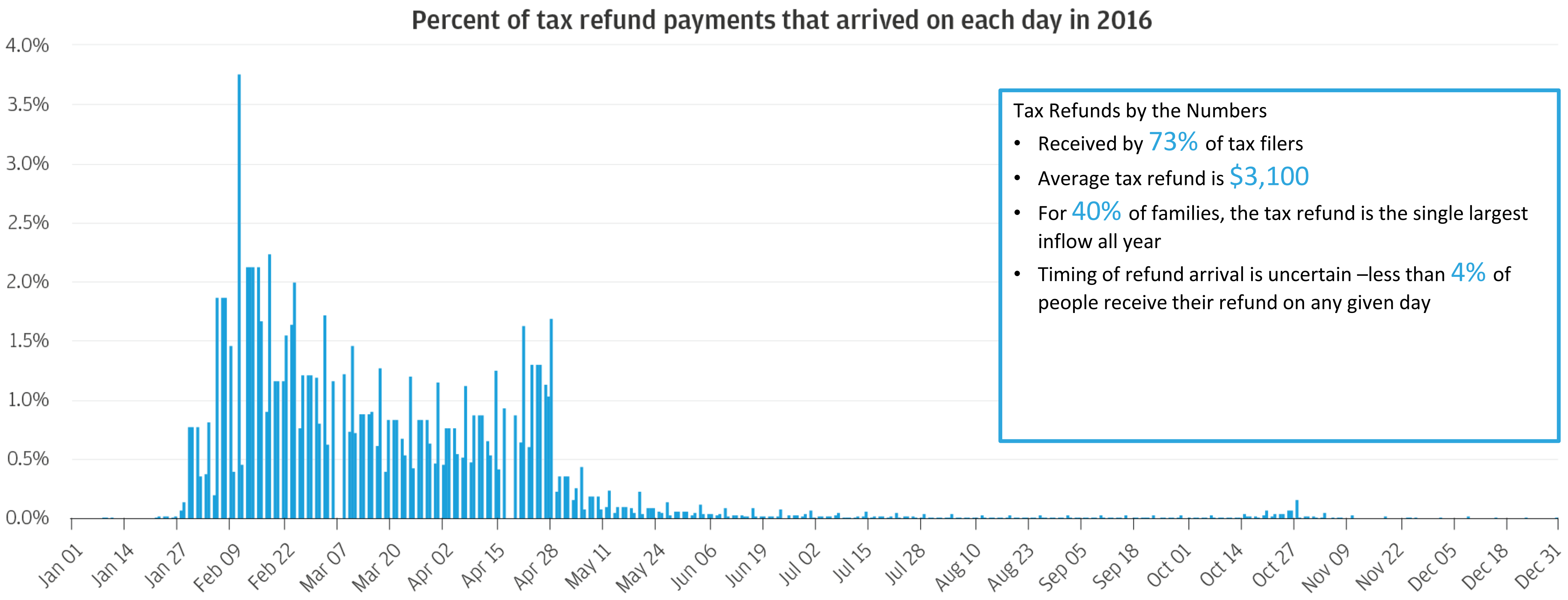
Tax refunds are a significant cash flow event for many households.

