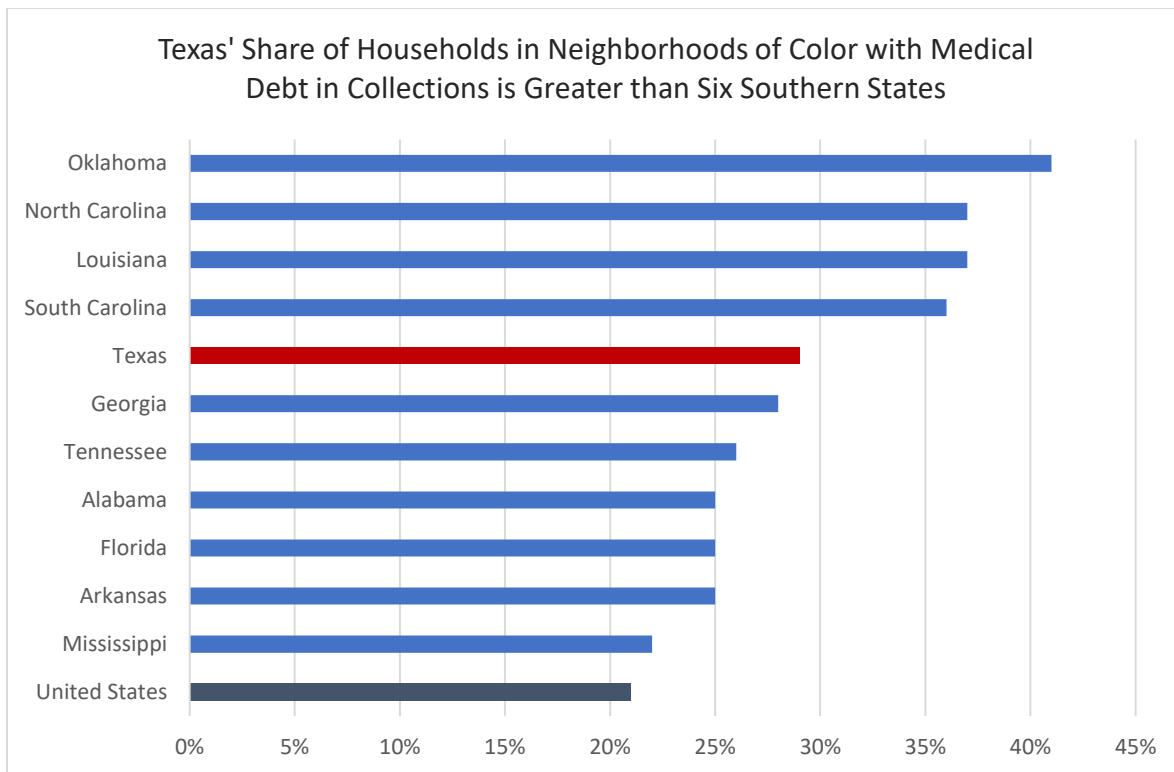# Texans Face a Growing Mountain of Medical Debt:
Texans of Color Bear the Brunt of the Load

Jonathan Lewis and lewis@cppp.org and Chloe Sikes

When you face a medical emergency, the last thing you want to think about is how to pay for it. Unfortunately, when people can't pay their medical bills, costs turn into mounting medical debt that compromises patients' health and financial security, harms their credit scores, and can even limit a patient's housing and job opportunities.[1]

