

Incorporating Health Care/Insurance Needs and Health Insurance Benefits in Poverty Measures

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Presentation to the Supplemental Poverty Measure Workshop

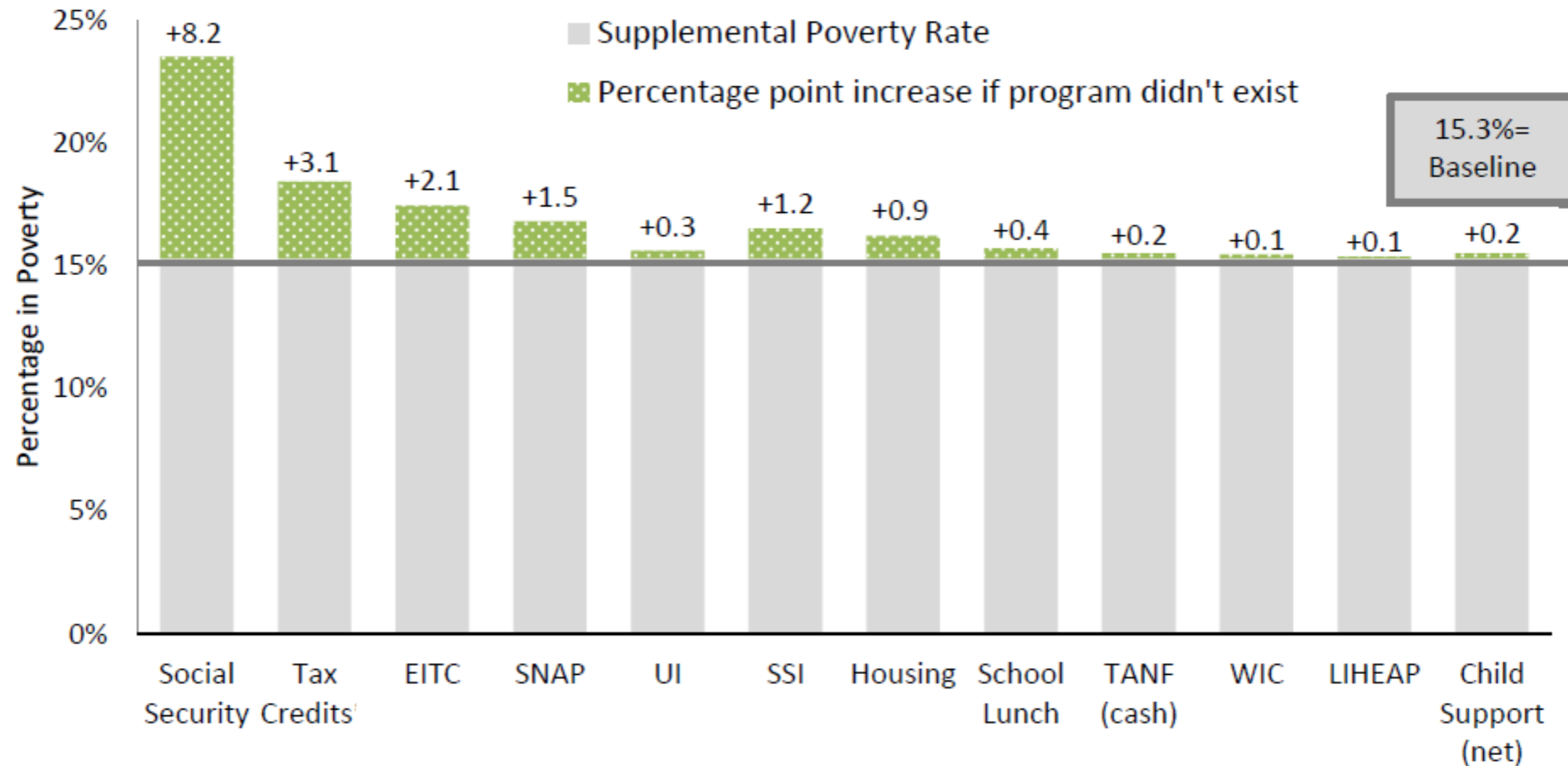
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SPM crucial for measuring the poverty-reducing impact of many cash and in-kind transfers, but not Health Insurance

Figure 9. Impacts of Select Safety Net Programs on Supplemental Poverty Rate, 2014