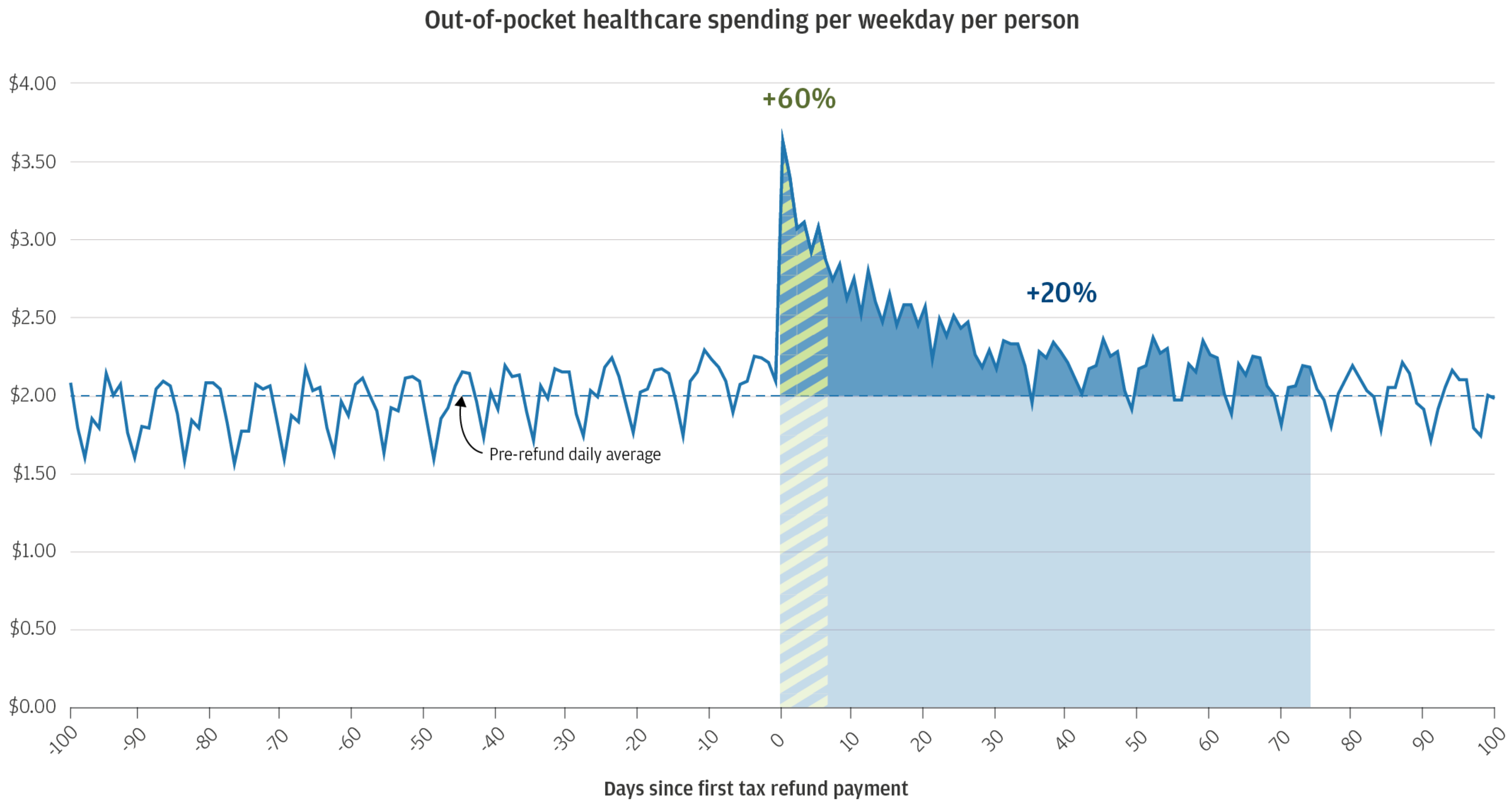


Tax Refunds by the Numbers

- Received by 73% of tax filers
- Average tax refund is $3,100
- For 40% of families, the tax refund is the single largest inflow all year
- Timing of refund arrival is uncertain –less than 4% of people receive their refund on any given day

Source: JPMorgan Chase Institute

Consumers immediately increased their out-of-pocket healthcare spending by 60% in the first week and 20% in the 75 days after receiving a tax refund payment



