Compilation of Research from 200 Studies on the Correlation between Financial Stress and Health Care Costs

Created by Financial Finesse, Inc.

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Over the last 10 years, more than 200 studies and surveys have tracked, measured, and documented the link between financial stress and illness. The American Psychological Association (APA) recognizes financial stress as the leading cause of unhealthy behaviors like smoking, weight gain, and alcohol and drug abuse. Other behaviors linked to financial stress are gambling and overextending credit balances. Each time employees turn to these temporary stress relievers, the APA concludes that the stress returns and often at even greater intensity.

In 1965, Thomas H. Holmes, MD, and Richard H. Rahe, MD, from the University Of Washington School Of Medicine, began a study of more than 5,000 patients, their stressors and the correlation to illness. What they found was that stress created by major life events such as problems with money and relationships directly increased serious illness. In the original study there were 43 causes of stress, however an update to the study in 2006 resulted in 55 causes, but financial problems topped the list each time. Among the types of illness directly linked to financial woes are heart disease, ulcers, and psychiatric problems.

In a 2010 proposal to the Task Force on Financial Literacy penned by Frank D. Wiginton, CFP, FMA, CIM, FCSI, a survey reported in the *USA Today* is cited as showing that, "Distress over financial matters is contributing to irritability, anger, fatigue, and sleeplessness for over 52% of Americans." Among those who reported high stress levels due to debt, the following illnesses were reported:

- More than 3 times the ulcers or digestive tract problems (27% in the high stress group and 8% in the low stress group),
- 44% report trouble with migraines compared to 15% in the low stress group,
- 500% increase in severe anxiety and depression,
- Double the rate of heart attacks, and
- Increased sleep disturbances and lack of concentration.

According to a recent study published in *Diabetes Care*, financial stress was shown to increase the risk of metabolic syndrome which can lead to serious medical conditions like diabetes, heart disease, high cholesterol, and obesity. Medical claims as a result of these and other associated effects of metabolic syndrome increase the cost of healthcare by 24%. Further, the two-year study of more than 170,000 men and women found higher healthcare utilization and significantly greater expense – as much as double – in the group that had risk factors for metabolic syndrome. RTI International, a non-profit organization that engages in research activities in several major areas of study including health research, pegs the annual cost of fighting diabetes at just under $92 billion and heart disease at around $57 billion. With healthcare legislation changes and escalating costs bearing down, finding a solution to reducing stress is key to reducing costs.

Results of Employee Financial Wellness Programs

Financial wellness programs have been proven to empower employees to take control of their finances, reduce stress, and improve their overall health. The Personal Finance Employee Education Foundation (PFEEF) conducted an analysis of the effectiveness of education on reducing costs and reports that financial education helps save up to $2,000 per employee annually through increased productivity, reduced health care costs, and better utilization of employee benefits. In fact, their analysis indicates a 3:1 return on investment in education.

In fact, results from Financial Finesse's employee financial wellness programs are proving that changing employee's financial behavior is actually easier than changing their diet and exercise habits, with 93% of employees making at least one major change to their finances after participating in the program and the average employee making three changes (often in the areas of basic money management which have the greatest impact on financial stress, namely cutting expenses, saving more and reducing debts). With this success rate, we believe that financial wellness should be a core part of a company overall wellness program. It is relatively inexpensive to improve employee financial wellness, but the impact on employees' overall health and well-being is significant. Fewer other preventative measures yield such a high return.

Additional Studies on this Topic

PFEEF article
http://www.pfeef.org/research/efd/Research-Works-Article-Money-RW-0210.pdf

Diabetes Care article
http://www.rodale.com/stress-health-problems

Metabolic Syndrome and Health Care costs
http://www.medicalnewstoday.com/articles/164459.php

APA Coping with Stress
http://hubpages.com/hub/How-Financial-Stress-Can-Lead-to-Unhealthy-Coping-Behavior

Leading Causes of Stress
http://ezinearticles.com/?7-Leading-Causes-of-Stress&id=473303

Holmes & Rahe
http://pjentoft.com/stresspoint1.html

O'Neill & Prawitz
http://6aa7f5c4a9901a3e1a1682793cd11f5a6b732d29.gripelements.com/pdf/vol-1724-financial-distress-well-being.pdf

Cost of Illness
http://www.rti.org/files/COI_Summaries.pdf

Task Force Proposal
http://www.financialliteracyincanada.com/documents/consultation/Wiginton_Frank_299_May%206.pdf