



HOUSE COMMITTEE ON THE BUDGET

Chairman John Yarmuth

July 7, 2020

A Turning Point for Our Nation: COVID-19 Exposes Urgent Need for Health Equity & Economic Inclusivity

The COVID-19 pandemic has created two crises: a global pandemic that has killed more than [128,000](#) Americans and sickened millions more, and an economic collapse that has resulted in waves of mass unemployment and business closures. While nearly every American has experienced uncertainty and far too many have experienced hardship, these two crises have something else in common: they disproportionately affect Americans of color. Inequities in COVID-19 [hospitalization rates](#), [death rates](#), and [unemployment rates](#) demonstrate the pandemic's disproportionate impact on those who were already struggling.

During the hearing, "Health and Wealth Inequality in America: How COVID-19 Makes Clear the Need for Change," the House Budget Committee heard testimony from expert witnesses on how institutional racism and COVID-19 have exacerbated America's underlying health and economic inequalities, exposing minority communities to greater risk. Committee members and witnesses also discussed the urgent need for structural changes that will make our country healthier and our economy stronger and more inclusive.

Health Inequality and COVID-19: The Effects of Structural Racism

Nowhere is the disproportionate impact of coronavirus clearer than in the virus' death rates. If Black Americans and Hispanic Americans died from COVID-19 at the same rate as white Americans, at least [15,000](#) Black Americans and 1,500 Hispanic Americans would still be alive today. American Indian/Alaskan Natives and Black Americans are [five](#) times as likely to be hospitalized from COVID-19 as white Americans. At the hearing, witnesses pointed out that inequities like these are not new: they are a product of the deadly effects of structural racism in our country that have persisted for decades.

"When we are talking about these health inequities, we do have to go back to the 400 years of slavery and Jim Crow." — Dr. Patrice Harris, immediate past president of the American Medical Association, discussed how underlying factors put some communities of color at higher risk for severe COVID-19 disease. Higher rates of chronic health conditions such as diabetes, hypertension, and obesity play a role, but that is only one aspect. **Social determinants of health** – education, housing, environment, wealth, income, employment, etc. – impact *everyone's* health, but they do not affect everyone's health *equally*. After centuries of structural racism, these social determinants are often detrimental to the health of Black and Hispanic communities. "In the U.S., these historic and systemic realities are baked into structures,

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.

policies, and practices and produce, exacerbate, and perpetuate inequities among the social determinants of health, and, therefore, affect health itself,” she noted in her written testimony. In response to a question from Congressman Horsford (NV-04), Dr. Harris provided a few examples of how structural racism and COVID-19 could affect children over the long term. She cited discriminatory housing policies, the “day-to-day traumatic experience of racism,” and high poverty rates as factors that contribute to the health inequities that exist today.

Another way structural racism manifests in the health care system is through **implicit and explicit bias** among health care providers. “When we look at the United States and compare it to other countries in terms of health outcomes, we have relatively high rates of maternal mortality... And some of this could be linked to discrimination or biases among doctors and how they view, for example, black women,” said Dr. Damon Jones, associate professor at the University of Chicago Harris School. These “deep-seated issues of racism” are prevalent when doctors are trained, he noted, and can spill over into the types and quality of services provided. Dr. Harris concurred in her written testimony, citing a growing body of evidence demonstrating how bias among health care providers negatively affects the quality of care delivered to people of color as well as patient safety.

“African Americans and Hispanics were less likely to have insurance pre-COVID and they and the millions who became unemployed find themselves at risk.” — Professor Sir Angus Deaton, Senior Scholar at the Princeton School of Public and International Affairs, discussed inequities in health insurance coverage rates, another important determinant of health. About [11 percent](#) of nonelderly Black Americans, 19 percent of Hispanic Americans, and 22 percent of Alaskan Native/American Indians lack health insurance coverage, compared to just 7 percent of white Americans. While these disparities were [even larger](#) before the Affordable Care Act (ACA), affordable, quality health care is still out of reach for many Americans and there is clearly more work to be done. Dr. Jones explained how COVID-19-related layoffs may further widen these gaps: “Because insurance is generally tied to employment status, the employment trends discussed above are likely to make it harder for these households to maintain continuity in coverage, if retaining coverage at all, during the pandemic,” he wrote.