Source: JPMorgan Chase Institute

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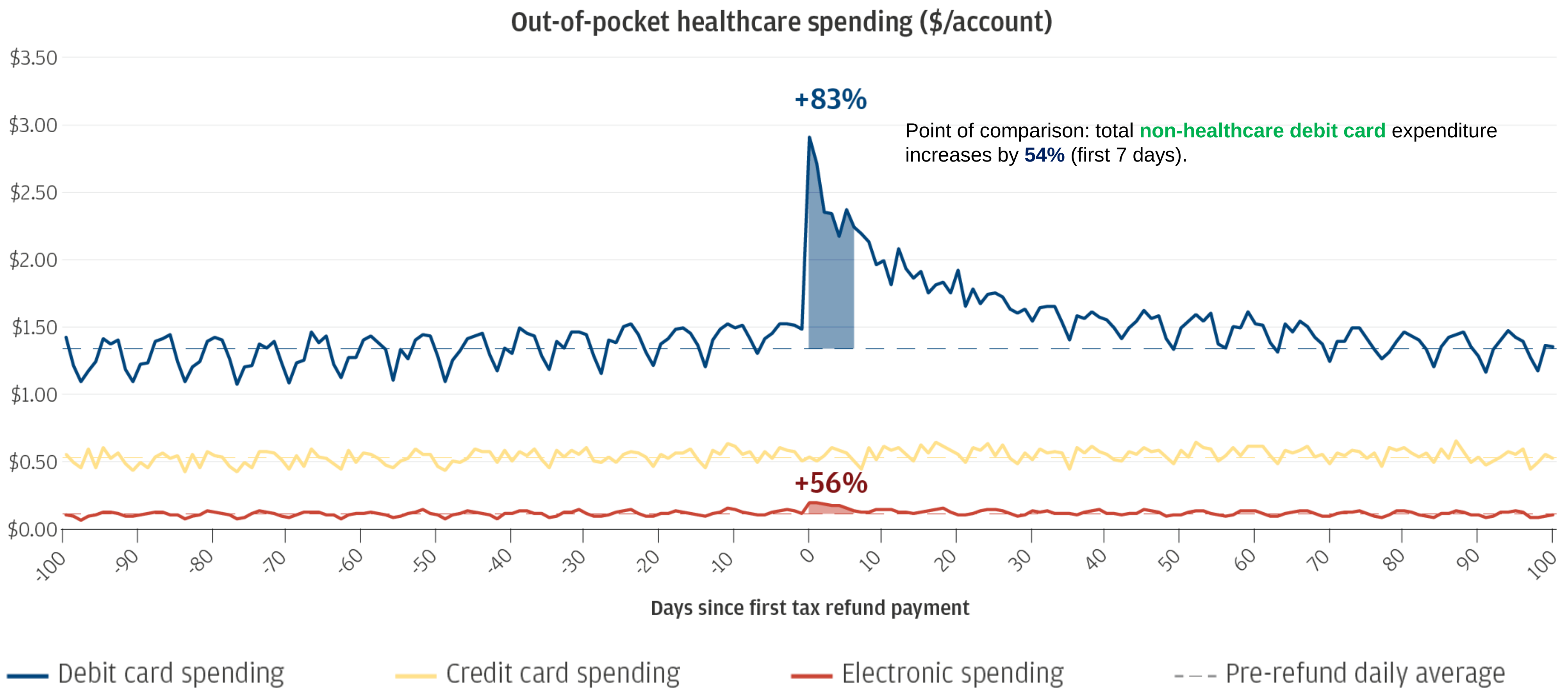
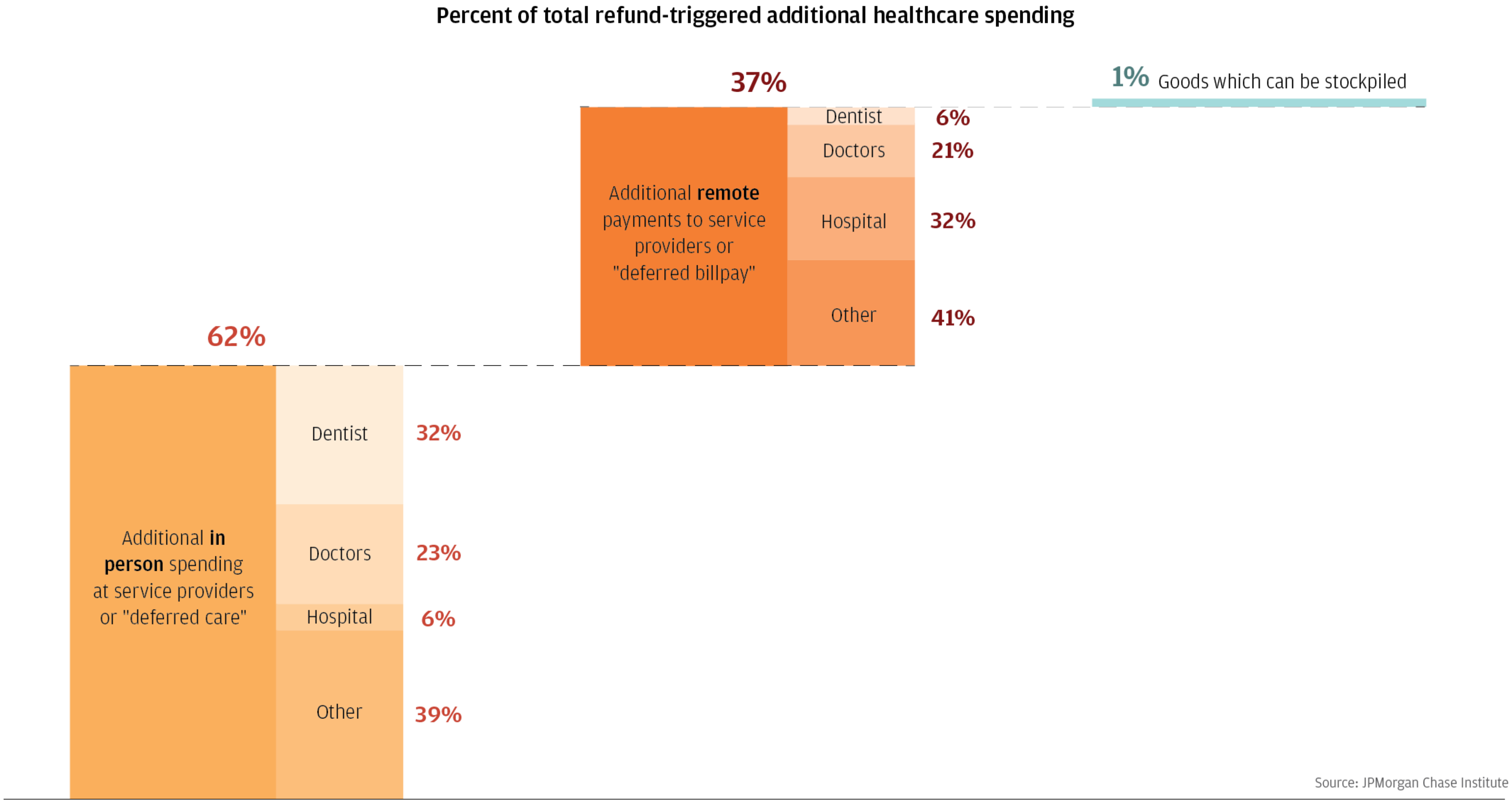
In the week after the tax refund, out-of-pocket healthcare spending on debit cards increased by 83%, suggesting that liquidity from the tax refund enabled the increase in healthcare spending.



