

Earned income tax credit program is a boon for health

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A new study by researchers at Columbia University's Mailman School of Public Health reports that the Earned Income Tax Credit program is not only good for people's pocketbooks, but also for their health. Findings showed that the program is much more cost-effective than many health interventions and has the added benefit of reversing mortality trends among low-income Americans in some states that have been experiencing increases in mortality in recent years. Findings are published online in the *American Journal of Preventive Medicine*.

The Earned Income Tax Credit (EITC) program has received bipartisan support, most recently from House Speaker Paul Ryan and President Barack Obama, because it provides both cash to low-income Americans and an incentive to work. Since its inception, the [tax credit](#) program has lifted 9 million Americans out of poverty. Because poverty is linked to [health](#), earned [income tax](#) credits may prove to be one solution to the recent trend toward declining health and longevity of low income, working class Americans.

"EITC might just be the bipartisan answer to both the problems of declining life expectancy and declining wages among lower income Americans," said Peter Muennig, MD, MPH, associate professor of Health Policy and Management at the Mailman School of Public Health. "But we still need experiments to be sure that it really does what we think it does."

To determine the cost-effectiveness of state EITC supplements,

Muennig and his collaborators analyzed data from the 1993-2010 Behavioral Risk Factor Surveillance System surveys and state-level [life expectancy](#). The cost-effectiveness of state EITC supplements was estimated using a "microsimulation" model that estimates both the costs to the government and the benefits to the recipient, and accounts for the cost of moving money from the taxpayer back to the worker.

The federal EITC program has also received the attention of individual states, 27 of which have "topped up" the federal program to varying degrees over the past few decades. The team looked at states that supplemented earned [income tax credits](#) at different points in time and found that they improved health and longevity. They also found that if policymakers were to consider EITC a health investment, it would come at an even better value (\$8,000 per year of perfect health gained) than the Medicaid program, which at \$62,000 per year of healthy life gained for the state of Oregon is already considered to be a good investment.

States that supplemented EITC relative to those that did not gained, on average, 0.097 Quality of Life Years. Over an average lifetime, this adds up to 2.2 QALYs. As the tax credits' payout increases with family size, so too does health-related quality of life. Those with no children can only receive a maximum of \$500 per year in EITC credits, and realize a gain of 1.6 QALYs over their working years. However, those with three children are eligible for more than \$6,000 in annual EITC benefits, and realize a net gain of 2.9 QALYs over their lifetime.

"The estimates presented here are conservative in the sense that they exclude potential national healthcare expenditure savings," noted Dr. Muennig. "While randomized controlled trials of EITC supplements are critical to provide further evidence that EITC influences health, this study suggests that relatively small investments in EITC might not only reduce poverty but be a much more cost-effective preventive intervention than treatment of hypertension, high cholesterol, or even

HIV screening and treatment in high risk populations."

Provided by Columbia University's Mailman School of Public Health

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