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Health Inequality by Race and Ethnicity

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Key Findings and Policy Implications

This paper examines the effectiveness of two health measures, self-reported health and frailty, in predicting key economic outcomes by race, ethnicity and gender. It uses 12 waves of data from the Health and Retirement Study from 1996 to 2018. The paper finds that:

- The frailty measure reveals huge health inequalities by race, ethnicity, and gender. At age 51, Black men have, on average, the frailty of White men who are 13 years older, and Black women have the frailty of White women who are 18 years older. At age 51, Hispanic men and women have, on average, the frailty of White men and women who are 8 and 7 years older, respectively.

- The share of people with zero frailty, and hence no health deficits, is much higher for White people than for Black and Hispanic people. For instance, at age 51, the share of White men with zero frailty is 11.6%, which is almost double that of Black men (6.2%) and over two percentage points higher than that of Hispanic men (9.5%). Similarly, the share of White women with zero frailty at age 51 is 9.6%, while the ones of Black and Hispanic women are 5.1% and 7.8%, respectively.

- Both the self-reported health and frailty measures are highly predictive of the probability of becoming a beneficiary of SSDI or OASI, entering or living in a nursing home, and dying. For example, one additional health deficit increases the probability of retirement for men (by 0.4 percentage points), but not for women. It increases the probability of nursing home entry and being in a nursing home by 0.2-0.3 percentage points. It increases the probability of dying by 0.8 and 0.6 percentage points for men and women, respectively.

The study provides new insights on the relative value of self-reported health and frailty in predicting economic outcomes, and in documenting the very significant health inequalities by race and ethnicity.

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