Measuring Financial Capability and Well-being Within Health Services

May 16, 2018
Welcome

Carmen Shorter
Senior Manager for Learning
Field Engagement
Prosperity Now
Housekeeping

- This webinar is being recorded and will be available online within one week
- All webinar attendees are muted to ensure sound quality
- Ask a question any time by typing the question into the text box of the GoToWebinar Control Panel
- If you experience any technical issues, email gotomeeting@prosperitynow.org
Prosperity Now’s mission is to ensure everyone in our country has a clear path to financial stability, wealth and prosperity.
Our Unique Promise

We open doors to opportunity for those who have been kept off the path to prosperity.

We help people build wealth by making sure they have what they need to build a better future.

We enable meaningful mobility through research, policies and solutions.
The Challenge

Liquid Asset Poverty measures the percentage of those who lack savings to cover basic expenses for three months if job loss, a medical emergency, or other crisis leads to a loss of income—$6,150 for a family of four.

37% OF HOUSEHOLDS ARE LIQUID ASSET POOR IN AMERICA

Source: 2017 Prosperity Now Scorecard
Welcome

Parker Cohen
Associate Director, Savings & Financial Capability
Prosperity Now

Dr. Adam Schickedanz
Pediatrician & Research Fellow, David Geffen School of Medicine
UCLA
Introductions

Collin O’Rourke
Senior Research Specialist, Center for Financial Security
University of Wisconsin-Madison

Kasey Wiedrich
Director, Applied Research
Prosperity Now
Agenda

✓ Welcome and Opening Remarks
✓ Overview of MFPs and the Challenge
✓ The Need for Measuring Financial Outcomes
✓ Financial Well-being Scale
✓ Financial Capability Scale
✓ Audience Q&A
✓ Wrap Up and Next Steps
Medical Financial Partnerships
What is a medical financial partnership (MFP)?

An MFP is a shared commitment between a healthcare provider and a financial capability service provider to improve the health and financial well-being of a population. While the nature of these partnerships will differ depending on capacity and other local factors, they will typically include an assessment of financial needs and the provision of financial capability services.
Financial stress in late adulthood and diverse risks of incident cardiovascular disease and all-cause mortality in women and men

Axel C Carlsson¹,²*, Bengt Starrin³, Bruna Gigante⁴, Karin Leander⁴, Mai-Lis Hellenius⁵ and Ulf de Faire⁴,⁶
How financial hardship is associated with the onset of mental health problems over time

Kim M. Kiely · Liana S. Leach · Sarah C. Olesen · Peter Butterworth

Financial stress in late adulthood and diverse risks of incident cardiovascular disease and all-cause mortality in women and men

Axel C Carlsson, Bengt Starrin, Bruna Gigante, Karin Leander, Mai-Lis Hellenius and Ulf de Faire
Finances Predict Health

How financial hardship is associated with the onset of mental health problems over time

Kim M. Kidly, Liana S. Leach, Sarah C. Olesen, Peter B. Weltens
Arch Womens Ment Health (2017) 20:201–208
DOI 10.1007/s00737-016-0696-3

Financial strain and birth weight: the mediating role of psychological distress

Amanda M. Mitchell¹,² · Lisa M. Christian¹,²,³,⁴
Financial Insolvency as a Risk Factor for Early Mortality Among Patients With Cancer

Scott D. Ramsey, Aasthaa Bansal, Catherine R. Fedorenko, David K. Blough, Karen A. Overstreet, Veena Shankaran, and Polly Newcomb

Financial strain and birth weight: the mediating role of psychological distress

Amanda M. Mitchell 1,2 · Lisa M. Christian 1,2,3,4
### Premium Costs Growth

**1999-2017:**

- **3.7-fold increase in family premium contribution**
- **3.1-fold increase in employer premium contribution**

![Bar chart showing average annual worker and employer contributions to premiums and total premiums for family coverage, 1999-2017.](chart)

Source: KFF/HRET Survey of Employer Sponsored Health Benefits
Premium Costs Growth

1999-2017:

- 3.7-fold increase in family premium contribution
- 3.1-fold increase in employer premium contribution

If we stopped the annual rise, it would save enough annually to lift 3 million kids out of poverty.

