State Tax Policies Can Improve Health Outcomes

New report highlights the health impacts from refundable Earned Income Tax Credits

RICHMOND, VA – As Virginia policymakers debate approaches to address health disparities, these discussions must incorporate insights from the intersection of tax policy and public health. Refundable tax credits, like a refundable Earned Income Tax Credit (EITC), are increasingly viewed as a powerful health policy intervention.

A new report from The Commonwealth Institute for Fiscal Analysis, “Healthier Virginia Families: A Refundable EITC Means More Than A Check,” summarizes the link between poverty and health outcomes and identifies a refundable EITC as an evidence-based policy to boost health outcomes in the state. Key voices in the public health community, including the Centers for Disease Control and Prevention, increasingly include a refundable EITC among their policy recommendations to improve health outcomes.

“There is strong evidence connecting a refundable EITC and positive health outcomes for families who receive the credit. A refundable EITC is gaining consideration as sound health care policy and Virginia legislators should take notice,” said Freddy Mejia, health care policy analyst and co-author of the report.

The research literature strongly suggests that the health benefits that result from the EITC are associated with refundable versions of the credit. Virginia’s EITC is non-refundable, which means many families who receive the EITC miss out on the full value of the credit and are also missing out on many of the health benefits.

“By making this straightforward reform, Virginia's state credit could go that much further in boosting family incomes and improving the health of our communities,” said Chris Wodicka, tax policy analyst and one of the report’s co-authors.

Among the report’s key findings:

- The latest research has established a strong association between health outcomes and economic security.
The link between incomes and health outcomes appears to hold for Virginia’s communities, where local health rankings exhibit a relationship to local income levels.

By lifting family incomes, a refundable EITC could help to boost health outcomes for people in Virginia. Improvements could be expected around low-birthweight births and mental and behavioral health for mothers and children.

The authors are encouraging the governor and state legislators to enact a refundable EITC during the 2020 General Assembly session. Improving Virginia’s EITC would allow the state to more fully unlock these health benefits.


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