Medical debt is experienced by millions of Texans, affecting more than one in four Texas households (26 percent). But while medical debt can impact households all over the state, it disproportionately affects Texas households in neighborhoods of color: nearly one in three (29 percent).[2] These racial and ethnic disparities of medical debt shed light on unequal opportunities for Black, Hispanic, American Indian, and Asian Texans.[3]
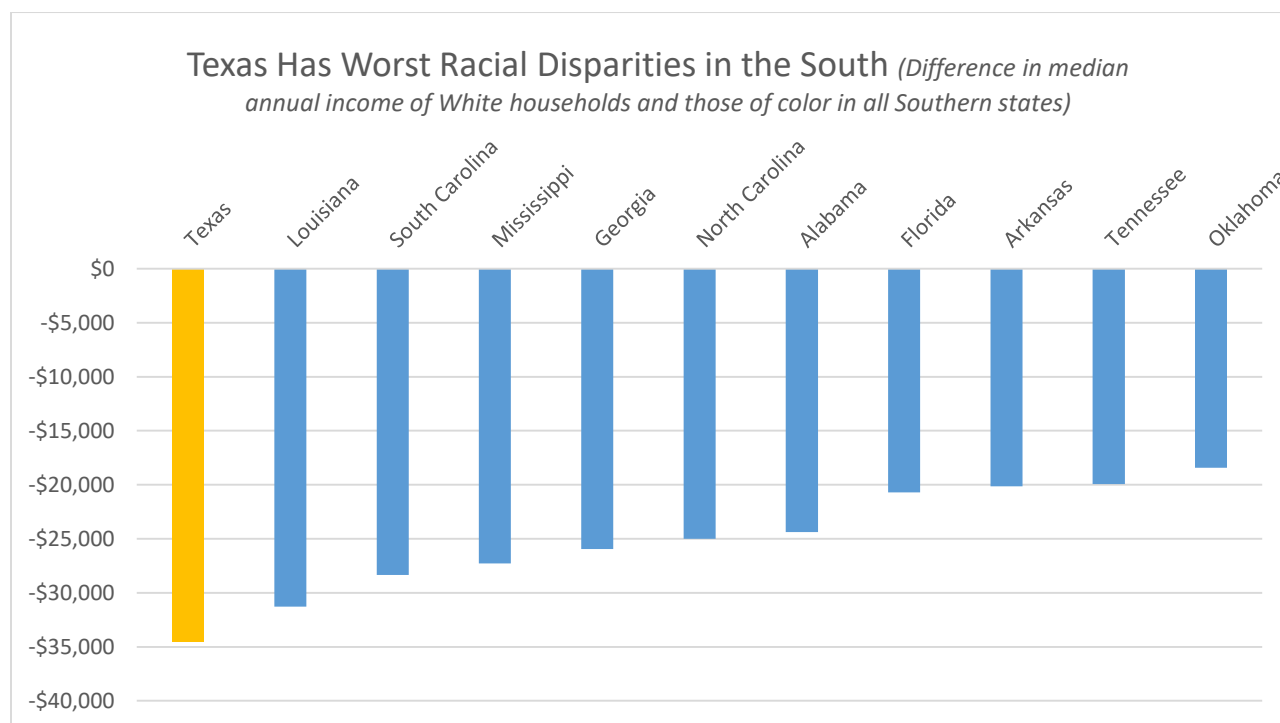
In Texas, 29 percent of households in neighborhoods of color have medical debt that has been sent to collections agencies, which is approximately 4.4 million people.[4] This rate is six percentage points higher than the percent of households with medical debt in White neighborhoods. Texas' share of medical debt for households in neighborhoods of color is higher than six other Southern states—Alabama, Arkansas, Florida, Georgia, Mississippi, and Tennessee—and far greater than the national average of 21 percent. Oklahoma holds the highest share of households in neighborhoods of color who have medical debt in collections at 41 percent, followed by North Carolina and Louisiana at 37 percent each, and South Carolina at 36 percent.[5] Except for Arkansas and Louisiana, none of these Southern states have expanded Medicaid – something that could significantly reduce medical debt.[6]

Texas' Share of Households in Neighborhoods of Color with Medical Debt in Collections is Greater than Six Southern States

Source: Debt in America, Urban Institute report (2017)

Texans with medical debt also owe larger amounts than those in other Southern states, and more than the U.S. average. The overall median medical debt in collections owed in Texas is $850, though Texans of color owe a higher median of $875. That's 16 percent more than the average median share for other Southerners of color at $754, and 22 percent more than the national median share owed by Americans of color at $720. Georgia, Florida, and Mississippi follow Texas, respectively, with the highest median amounts owed by neighborhoods of color with medical debt.[7]

Racial and ethnic disparities in Texas medical debt are compounded by Texas' large income gap between White Texans and those of color. White Texas households earn an average of $34,541 more per year than Texans of color, the greatest such disparity by over $3,200 compared to all Southern states.

