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**Profina Debt Solutions<sup>sm</sup> 18-Month Panel Study: Impact of  
Financial Distress on Health – A First Look**  
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**Introduction**

Profina Debt Solutions, a leading debt management and counseling organization, has taken steps to investigate a possible relationship between reported health and the consumer's debt burden. If a relationship exists then, a full assessment of the consumer's total plight would then have to include the effects of deterioration in the client's health and its subsequent impact on work. One measure of the success of a debt management and counseling program (DMP) would be the extent to which financial stress is reduced over time and good health maintained. The strategy for researching the health connection entailed a preliminary analysis of responses to health questions included as part of a larger enquiry about changes in the financial wellness of customers after participation in a debt management program. This would be followed in the future with a more focused enquiry, using hypotheses developed from the preliminary data. After careful study design and data analysis, if health impacts of financial distress exist, then the effectiveness of a DMP program will include reduction or elimination of negative health effects due to financial distress. To help frame questions for further study and to generate hypotheses for subsequent testing, clients in the Profina panel study, completed in 2002, were asked general questions about health. The health questions, like the main body of questions, were asked at different points in time. This preliminary data was used to explore possible differences in response between *actives* (those still in the program at the end of the study) and clients who either dropped out after at least one payment (called *dropouts*) and those who never even made a payment. The latter is used as a *control* group in this report.

The Profina study, which ended in the first quarter 2002, began in mid-2000 when questionnaires were mailed to those customers who had signed an agreement sometime in the previous three months. The questions were sent out again in 2001 and 2002 to compare responses. This report focuses on the change in responses over the eighteen months separating the first and third surveys. Customers were primarily asked questions on their financial situation, financial behavior, financial stressors and the discernible

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effects of their debt burden on their life at work. The questions on health were preliminary and exploratory and anticipated further research.

### Procedures of the 18-Month Study

In early 2000 a sample of 1,800 clients was drawn from a population of 4,000, the Profina population at that time. The clients chosen were those who had signed an agreement with Profina between January and April 2000. By June of 2000, 20% of the sample (355 clients) had completed a 57-item questionnaire. Using these 355 respondents as a panel, most of the same questions were again mailed in January 2002. Due to changed addresses, 302 questionnaires actually reached their destinations. When data analysis began, 180 responses were already received. This report is based on that dataset. Three groups were identified. Respondents still active in the debt management program (DMP) formed one group. Respondents who had left the program without making even one payment were taken as a control group. The third group consisted of respondents who left the program after making at least one payment.

### The Reported Health of a Sample of Profina Clients

Questionnaires mailed to clients included, in addition to the core areas, a few questions on general health. Their responses at the beginning of the study in 2000 and eighteen months later in 2002 are contained in Table 1. Responses to four health-related questions are presented in Table 1. Two other questions asked will be discussed in later sections. The questions generating Table 1 were:

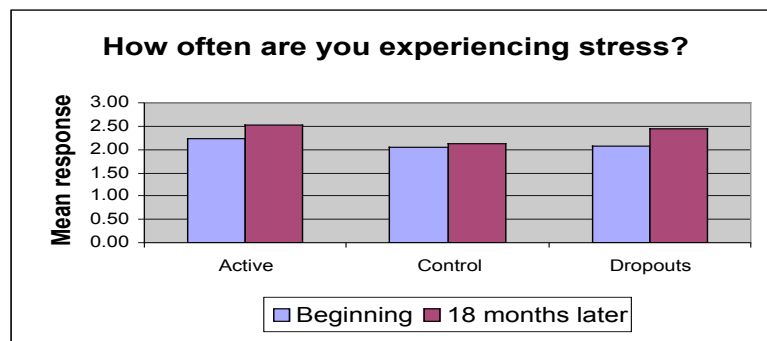
- Overall would you say your health is Poor, Satisfactory, Good, or Very Good?*
- How often are you bothered by health problems?*
- How often are you experiencing stress?*
- Compared to other people your age how would you rate your physical health?*

Table 1

	HEALTH							
	Beginning				18 months later			
	GROUP Mean				GROUP Mean			
	Active	Control	Dropouts	All	Active	Control	Dropouts	All
17 Health	2.94	2.61	2.86	2.79	2.85	2.54	2.86	2.76
18 Health problem	2.66	2.34	2.62	2.53	2.67	2.48	2.78	2.65
19 Experiencing stress	2.24	2.05	2.08	2.11	2.53	2.13	2.43	2.38
20 Compare physical health	2.92	2.92	2.83	2.89	2.96	2.88	2.86	2.91
MEAN for all questions	2.69	2.48	2.60	2.58	2.75	2.51	2.74	2.67
	Changes in Health							
	Beginning				18 months later			
	GROUP Mean				GROUP Mean Change in Percent			
	Active	Control	Dropouts	All	Active	Control	Dropouts	All
17 Health	2.94	2.61	2.86	2.79	-3.27	-2.67	0.20	-1.24
18 Health problem	2.66	2.34	2.62	2.53	0.12	6.20	6.19	4.47
19 Experiencing stress	2.24	2.05	2.08	2.11	13.08	4.23	16.93	12.75
20 Compare physical health	2.92	2.92	2.83	2.89	1.26	-1.21	1.09	0.67
MEAN for all questions	2.69	2.48	2.60	2.58	2.20	1.28	5.30	3.56