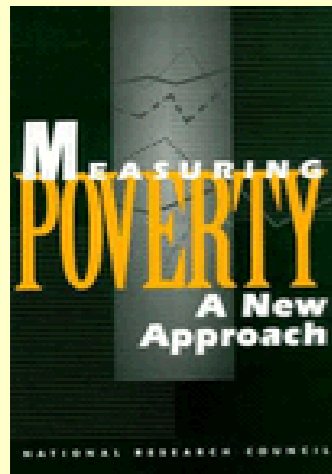
Sources: Tabulations by the U.S. Census Bureau, Social, Economic and Housing Statistics Division, Poverty Statistics Branch; Current Population Survey, Annual Social and Economic Supplement, 2015; U.S. Census Bureau, "Current Population Reports," P60-254; Kathleen Short, "The Supplemental Poverty Measure: 2014," at www.census.gov/hhes/povmeas.

Source: "Poverty in the United States: 50-year Trends and Safety Net Impacts", Office of Human Services Policy, ASPE, U.S. Department of Health and Human Services, A. Chaudry et al., March 2016.

Including health care needs & health insurance benefits in poverty measures has long been a goal

NAS panel (1995), Moon (1994) *tried hard* to put health care &/or insurance in needs, but **found no valid way at that time**

- Health *care* needs highly variable, skewed, depend on enormous clinical detail
- Historically: Health *insurance premiums* depended on (detailed) health status, employment, etc.
 - ➔ **Could not determine \$ for HI in poverty needs threshold**
- Health insurance cannot be used for other needs (not fungible)
 - ➔ **Not valid to count HI benefits in resources if not consistent health need**
 - ➔ Instead deducted MOOP, cannot estimate direct impact of HI benefits on SPM poverty



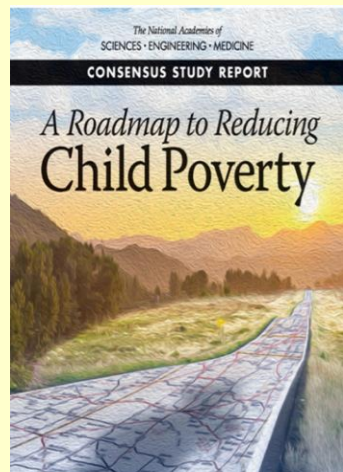
Health-Inclusive Poverty Measure Status



Our paper developing HIPM, described implementation & piloted for Mass reform (Korenman & Remler 2016)

HealthAffairs

Our paper implemented HIPM for all US & showed impacts of HI & non-HI benefits (Remler, Korenman & Hyson 2017)



2019 NAS child poverty committee recommended US statistical agencies “move expeditiously to evaluate a health-inclusive poverty measure (HIPM)” for adoption

Health-Inclusive Poverty Measure (HIPM)


- HIPM is a revision of SPM
- HIPM Threshold: add health insurance need to SPM threshold
 - < Age 65: 2nd cheapest silver plan in ACA rating area
 - Age 65+: full cost of cheapest Medicare Advantage plan in area
- HIPM Resources:
 - Cash & in-kind benefits, net of taxes & work expenses, but no MOOP deduction
 - Add net health insurance benefits, Insurance value minus premium MOOP
 - HI not fungible → HI benefits never > HI need
- Cost-sharing: deduct out-of-pocket spending on medical care (non-premium MOOP) from resources
 - capped non-premium MOOP, for under age 65
 - total non-premium MOOP, for 65+ (no cap on Part D prescription drugs)

	Supplemental Poverty Measure (SPM)	Health Inclusive Poverty Measure (HIPM)
Needs Threshold	33 rd percentile of spending on FCSU, plus a bit	33 rd percentile of spending on FCSU, plus a bit + unsubsidized price of basic health insurance
Resources	After-tax cash income + tax-credits + in-kind benefits (non-health insurance)	After-tax cash income + tax-credits + in-kind benefits (non-health insurance) + net health insurance benefits
Subtractions From Resources	- Work & childcare expenses - out-of-pocket expenditures on care (non-premium MOOP) - out-of-pocket expenditures on insurance (premium MOOP)	- Work & childcare expenses - capped out-of-pocket expenditures on care (non-premium MOOP)

