

# **The housing crisis of the late 2000s and causal paths between health and socioeconomic status**

## **Abstract**

We use plausibly exogenous changes in home prices during the recent housing crisis as a natural experiment for evaluating the effect of changes in wealth on health. Did health outcomes, such as chronic conditions, change due to large, rapid changes in home prices? Further, did patients curb their use of medical services like non-urgent hospitalizations, office visits, prescription drug use, and preventive care? We focus on the effects among the American elderly population using a random sample of nine-million Medicare beneficiaries, finding effects on use of health care services as well as morbidity and mortality. We document that decreases in wealth are associated with increases in health care use and selected preventive services, which goes in hand with detection of chronic conditions. At the same time mortality decreases, which is consistent with the increased use of health care services in this specific group.

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