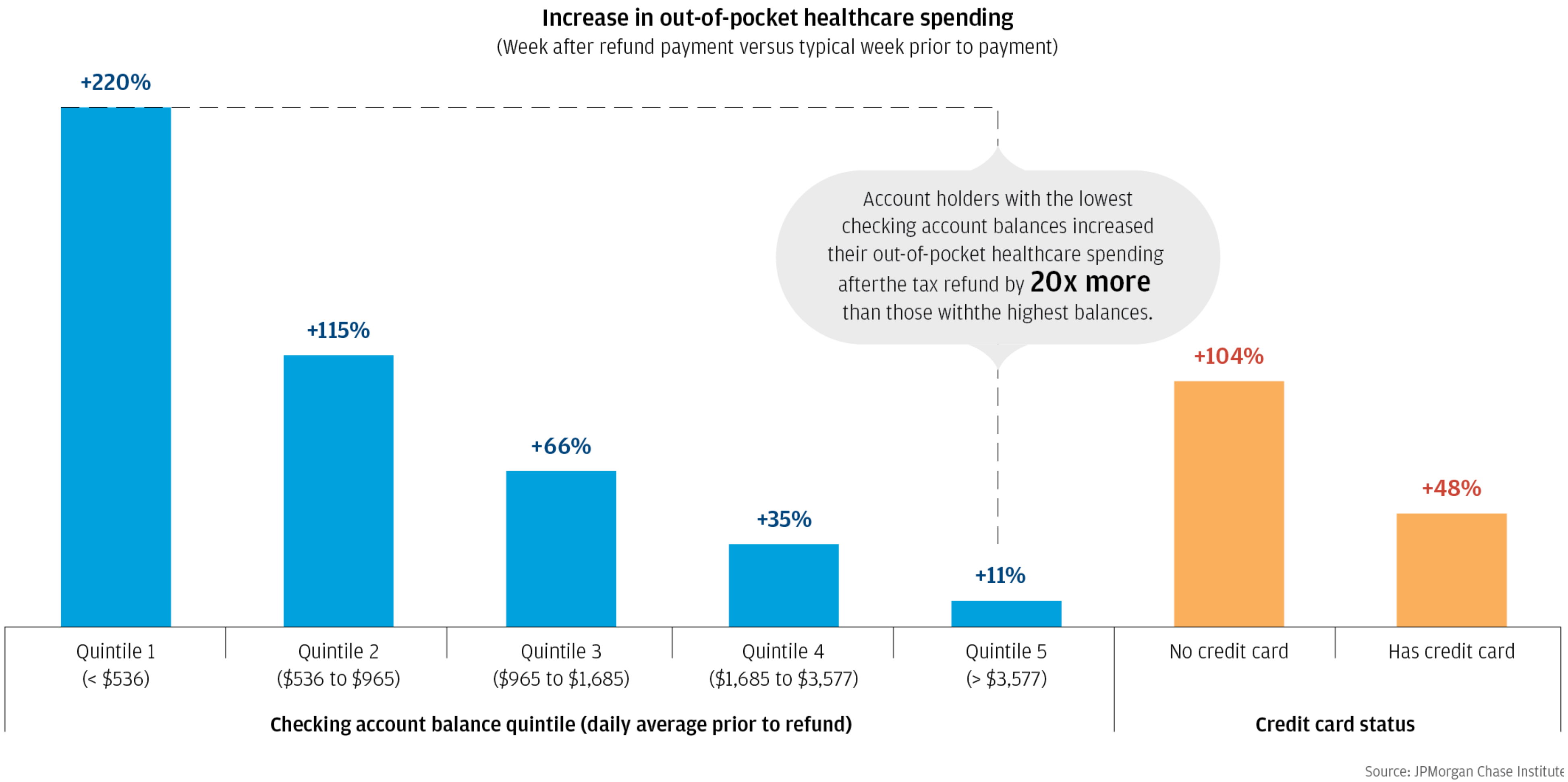
Source: JPMorgan Chase Institute

In-person payments to healthcare service providers represented 62% of additional healthcare spending, suggesting that cash flow dynamics influenced when consumers received care, not just when they paid for it.



Source: JPMorgan Chase Institute

Account holders with the lowest checking account balances increased their out-of-pocket healthcare spending after the tax refund by 20X more than those with the highest balances.