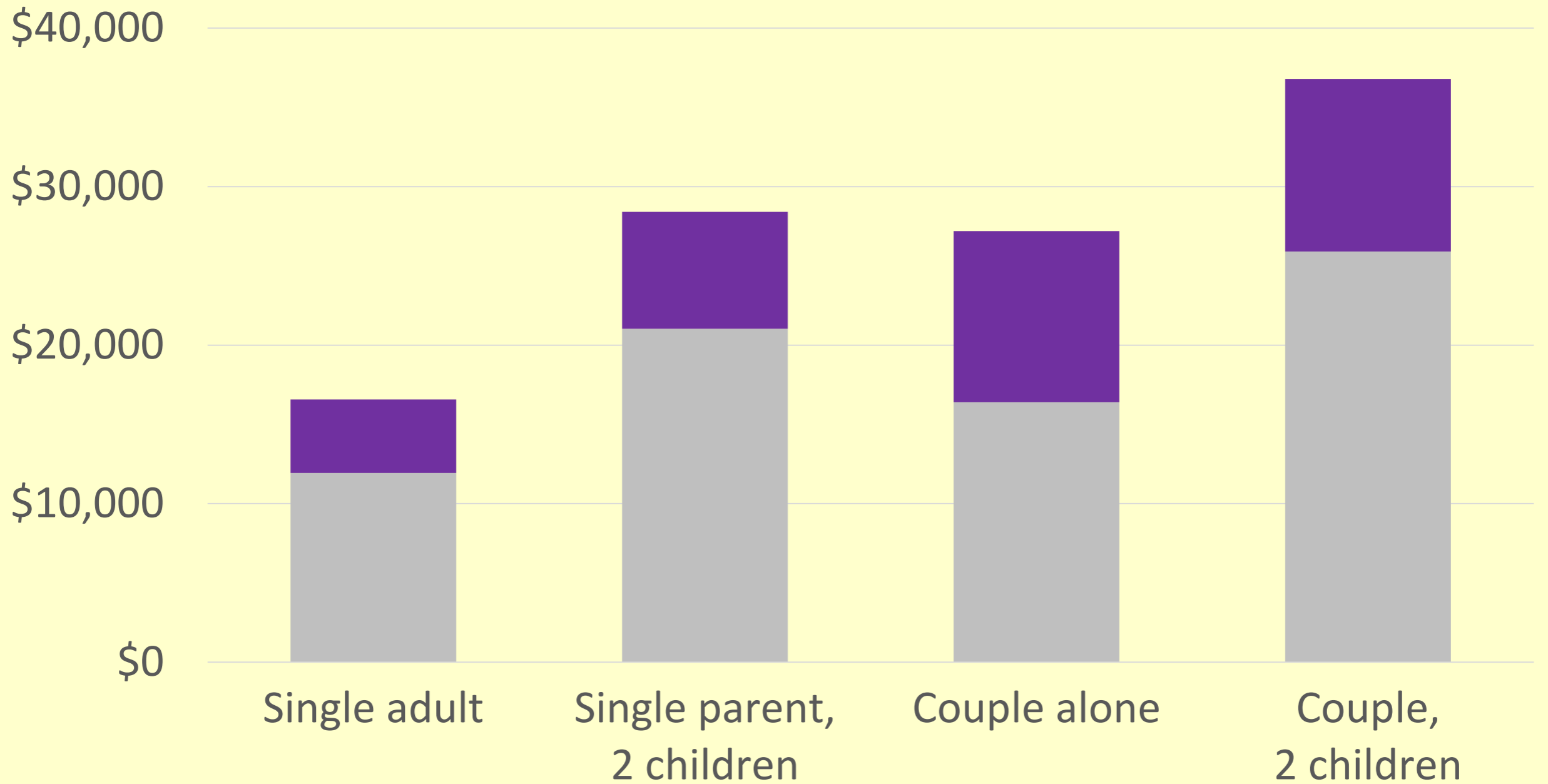
MOOP Deducted: HIPM v SPM

Form of MOOP	SPM	HIPM
Insurance (premiums)	All	Subtraction only for those with health insurance benefits, to estimate net HI benefits Deduction capped at premium for basic plan (or equivalent) available depending on area of residence, insurance type,...
Care (cost-sharing or uncovered care)	All	Capped at maximum out-of-pocket spending for basic plan (or equivalent) available, depending on area of residence, insurance type,...
Over-the-counter	All	Not deducted (Prefer to incorporate in FCSU)