These disparities matter because, as Dr. Harris pointed out, **“we know that people without health insurance live sicker and die younger.”** Health insurance coverage can be a matter of life or death: people without it are more likely to [skip needed care](#), face [financial strain](#) due to medical bills, and have a [higher mortality rate](#). Ensuring that all Americans have health insurance and access to affordable, quality health care mattered before the pandemic, and it matters even more now that we are facing a deadly, contagious virus unconstrained by borders or health status. “Illnesses don't respect state boundaries, county boundaries. They don't know who is here and who is documented,” Dr. Harris said. The more Americans have access to the medical treatment they need, the healthier, safer, and more secure we are as a nation – pandemic or no pandemic.

COVID-19 Exposes Deep-Seated Economic Inequality

On top of a global health emergency, the COVID-19 pandemic has also resulted in an economic free fall, with record numbers of Americans now out of work. Witnesses noted that people of color – especially Black and Hispanic Americans – are disproportionately affected by the economic devastation, largely due to underlying inequalities that have existed for generations.

“The patterns of inequality are strongly predicted by one’s racial and ethnic identity.” — In his testimony, Dr. Jones provided an overview of economic inequality along racial lines. White households have, on average, between nine and ten times as much wealth as their Black or Hispanic counterparts. Dr. Jones testified that this racial wealth gap directly translates into increased financial vulnerability, particularly during times of crisis. In a recent study, Dr. Jones and co-authors [found](#) that when a worker’s paycheck is 10 percent lower than expected, a white worker is likely to reduce household spending by 2 percent, but the effect on Black and Hispanic workers’ spending was 50 percent and 20 percent larger, respectively. In other words, Black and Hispanic families may disproportionately struggle to put food on the table or afford other necessities following a furlough, pay cut, or job loss.

“Although these data are taken from years preceding the pandemic, it is likely that similar disparities will emerge during the current crisis,” he predicted in his written testimony. For example, he noted that Black and Hispanic families are less likely than white Americans to have a bank account, and because they have lower incomes, they may be less likely to file a federal tax return. For these reasons, they may be overrepresented in the estimated [12 million Americans](#) who did not automatically receive a stimulus payment from the Coronavirus Aid, Relief, and Economic Security (CARES) Act – and risk receiving it late or not at all. Because people of color are disproportionately affected by both the economic and health impacts of the COVID-19 crisis, it is crucial they receive the support they are entitled to as quickly as possible.

“The American economy is not delivering for less-educated Americans.” — In his testimony, Dr. Deaton shared findings from his research on the relationship between educational attainment and health and economic inequality. Rising mortality rates, falling labor force participation, and declining median earnings are prevalent among less-educated Americans, yet Americans with at least a bachelor’s degree are making progress in each of these areas. The COVID-19 pandemic is likely to widen these mortality and income gaps, according to Dr. Deaton. For example, “lives of the more educated are less at risk because many of us can work and earn while social distancing.” In contrast, essential workers—including those in food and agriculture, where only [14 percent](#) of workers have a bachelor’s degree and half are people of color – may be required to choose between a paycheck and their health. “Under these conditions, the gaps by education in both health and earnings will surely expand,” he wrote.

The Path Toward A Stronger Nation and a More Inclusive Economy

In his opening remarks, Chairman Yarmuth acknowledged that, while we cannot end institutional racism overnight, we can start. Witnesses provided suggestions for Congress to consider that would close the gaps and build a stronger, healthier, and more just country.

“We must use this opportunity to move our country forward on health equity through change at the individual level, in our policies and procedures, and in our culture.” — Dr. Harris recommended several steps that would achieve greater health equity. First, address implicit or unconscious bias “at all levels and in all systems,” and particularly in health care. Existing anti-bias programs in medical schools are a start, but they must be expanded throughout the health care system and to the broader society. Second, ensure that efforts to fight COVID-19 include communities of color. That means requiring federal and state agencies to collect and report reliable data on COVID-19 infections by race/ethnicity, and that targeted outreach occurs for COVID-19 testing. It also means requiring vaccine manufacturers include a diverse population in clinical trials. Third, increase the pipeline of health care providers that are racially, ethnically, and linguistically diverse. Fourth, invest in mental health infrastructure. And finally, expand access to health insurance and high-quality health care.