Implications

Health insurers and employers can play a role in helping people smooth their healthcare spending

- Giving consumers "skin in the game" may not be an effective way to control the rise of healthcare costs if consumers delay more cost-effective care (for example, preventive or diagnostic services) due to short-run cash flow constraints, and then require more costly interventions in the long run.
- Given that over a third of HSAs received no contributions in 2016, employers could more actively encourage and facilitate HSA allocations.

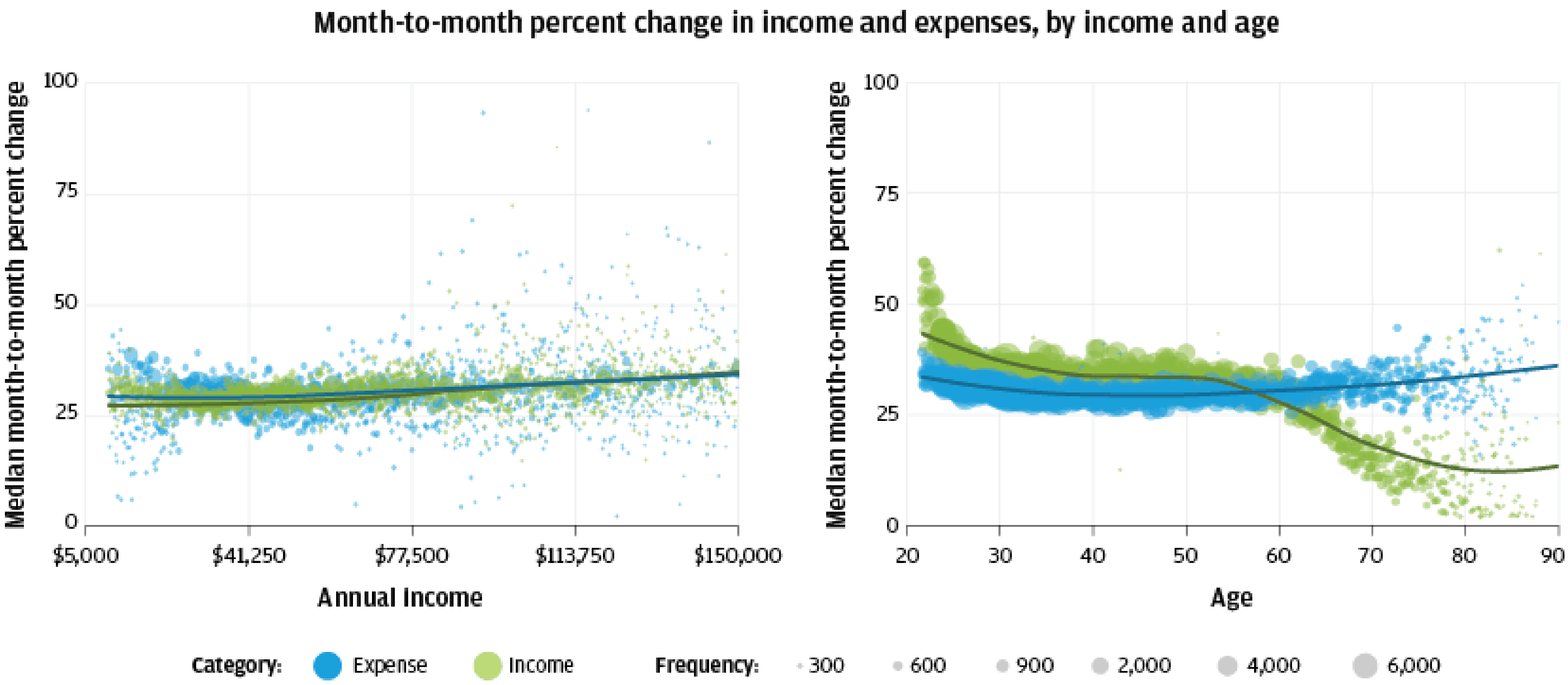
Patients and healthcare providers should take cash flow considerations explicitly into account when working together to design an optimal healthcare plan

- Consumers need to understand both the health and financial consequences of their healthcare choices in a dynamic framework where timing may sometimes be a critical component.
- Prioritize elements of a healthcare plan and offer clear medical advice around consequences of delay.