HIPM and SPM Average Thresholds 2015

 = SPM Threshold

 +  = HIPM Threshold



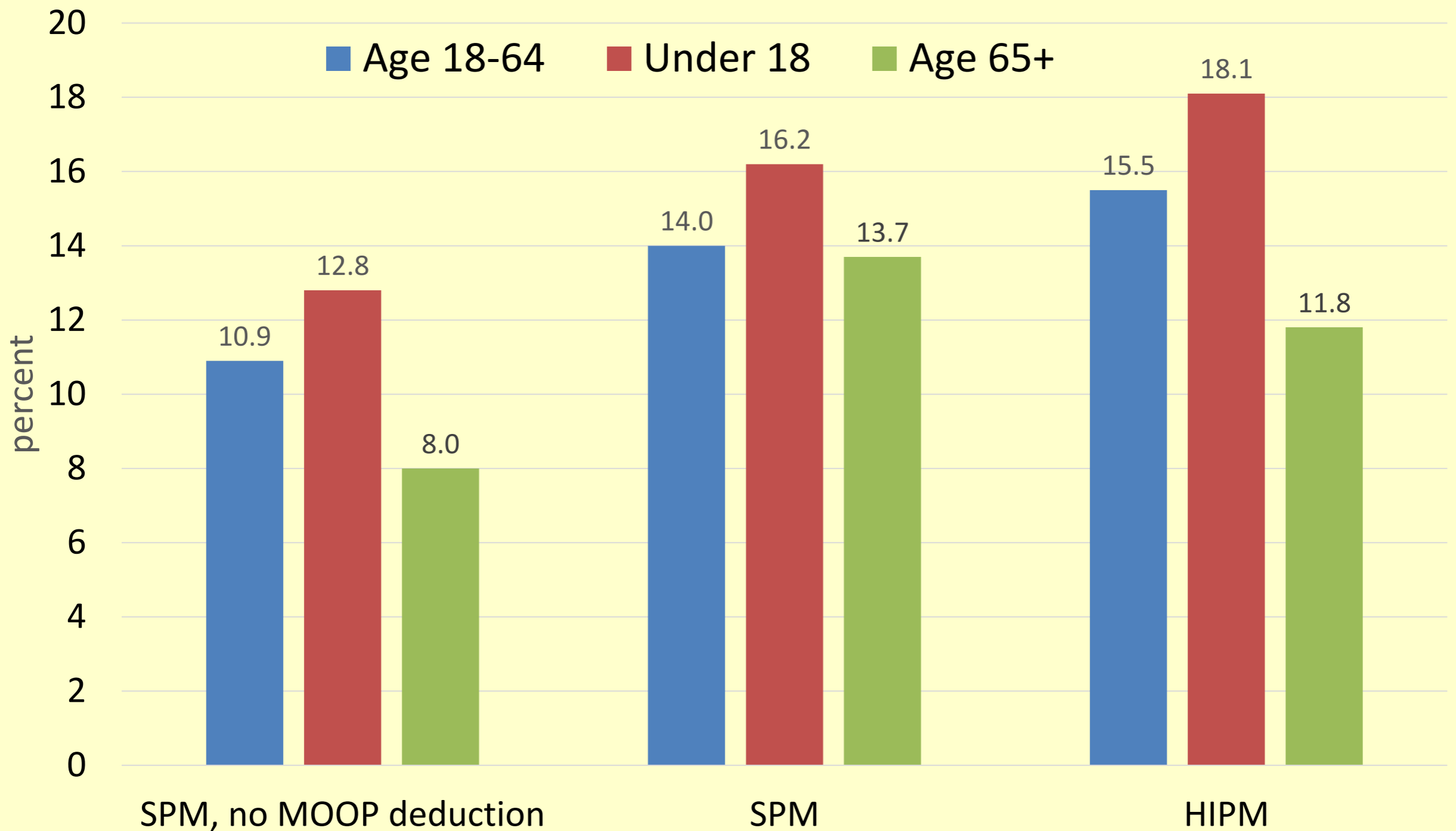
Data & Analysis Samples

- CPS Annual Social and Economic Supplement (calendar 2015)
- Medicare Advantage-Prescription Drug plan data
- ACA Marketplace Health Plan Data
- State Medicaid & CHIP: premiums & cost-sharing (KFF)