Source: KFF/HRET Survey of Employer Sponsored Health Benefits

@ProsperityNow prosperitynow.org
1999-2017:
- 3.7-fold increase in family premium contribution
- 3.1-fold increase in employer premium contribution

If we maintained ‘99 premiums, we could eradicate U.S. poverty 3x each year

Source: KFF/HRET Survey of Employer Sponsored Health Benefits

@ProsperityNow
prosperitynow.org
Family Wage Stagnation

Cumulative change in real hourly wages of all workers, by wage percentile, 1979–2013

* Low wage is 10th percentile, middle wage is 50th percentile, very high wage is 95th percentile.

Source: Economic Policy Institute

@ProsperityNow
prosperitynow.org
Care Costs Squeeze Budgets

Average Family Budget Breakdown, U.S. 2014 *Ignoring* Employer Premium Income Losses

- Health Care: 9%
- Housing: 32%
- Food: 17%
- Transportation: 15%
- Child Care: 7%
- Clothes: 20%

@ProsperityNow
prosperitynow.org
Care Costs Squeeze Budgets

Average Family Budget Breakdown, U.S. 2014 *Ignoring* Employer Premium Income Losses

- Health Care: 32%
- Housing: 20%
- Food: 17%
- Transportation: 15%
- Clothes: 7%
- Child Care: 9%
Care Costs Squeeze Budgets

Average Family Budget Breakdown, U.S. 2014 *Including* Employer Premium Income Losses

- Health Care: 22%
- Housing: 28%
- Food: 14%
- Transportation: 13%
- Clothes: 6%
- Child Care: 17%
Growth of Deductibles

Source: KFF Analysis of Truven Health Analytics MarketScan Database
Growth of Deductibles

- Average cost of family deductible in 2017 for privately insured was over $2,600
- Meanwhile, 46% of Americans report they could not cover a $400 expense without going into debt

Source
1) KFF Analysis of Truven Health Analytics MarketScan Database; 2) Federal Reserve Economic Well-Being of US Households, 2015

@ProsperityNow
prosperitynow.org
Unequal Costs to Families

- Families Hit Hardest:
  - Low-Income Families
    - Total cost savings of ≥$400 for a quarter of families under 138% of FPL after Medicaid Enrollment
  - Total cost savings of ≥$1,500 for a tenth of families
Consider Target Population

- Families of Children with Special Health Care Needs
- Families of Infants
  - Consider prenatal visits, Home Visitation families
- Families in medical debt
- Families eligible for specific services
- Based on social or financial needs screening
Financial Well-being Scale
What is the goal of financial interventions?

- We want to improve people’s financial lives, how do we know if we are being successful?
- CFPB wanted to know how to measure success for all Americans

- Previous Measures
  - Income
  - Fact-Based Financial Knowledge
  - Behaviors
  - Savings
  - Credit

- Gaps in Measurement
  - No Consensus
  - Normative Measures
  - Missing Consumer Voice
Definition Methodology

Consumer Interviews
59 hour-long interviews

Financial Practitioners
30 hour-long interviews

3 Literature Reviews
Consumer Finance & Beyond

Panel of Experts
Guidance & Interpretation

Definitions and Hypotheses
Foundations for Metrics Development
What is financial well-being?

A state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow enjoyment of life.

Elements of financial well-being:

✓ Having control over day-to-day, month-to-month finances
✓ Having the capacity to absorb a financial shock
✓ Being on track to meet financial goals, and
✓ Having the financial freedom to make choices that allow one to enjoy life
<table>
<thead>
<tr>
<th>Security</th>
<th>Present</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Control over your day-to-day, month-to-month finances</td>
<td>Capacity to absorb a financial shock</td>
</tr>
<tr>
<td>Freedom of choice</td>
<td>Financial freedom to make choices to enjoy life</td>
<td>On track to meet your financial goals</td>
</tr>
</tbody>
</table>

The four elements of financial well-being
Tool to measure financial well-being

**Purpose:** Produce a common metric to allow practitioners and researchers to quantify, and therefore observe, something that the respondent already has a sense of.