Source: Debt in America (2017). The Urban Institute; Difference between White household income and households of color's income.

Being uninsured is also a significant driver for rising medical debt, since Texans seeking medical attention who lack insurance coverage bear the full expense of health services.[8] Due to state leaders' antagonism against the Affordable Care Act—which hangs in the balance of a Texas lawsuit —Texas has the worst uninsured rate in the country at 19.5 percent, with over 4.7 million Texans under the age of 65 lacking health insurance.[9] While 13 percent of White Texans are uninsured, nearly 18 percent of Black/African American Texans and 29 percent of Hispanic Texans do not have health insurance.[10] Over half of all uninsured Hispanics in the United States live in Texas, which makes achieving racial equity in healthcare coverage and access all the more important if we aspire to be a prosperous state where people of all backgrounds reach their full potential.[11]

Racial Disparities within Counties

Racial disparities among Texas' uninsured rates are even more magnified at the county level. Seventy-four percent of Texas counties have a higher uninsured rate for residents of color than the state average.[12] Of the six largest urban counties in the state, three hold greater racial disparities in uninsured rates between White and non-White areas than the state average. These are Dallas County with a 17 percentage point disparity in the non-White uninsured rate over White uninsured rate; Harris County with an 18 percentage point disparity; and Travis County with a 15 percentage point disparity. Dallas County also has the highest rate among urban counties for uninsured Hispanic residents at nearly 34 percent. Over 15 percent of Black/African American Dallas County residents are uninsured.[13] In Harris County, over a third of American Indian residents are uninsured, along with 32 percent of Hispanic and 17 percent of Black/African American residents. In Travis County, the uninsured rates across racial groups are lower, although disparities persist. Hispanic residents there are more than three times more likely to be uninsured as White residents, and Black residents are more than 1.6 times more likely to lack insurance.[14]

Other urban counties also have shocking racial disparities in health coverage.

Texas Uninsured Rates by Race/Ethnicity for Six Largest Urban Counties										
COUNTY	Overall Uninsured*	Racial Disparity*	White non-Hispanic	Black/African-American	Hispanic (any race)	American Indian/Alaska Native	Asian	Hawaiian/Pacific Islander	Some other race alone	Two or More
Harris	20%	**18%**	8%	16.5%	32.2%	35.2%	12.2%	29.9%	37.2%	13.5%
Dallas	21%	**17%**	10.2%	15.1%	33.8%	18.7%	13.7%	N	32.7%	12.7%
Travis	14%	**15%**	6%	10%	22.4%	13.7%	8.6%	N	26%	7.8%
Tarrant	16%	**14%**	9.3%	17.1%	28.3%	19.5%	12.3%	N	37.7%	12.2%
El Paso	20%	**13%**	8.1%	9.4%	22.8%	20.8%	5.6%	N	32%	13%
Bexar	15%	**8%**	9.2%	12.9%	18.2%	16.1%	13.8%	N	24.8%	10%

*Source: Uninsured rates by race/ethnicity from ACS 2017 1-Year Estimates, "Selected Characteristics of Health Insurance Coverage in the United States". N indicates value too small to display. *Overall and racial disparity calculations from "Debt in America," Urban Institute report (2017). Disparity calculated from difference between uninsured "non-White" neighborhoods and uninsured "White" neighborhoods, as categorized by dataset.*