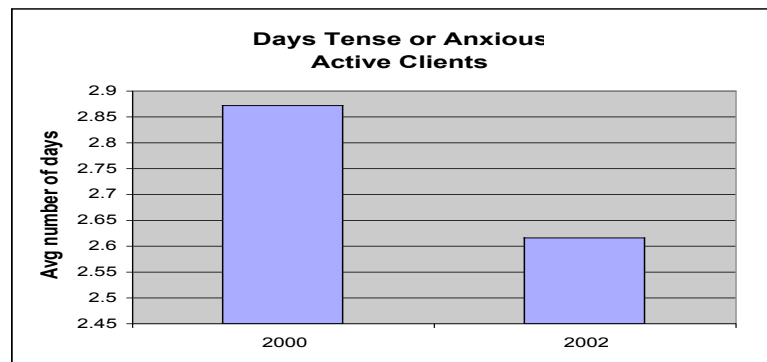
All responses were recorded on a four-point scale with 1 representing the lowest health rating and 4 the highest. Those scoring 4 either responded *Very Good* or *Never* to the first three questions. A 4 for the last question meant that the respondent felt that his health was *Better than Others*; a 1 meant *Worse than others*. The data in table 1 indicates that on average clients considered their health to be above average. The overall mean score for all groups improved slightly over the 18-month period. (See *Mean for all questions*). However, for the first question on overall health, the lower half of Table 1 shows a reduction (percent) for both the actives and control groups. Clients in the active group reported greater increases for the last two health questions than the control group, but for all four questions the control group had a larger increase. This is mostly due to the relatively larger decline reported by the actives for the first question on overall health.

Figure 1



Care needs to be exercised in drawing conclusions from these numbers. Health problems can be brought about by many other factors that have not been controlled for in this study. Nowhere in the phrasing of the questions was there any requirement to condition responses on debt burden. However, the information is potentially important enough to warrant more research. For example, the actives reported experiencing less stress in 2002 than in 2000. See figure 1. It would be revealing if such a difference could be shown to be a result of the actives remaining in the program. The same applies to the case of client's health compared to others of his own age. There also, the actives are doing better than the control group, and it would be useful to know that this is not purely accidental.

Figure 2



In addition to the questions in Table 1 two more were asked relating to health. Figure 2 summarizes the responses to the question “*In the past seven days, in how many days have you felt tense or anxious?*” We see that the number of days in a week that active clients felt tense or anxious fell to 2.62 in 2002 from 2.87 in 2000 on average, a reduction of almost 9 percent. While not very large, the direction is encouraging.

The sixth question on health was: “*Do you feel your health has been affected by your financial problems?*” Responses received are summarized in Figure 3. Here we see that

Figure 3

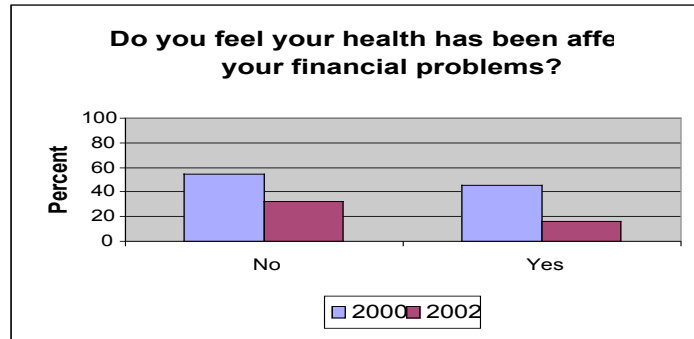


Table 2

Year	For active group	Mean	N	Difference	t-statistic	Sig
2002	Health affected by fin. Problems	0.333	171	-0.117	-2.582	0.011
2000	Health affected by fin. Problems	0.450	171			

the proportion of actives answering “*Yes*” to that question dropped markedly from 45 percent to 33 percent. Notice that for this question clients were specifically required to make the connection between their financial situation and their health. The client was not asked to make such a direct link for previous questions. Accordingly, further research is required to establish a premise for the earlier questions that is connected to high debt burden. Table 2, showing a t-statistic of  $-2.58$ , gives us almost 99 percent confidence that the reduction is more than accidental. It seems clear that people in a DMP, in which they are addressing their financial problems, are at the same time reporting their health to be less affected by those problems.

### Conclusion

Responses to most of the health questions in the Profina panel study, although in the right direction and encouraging, are not conclusive. However, they encourage further research. The design of future research should be such that a direct link between health and debt burden can be more easily established. We saw such a link with the question asking whether clients felt that their health was affected by their financial problems. For that question health condition was premised on the presence of financial problems. When that was done we saw a rather strong and statistically significant connection between client action to alleviate financial problems via a DMP and reductions in health problems attributed to financial distress.