“Elevating the voice of these [frontline] workers is of the utmost importance.” — Dr. Jones chronicled the decline in worker bargaining power over the last several decades and stressed the importance of strengthening workers’ ability to collectively bargain in the future. Organized labor – particularly among lower-skilled workers, many of whom are essential workers during the COVID-19 pandemic – increases wages, expands benefits, and advocates for more equity in the workplace between rank-and-file workers and management. Dr. Jones noted that unionization rates have reached record lows and cited recent research on how firms have leveraged this power to set wages below what they would be in a highly competitive market. **This power imbalance is particularly troubling today, as essential workers are often unable to demand adequate protective equipment, paid sick leave, or hazard pay.** Dr. Jones testified that protecting workers’ rights to engage in collective bargaining and strengthening and enforcing labor standards would go a long way toward addressing ongoing concerns of workplace health and safety – particularly in the COVID-19 era.

“We’re in a crisis, and that is the time where you draw into the deep pockets of the federal government to bail people out because there are people in deep need.” — Responding to a question from Ranking Member Womack (AR-03) about federal budget deficits, Dr. Jones argued that now is not the time to be concerned about the debt. In fact, interest rates on Treasury debt are exceptionally low; adjusted for inflation, the cost of borrowing is actually negative. Dr. Jones’ response is consistent with the findings from a Budget Committee hearing earlier in June, in which there was **bipartisan agreement among witnesses that we have the space to provide more fiscal relief** in response to the COVID-19 downturn.

We Cannot Just Grow Our Way Out of Economic Inequality

“While there's been a lot of growth in the American economy over the last 30 years, it's not equally distributed.” — In response to claims that the primary way to address systemic racism and economic inequality is to create a stronger economy, Dr. Deaton reminded Members that the assertion is not supported by historical evidence. He noted that recent economic growth has been [concentrated](#) among people at the top of the income distribution, and that it has not been broadly shared with Black Americans or non-college educated Americans. **“It is very hard for me to see how anyone with a serious straight face can continue to talk about trickle down, and how, if the economy goes up, everyone goes with it. The factual record is just one hundred percent against that.”**

Similarly, Dr. Harris also pushed back against the claim that a rising tide lifts all boats: “It may lift all boats, but it...may not lift every boat up to where it needs [to be so that] everyone can get an equitable opportunity for health.” Meaningful progress towards health equity requires a “whole-of-a-nation” approach to address both institutional and individual racism.

“This Has to Be a Turning Point”

The next phase of COVID-19 relief efforts provides both an opportunity to help our economy recover and to ensure that more people – particularly people of color – prosper when it does. As Chairman Yarmuth noted in his opening statement, “This has to be a turning point. There is too much need, too much pain, and too much anger for Congress to do little or nothing.”

House Democrats are leading on bold, historic legislation that would combat the coronavirus crisis and address racial inequities. In May, the House passed **the Heroes Act**, urgently needed legislation to protect the lives and livelihoods of the American people. Among other things, the Heroes Act requires the development of an evidence-based strategy to reduce disparities related to COVID-19 and requires the Administration to develop a national testing strategy with a focus on reducing disparities in testing. In June, the House passed the **George Floyd Justice in Policing Act**, which will transform the culture of policing to address systemic racism and help save lives as it holds police accountable and increases transparency. Last week, the House passed the **Patient Protection and Affordable Care Enhancement Act**, which lowers health coverage costs, negotiates for lower prescription drug prices, expands coverage, and combats inequity in health coverage faced by communities of color, and the **Moving Forward Act**, which invests more than \$1.5 trillion to rebuild America’s infrastructure while creating millions of good-paying jobs, combating the climate crisis, and addressing disparities throughout America. With these bills, House Democrats are taking crucial and necessary steps toward building a stronger nation, a more inclusive economy, and an America that better reflects our values.