Financial service providers have an opportunity to design innovative products to meet the cash flow needs of consumers and healthcare providers

- Financial service providers could design innovative savings, credit, and payment tools that give their customers more control over when and how to cover large-ticket expenditures.

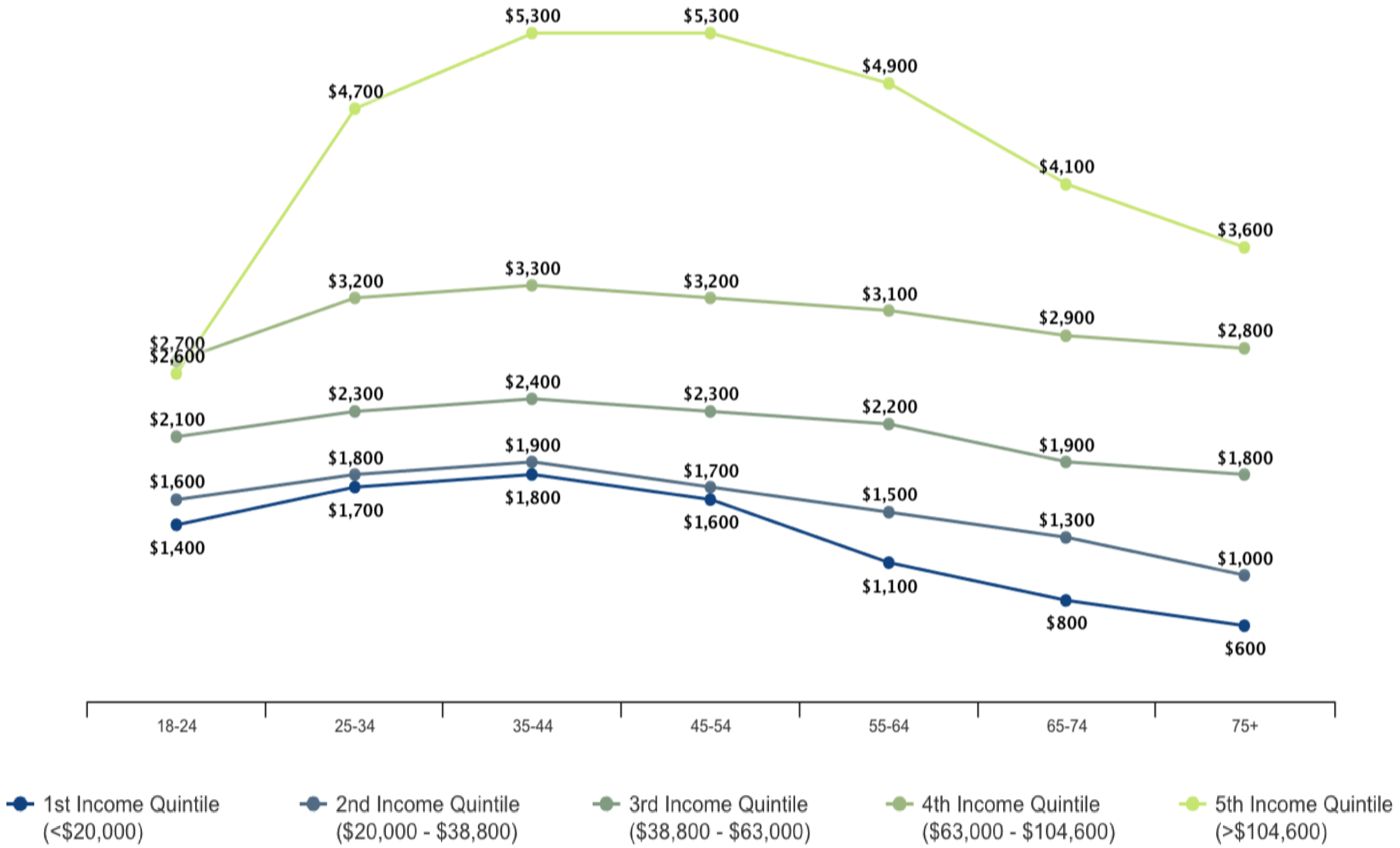
People experience high degrees of income and spending volatility on a month to month basis