- Team of subject matter and scale development experts

- State-of-the-art methodology that involved:
  - Develop initial pool of questions
  - Cognitive interviews
  - Factor analysis
  - Psychometric testing
# The CFPB Financial Well-Being Scale

<table>
<thead>
<tr>
<th>Questions</th>
<th>Response Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How well does this statement describe you or your situation?</strong></td>
<td></td>
</tr>
<tr>
<td>1. I could handle a major unexpected expense</td>
<td>• Completely</td>
</tr>
<tr>
<td>2. I am securing my financial future</td>
<td>• Very well</td>
</tr>
<tr>
<td>3. Because of my money situation, I feel like I will never have the things I want in life*</td>
<td>• Somewhat</td>
</tr>
<tr>
<td>4. I can enjoy life because of the way I’m managing my money</td>
<td>• Very little</td>
</tr>
<tr>
<td>5. I am just getting by financially*</td>
<td>• Not at all</td>
</tr>
<tr>
<td>6. I am concerned that the money I have or will save won’t last*</td>
<td></td>
</tr>
</tbody>
</table>

| **How often does this statement apply to you?**                          |                  |
| 1. Giving a gift for a wedding, birthday or other occasion would put a strain on my finances for the month* | • Always         |
| 2. I have money left over at the end of the month                         | • Often          |
| 3. I am behind with my finances*                                          | • Sometimes      |
| 4. My finances control my life*                                          | • Rarely         |

* Denotes questions for which the response options are “reverse coded”
Scoring the FWB scale

- Score between 0 and 100
- The scoring method used for the CFPB Financial Well-Being Scale is based on an Item Response Theory (IRT) analysis
- Puts everyone on a common metric and accounts for differences in responses
  - Difference in responses by age and survey administration
- 2 Scoring Methods
  - Statistical Software, accounts for missing values
  - Look up tables

Financial well-being in the US

- Average Score for Adults: 54

Liquid savings

Less than $250: 41
$250 to 499: 47
$500 to 999: 47
$1,000 to 4,999: 52
$5,000 to 19,999: 59
$20,000 to 74,999: 63
$75,000+: 68

https://www.consumerfinance.gov/data-research/research-reports/financial-well-being-america/
Tracking Client Progress:
The Financial Capability Scale (FCS)

Prosperity Now MFP Webinar
May 16, 2018

COLLIN O’ROURKE
Presentation Overview

- Why and how we developed the FCS
- List of FCS questions
- How organizations use the FCS
- FCS in an MFP context
- Challenges to using the FCS
- Resources and contact information
Why did we create the “FCS?”

- Developed outside of an MFP context
- Financial coaching, counseling, and education programs’ measures vary widely
- Interest in standardized measures
  - But keep it short!
  - Fit with existing measures and practices
- Collect data at every session
- Lack of access to account or administrative data → survey questions
How did we develop the FCS?

- Reflect original development around financial coaching
- “All else equal” what role do behavior and confidence play?
- Refined the FCS down to 6 questions

Measures focus on behavior and confidence

A different perspective on finances and health than income and wealth

Literature review, then piloted questions with 4 coaching organizations
Validation Process
FCS Questions, part 1

Financial Capability Scale (FCS)

The FCS sums to a 0-8 score for each client. To create an FCS score, simply add up the client’s score for each question using the numbers below. Question 6 is “reverse coded” so yes=0 and no=1. Optional questions A1 and A2 are not part of the score.

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
<th>Options</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you <strong>currently</strong> have a personal budget, spending plan, or financial plan?</td>
<td></td>
<td>Yes (1)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No (0)</td>
<td></td>
</tr>
<tr>
<td>2. How <strong>confident</strong> are you in your ability to achieve a financial goal you set for yourself today?</td>
<td></td>
<td>Not at all confident (0)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Somewhat confident (1)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very confident (2)</td>
<td>2</td>
</tr>
<tr>
<td>3. If you had an unexpected expense or someone in your family lost a job, got sick or had another emergency, how <strong>confident</strong> are you that your family could come up with money to make ends meet within a month?</td>
<td></td>
<td>Not at all confident (0)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Somewhat confident (1)</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very confident (2)</td>
<td>2</td>
</tr>
</tbody>
</table>
FCS Questions, part 2

4. Do you **currently** have an automatic deposit or electronic transfer set up to put money away for a future use (such as savings)?
   - Yes (1)
   - No (0)

5. Over the **past month**, would you say your family’s spending on living expenses was **less than** its total income?
   - Yes (1)
   - No (0)

6. In the last **2 months**, have you been charged a late fee on a loan or bill?
   - Yes (0)
   - No (1)

For more information: [http://fyi.uwex.edu/financialcoaching/measures](http://fyi.uwex.edu/financialcoaching/measures)
## Question Rationale