Racial disparities in medical debt align with high uninsured rates. Travis County has the worst racial disparity of medical debt in collections among urban counties, with a 22 percentage point difference between neighborhoods of color and White neighborhoods owing medical debt. In Harris County, the proportional racial disparity of medical debt is not as high, although neighborhoods of color owe an average of $232 more than White neighborhoods, over four times the state average disparity of $54.[15]

Disparities across racial groups are not just an urban issue either, as rural counties have even deeper divides. For example, Karnes County near San Antonio has a 30 percentage point racial disparity in medical debt, the highest statewide. In Harrison County in East Texas, neighborhoods of color owe $693 more, on average, in medical debt than their White neighbors.[16] Across the state, neighborhoods of color face medical debt with more frequency and in greater amounts.
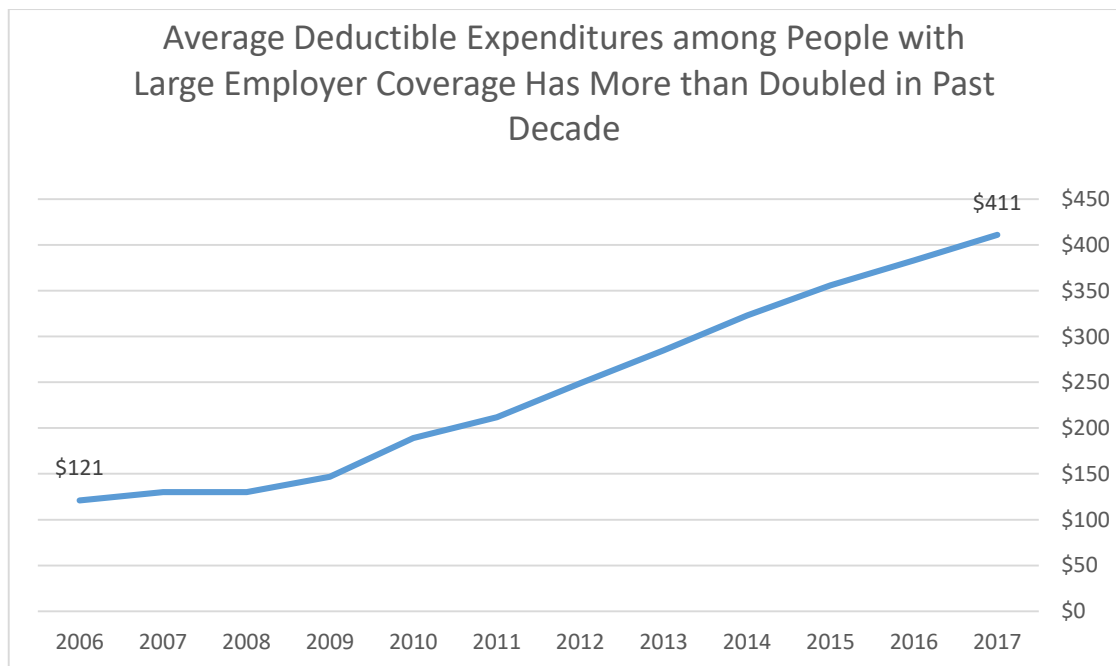
Medical Debt Harms Children of Color

The toll of medical debt weighs on an entire family. National surveys find that families with medical debt are more likely to forego seeking preventive health care or prescriptions[17], to take on other forms of debt such as auto or payday lending debt[18], and to cut back on other basic necessities such as food.[19] This type of financial insecurity hurts families' ability to pay their bills and build savings and can have long-lasting negative impacts on children.

Kids in homes with medical debt are more likely to accumulate debt as adults and exhibit more social-behavioral problems than their peers.[20] Given that Black/African American, Hispanic, and American Indian Texas families are more likely to accrue and owe medical debt due to systemic discrimination and inequities, their children are also more likely to experience the negative consequences from its financial tolls. In other words, vast racial disparities in Texas medical debt worsen the racial inequality we know to exist in housing access, educational attainment, and other social and economic opportunities.