Source: JPMorgan Chase Institute

The everyday cash buffer necessary to weather typical levels of monthly income and spending volatility peaks at age 35-44 at $2,400 for middle-income families

Sum of the absolute value of median income and spending fluctuations by income quintile and age



Source: JPMorgan Chase Institute

Most people receive an income spike in five-Friday months, tax season, and between December and March 15, which could be converted to savings moments

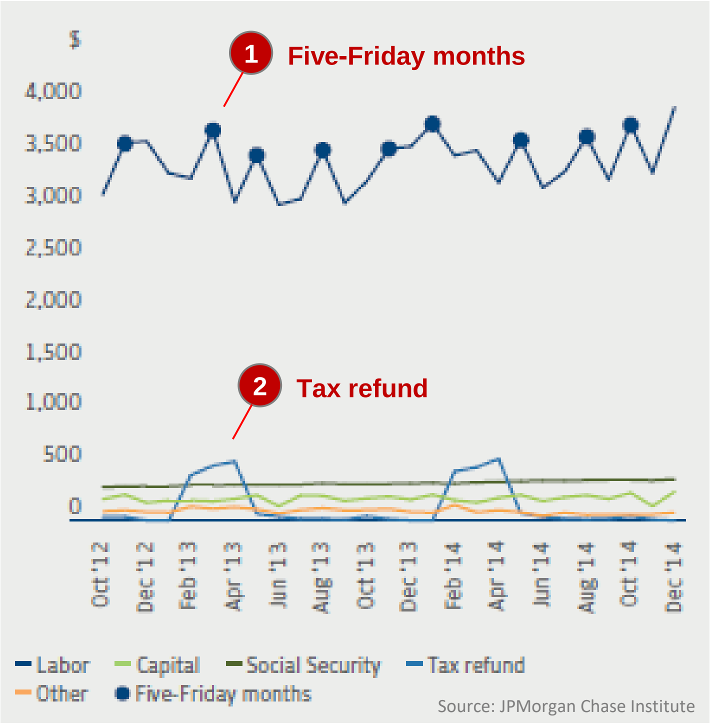
Three key sources of positive income volatility…

1. Labor income spikes in **five-Friday months** when ~80% of families receive an additional paycheck from jobs that pay weekly or bi-weekly.
2. About 80% of tax filers receive a **tax refund** which typically arrives between February and April and is comparable in size to a month's take-home labor income.
3. **Paycheck values spike between December and March 15** for 61% of families, possibly related to extended holiday hours or end-of-year bonuses.

… could become savings moments

- *Save $400 in five-Friday months*
- *Save 50% of my tax refund*
- *Save $200 on Jan 31*

Mean inflows by income source and month



Mean labor paycheck amount by month

QUESTIONS & DISCUSSION

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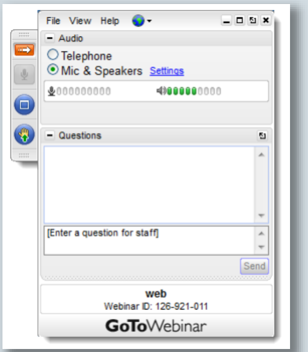
THE CALIFORNIA WELLNESS FOUNDATION

CONTROL PANEL

QUESTIONS

Click the **QUESTIONS** box to share a question for the presenters.



THE WEBINAR HAS CONCLUDED