To mitigate the financial shock created by hurricanes, small businesses and families alike
should maintain an emergency cash fund to help them get through the immediate
aftermath of a storm. The average small business has less than a month of cash on hand if
they were to face an interruption, and the average American family needs a cash buffer of
$2400 to withstand fluctuations in income and spending.
The storms also had a significant effect on debt payments, such as mortgages and student
loans, in the weeks after landfall. Debt payments dropped by more than 15 percent in the
week of landfall and cumulatively remained lower than baseline 12 weeks after Hurricane
Harvey and 10 weeks after Hurricane Irma. Debt payments dropped to a greater extent
among Miami residents (many of whom were forced to evacuate) than Houston residents
(where evacuations were not ordered). In Houston, student loan payments and mortgage
payments dropped by 9 percent and 12 percent. In Miami, those drop were 19 percent and
16 percent.
When feasible, families should consider setting up auto-pay for bills and loans that they
know they can afford on a monthly basis. If autopay isn't a realistic idea, families should
contact their lenders or financial institutions early to see if deferring payments without
penalty is an option when hurricanes make landfall.
Perhaps the most unexpected finding in the research was the impact on health care
spending, even months after landfall in both Miami and Houston. During the week of
landfall, spending at health care providers was 65 percent and 53 percent lower than
baseline in Houston and Miami respectively. Twelve and 10 weeks after landfall, that
number still had not recovered, with health care spending 5 percent below baseline in
Houston and 4 percent lower in Miami.
This raises a critical question with significant policy implications: Was the slowdown in health care
spending caused by a drop in demand — as consumers sought less care and spent on more
immediate needs — or by disruptions in health care supply, as a result of the hurricane?