In the 86th Texas Legislative session, state policymakers took admirable steps to protect patients from surprise medical billing and other incidents that can throw people into medical debt, but that's just the tip of the iceberg. These new laws do not address the large levels of debt saddling uninsured patients. **Texas is sitting on a growing mountain of medical debt, and Texans of color bear the brunt of the load.** As we watch how the courts decide the fate of the Affordable Care Act, Texas lawmakers must implement real solutions to the crushing medical debt burden.

How Texas Can Address Medical Debt and the Racial Disparities it Exacerbates

Increasingly, the national discussion on health care reforms has focused on affordability of comprehensive care, with a goal of eliminating the risk of financial ruin due to health care costs. Some of the most potent policy solutions are likely to come from Congress, but states have a number of tools they can employ to reduce medical debt and its unfair toll on people of color.

Average Deductible Expenditures among People with Large Employer Coverage Has More than Doubled in Past Decade

Source: Adapted from KFF analysis of data from IBM MarketScan Database and the KFF Employer Health Benefit Survey.

1. **Expand federal health care coverage** to alleviate the gap that traps low-income, Medicaid-ineligible Texans. This includes over a half million adult Texans of color.[21] The federal government would cover 90 percent of the cost to expand Medicaid coverage to eligible Texans.

2. **Implement strong medical assistance policy guidelines** that eliminate or cap exposure to medical debt for poor and low-income patients who are either uninsured, or underinsured with large employer-sponsored coverage. The Affordable Care Act requires all non-profit and public hospitals to offer "financial assistance policies" for very low-income, uninsured patients, but does not include criteria for what to include or what the qualifying income levels should be. Clearer state guidelines to promote best practices—such as capping financial exposure for people at or below 200 percent of the federal poverty level—would help Texas hospitals better serve their most indigent patients, many of whom are of color, by preventing harmful debt levels that undermine patients' health.[22]

3. **End litigation and legislative attacks on health coverage, and focus efforts on developing real policy solutions,** by both enhancing public insurance options, and expanding and incentivizing better quality employer-sponsored health insurance. Texas' sky-high uninsured rate shows we clearly need solutions to get adequate coverage for millions of Texans.

But we also need to make sure Texans are no longer exposed to potentially unlimited and insurmountable debts even when they are insured. Many Texans who are underinsured struggle to meet high cost-sharing responsibilities as part of their health coverage plans. Texans with large employer-sponsored insurance already spend a median of $900 on out-of-pocket medical care per year—more than 25 other states.[23] Nationally, deductibles for large employer-sponsored coverage have more than doubled since 2006.

Access to adequate and affordable health care is a challenge for millions of Texans regardless of race, however Texans of color are significantly more likely to be impacted by extreme medical debt and income inequality that state leaders could mitigate. Texas lawmakers have a responsibility to serve all Texans, and should take action to make sure we have a healthy and productive state for everyone.

Follow CPPP for more analysis on medical debt in Texas and the best ways practices to reduce debt.

[1] Debt in America (2017). The Urban Institute (US Census Bureau American Community Survey data and CFPB credit reporting agency data), https://apps.urban.org/features/debt-interactive-map/?type=medical&variable=perc_debt_collect

[2] This brief uses "neighborhoods of color" to be consistent with our data source, which used geographic data to assign racial/ethnic labels. We draw from the Urban Institute's report, "Debt in America," which categorized racial/ethnic shares of medical debt in collections data based on zip codes in each county "that are predominantly White (at least 60% of the population is White) or predominantly non-White (at least 60% of the population is non-White)." Urban Institute defined "the non-White population as those who are African American, Hispanic, Asian or Pacific Islander, American Indian or Alaska Native, another race, or multiracial (see full report and data at Debt in America: An Interactive Map").