<table>
<thead>
<tr>
<th>Concept</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeting</td>
<td>Budgeting and planning signal future orientation about money</td>
</tr>
<tr>
<td>Goal Confidence</td>
<td>Subjective capability to engage in goal-focused financial behavior; another signal of future orientation</td>
</tr>
<tr>
<td>Emergency Fund</td>
<td>Anticipating contingencies signals capacity avoid economic hardships</td>
</tr>
<tr>
<td>Auto Deposit into Savings</td>
<td>Recognizing self-control failures and removing discretion is key to behavior change</td>
</tr>
<tr>
<td>Spending &lt; Income</td>
<td>Signal of paying attention to spending behavior</td>
</tr>
<tr>
<td>Late Fee (none)</td>
<td>Signal of planning and paying attention; direct component of credit score</td>
</tr>
</tbody>
</table>
Recommended Process

- Administer at *every* session
  - Like blood pressure at doctor’s office
- Can be a “survey” or a conversation starter
- Best to ask questions “fresh” at each visit
- Follow-up can be next/last session, or a survey
  - Typically very low response rates in post-service surveys
- Ideally FCS goes into same database as other records
- Does not replace case notes etc.
FCS: Client- vs. Program-level

- FCS is a “scale” because it generates a single score (0-8)

- Often used as a conversation guide
  - My impression: The questions matter more to financial coaches (counselors etc.) and clients than the score
  - Individual questions are more actionable

- Scores for program-level analysis
FCS in an MFP Context

- Link between finances and skipping treatment
  - Particularly prescriptions
- Focused on ongoing out-of-pocket costs for chronic conditions
  - Liquidity, planning ahead, timing relative to income
- “All else equal” with respect to income and wealth
  - *Though services may affect access to resources
2017 Center for Financial Security Report

- Used national and program-specific data to look at relationships between finances and health

Report available at: cfs.wisc.edu/2017/06/28/finmed_report

Source: SHED 2013–2016
FCS Scores and Hardship

Skipping Medical Appointments

Food Insecurity
Nesting Finances into Medical Settings

- Open to a variety of approaches, but our expertise is **financial coaching**

- Developed a proposed coaching model to pilot
  - Determining the patient’s health goals and motivation
  - Planning for the costs of obtaining health care
  - Setting up a process to make sure the patient will have the funds needed when the next medical treatment (e.g., refill or therapy session) comes due
2017-2018 Projects

- Financial counseling clients with out-of-pocket costs
  - Screen either with existing data or new prompts/questions

- Health clinic patients offered financial coaching
  - Theoretically could use electronic records for screening

- What factors are associated with moving from having a cost problem to not having one?
  - Longitudinal data
Coaching pilot experience thus far...

- Could go through more correlations, but
  - The take up of coaching has been a major struggle
- More qualitative work to identify new strategies
- Final report June 2018
What challenges have we run into with the FCS?

- Data challenges tend to be universal, not FCS-specific
  - Follow-up, sample sizes, consistency in administration
- Benchmarking
  - Analyze changes in scores, but what does a score of X mean?
  - fcsportal.org collects data from different programs
- Implementation remains a black box
  - FCS score #1 ➔ Service Delivery ➔ FCS score #2
FCS and Other Measures

- Still a lack of standardized financial capability measures
- Different measures can complement one another
- Framework we suggest to organizations just getting started:
  1. Program-specific (and funder-required) measures
  2. FCS
  3. 5-item CFPB Well-Being Scale
Conclusions

- Correlations between finances, adherence, and health outcomes are clear

- We think one pathway is
  - better financial management $\rightarrow$ better adherence and health outcomes

- The FCS is one way to measure financial management

- But how to engage sufficient clients for measurable and demonstrable results?
Resources and Contact Information

Online Resources

- Center for Financial Security’s Financial Coaching Website [fyi.uwex.edu/financialcoaching](fyi.uwex.edu/financialcoaching)
- Financial Capability Scale in English and Spanish [fyi.uwex.edu/financialcoaching/measures](fyi.uwex.edu/financialcoaching/measures)
- General Center for Financial Security website (reports, briefs, webinars) [cfs.wisc.edu](cfs.wisc.edu)

Collin O’Rourke
[cmorourke@wisc.edu](cmorourke@wisc.edu)
Audience Discussion and Q & A

- What questions do you have?
- How are you tracking financial outcomes for participants?
- What’s working well? What’s challenging? What have you learned?