[3] This brief uses the racial/ethnic group labels that match our data sources (i.e. Black/African American, Hispanic, American Indian, Asian). We use "Hispanic" as a separate category, mutually exclusive of the racial category "White," though we acknowledge that Hispanic people in Texas identify ethnically and racially in multiple ways. Similarly, we acknowledge that the label "American Indian" to reference Native groups is no longer widely used, though was utilized in data collection by our data source, the U.S. Census. The definitions of all racial and ethnic categories are constantly changing and do not match the complexity of individuals or the ways people identify or describe themselves. Acknowledging these limitations of the data, it is still important to collect and analyze data by race and ethnicity to highlight where inequities exist and reduce differences in opportunities and outcomes.

[4] Based on proportion calculations from The Urban Institute "Debt in America" report, which reported non-White shares of medical debt in collections using residential data. Texas population of color calculated from ACS Demographic and Housing Estimates, 2013-2017 5-year estimates (Table DP05) to estimate total number of Texans of color totaling Black/African American Non-Hispanic, Hispanic any race, American Indian/Native Non-Hispanic, Asian race alone or in combination, Hawaiian/Pacific Islander Race alone or in combination (15,418,255) multiplied by those with medical debt in collections (29%) for estimated 4,471,294.

[5] Debt in America (2017). The Urban Institute

[6] Status of State Action on the Medicaid Expansion Decision (31 July, 2019), Kaiser Family Foundation, https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/.

[7] All calculations based on data from Debt in America (2017). The Urban Institute.

[8] Hamel, L., Norton, M., Pollitz, K., Levitt, L., Claxton, G. and Brodie, M. (2016). "The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey." Kaiser Family Foundation, https://www.kff.org/health-costs/report/the-burden-of-medical-debt-results-from-the-kaiser-family-foundationnew-york-times-medical-bills-survey/.

[9] Center on Budget and Policy Priorities, 2019. "Who Are the Remaining Uninsured in Texas?" https://apps.cbpp.org/2-8-19health/PDF/2-8-19health-factsheet-districts-texas-4801.pdf

[10] Ibid.

[11] Artiga, S., Damico, A., and Garfield, R. (2015). The Impact of the Coverage Gap for Adults in States not Expanding Medicaid by Race and Ethnicity. Kaiser Family Foundation. https://www.kff.org/disparities-policy/issue-brief/the-impact-of-the-coverage-gap-in-states-not-expanding-medicaid-by-race-and-ethnicity/

[12] Debt in America (2017). The Urban Institute

[13] American Community Survey 2017, 1-Year Estimates, "Selected Characteristics of Health Insurance Coverage in the United States."

[14] ACS 2017 1-Year Estimates, "Selected Characteristics of Health Insurance Coverage in the United States". N indicates value too small to display

[15] Debt in America (2017). The Urban Institute

[16] ACS 2017.

[17] Hamel et al (2016). KFF

[18] Melton, Courtnee & Mandy Pellegrin. (2019). "Medical Debt 101: How a Medical Bill Becomes Medical Debt." The Sycamore Institute, https://www.sycamoreinstitutetn.org/2019/05/08/medical-debt-101/.

[19] Hamel et al. (2016), KFF; Melton and Pellegrin (2019). The Sycamore Institute.

[20] Berger, L. M. and Houle, J. N. (2016). Parental debt and children's socioemotional well-being. *Pediatrics, 137*(2), 1-10.

[21] Artiga et al. (2015). KFF

[22] Bosco, J., Wu, C., Kuehnhoff, A. (2017). Model Medical Debt Protection Act, National Consumer Law Center. https://www.nclc.org/images/pdf/medical-debt/model-medical-debt-protection-act-082017.pdf

[23] Hayes, S. L., Collins, S. R., and Radley, D. C. (2019). How much U.S. Households with Employer insurance spend on premiums and out-of-pocket costs: A State-by-State Look. https://www.commonwealthfund.org/publications/issue-briefs/2019/may/how-much-us-households-employer-insurance-spend-premiums-out-of-pocket

Written by Jonathan Lewis with contributions by Chloe Sikes