Share your thoughts and questions in the Questions box!
Clinical Constraints

- Time
- Workflow
- “Not my job”
- Actionability
Clinical Financial Strain AssessmentMust Be

• Brief

• Integrated

• Bought In & Accountable

• Actionable
Brief Financial Assessment

- “How often do you have trouble making ends meet at the end of the month?”

- Financial Capability Scale

- CFPB Financial Well-Being Scale (Short Form)
## Financial Well-Being Scale

**Part 1:** How well does this statement describe you or your situation?

<table>
<thead>
<tr>
<th>This statement describes me</th>
<th>Completely</th>
<th>Very well</th>
<th>Somewhat</th>
<th>Very little</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Because of my money situation, I feel like I will never have the things I want in life</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I am just getting by financially</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I am concerned that the money I have or will save won't last</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Part 2:** How often does this statement apply to you?

<table>
<thead>
<tr>
<th>This statement applies to me</th>
<th>Always</th>
<th>Often</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. I have money left over at the end of the month</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. My finances control my life</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Integrated Financial Assessment

• During Visit
  • As part of SDOH screening
  • Often in waiting room, less often exam room
  • Paper or tablet-based
  • No standard for documentation

• Before Visit
  • Electronic patient portal improves disclosure
Process Flow Diagrams

Patient Lane

Front Desk Staff or Clinician Lane

MFP Program Staff Lane

End Process
Process Diagram – On-Site

Patient Lane

Check In

Front Desk Staff or Clinician Lane

Financial Capability Score

Family Wants MFP? Yes

Notification to MFP Staff

Immediate Visit with Family

MFP Program Staff Lane

Access MFP Resource Same Day
Process – Outside Referral

Patient Lane

Check In

Front Desk Staff or Clinician Lane

Financial Capability Score

MFP Eligible? Yes

MFP Program Staff Lane

MFP Staff Call Family, Appointment Scheduled, Identify Forms/Materials Needed

Access MFP Resource At Appointment

Referral to MFP Resources
Financial Assessment
Clinician Buy In

• Involve Health Care Team (& patients) in design

• Alignment with Health Care Team member roles
  • Pair with existing screening/intake processes
  • Avoid duplicate work
  • Address clinician frustrations/burnout
  • Target particularly at-risk patients

• Provide meaningful ways to respond
Consider Target Population

• Families of Children with Special Health Care Needs
• Families of Infants
  • Consider prenatal visits, Home Visitation families
• Families in medical debt
• Families eligible for specific services
• Based on social or financial needs screening
Financial Assessment

Actionability

• Assessment without action is demoralizing

• How does the assessment lead to action?
  • Identifying actionable financial and social needs
  • Indicating eligibility for resources & programs
  • Understanding & shared decision-making
  • Changing management (e.g. prescribing)

• Design response pathways
What questions do you have?

Share your thoughts and questions in the Questions box!
Next Steps

- Please **complete the survey**!

- Sign up for the **Medical Financial Partnership Community Listserv** at [http://bit.ly/2AOrNf1](http://bit.ly/2AOrNf1) to keep the conversation going with others working in this space.

- Stay tuned for our next **Medical Financial Partnership webinar**—you won’t want to miss it!

- Start planning now for the **2018 Prosperity Summit** (formerly Assets Learning Conference) this fall.
The Prosperity Now Community

facilitates learning
creates connections
& inspires action
to create and improve programs and policies that foster opportunity, especially for those who have not had it before.

Get involved in the Community today!
Sign up to stay informed about Prosperity Now and the Community.
Sign up today at prosperitynow.org/join.
Want to dig deeper?

Sign up for listservs and working groups, volunteer to facilitate peer discussions, serve in a leadership role and more!

- Medical Financial Partnership Community Listserv
- Adult Matched Savings Network
- Financial Coaching Network
- Taxpayer Opportunity Network (VITA/community tax prep)
- Campaign for Every Kids Future — Children’s Savings Accounts
- Affordable Housing Network
- Racial Wealth Equity Network
- Innovations in Manufactured Housing (I’M HOME) Network

Visit any of the networks above at prosperitynow.org/getinvolved to get started.
Take Action at the Prosperity Now Advocacy Center!

Make your voice heard by calling, emailing, tweeting or scheduling a visit with your Members of Congress with a fast and simple click of a button! [https://prosperitynow.org/take-action](https://prosperitynow.org/take-action)
Registration for the 2018 Prosperity Summit is now open! Visit the Summit website at summit.prosperitynow.org to learn more and to register!
Thank you!

Please take our survey following the webinar