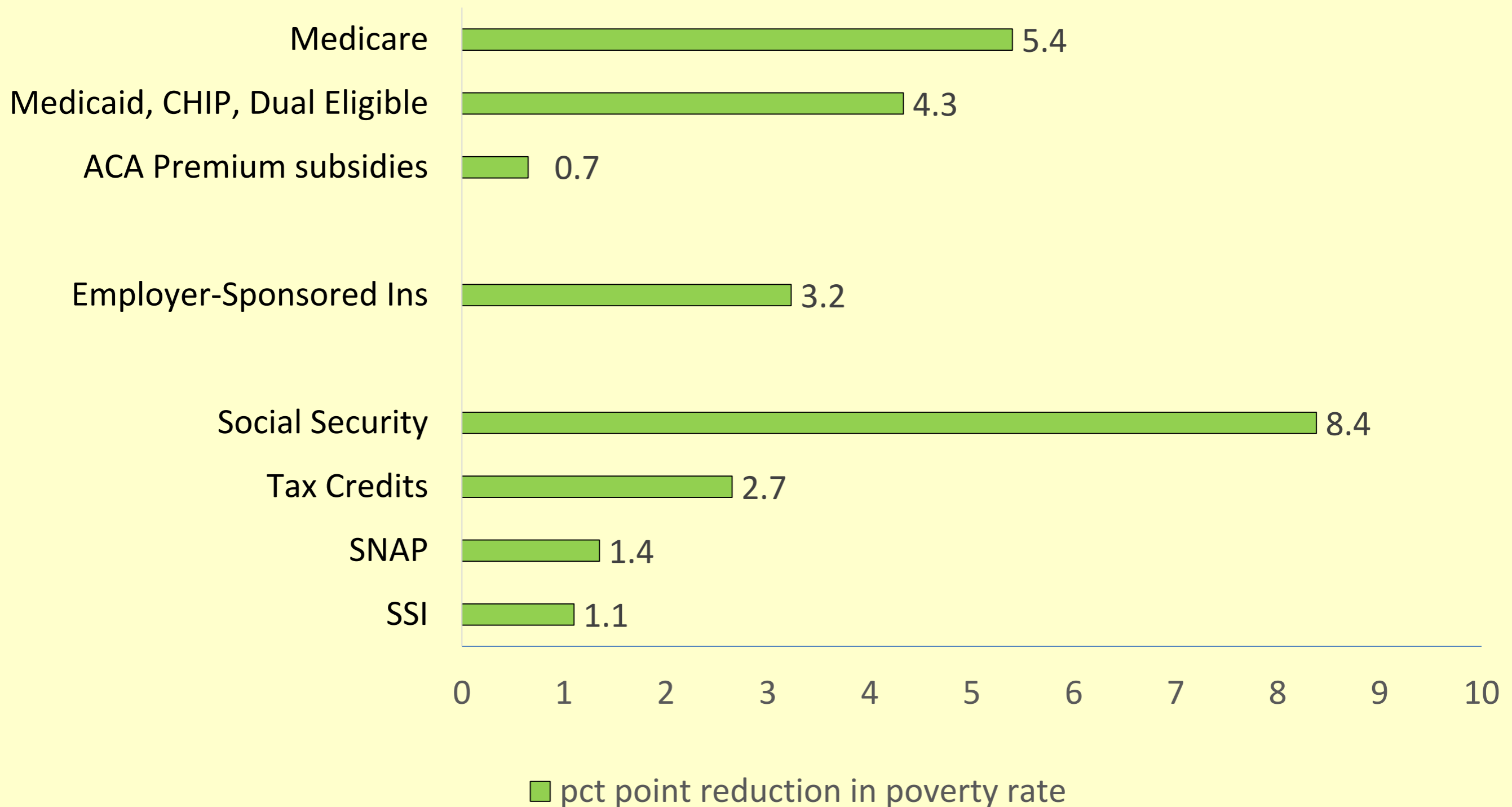
- Poverty status calculated for the SPM-unit

- Sample size = 185,208

SPM and HIPM Poverty Rates, 2015

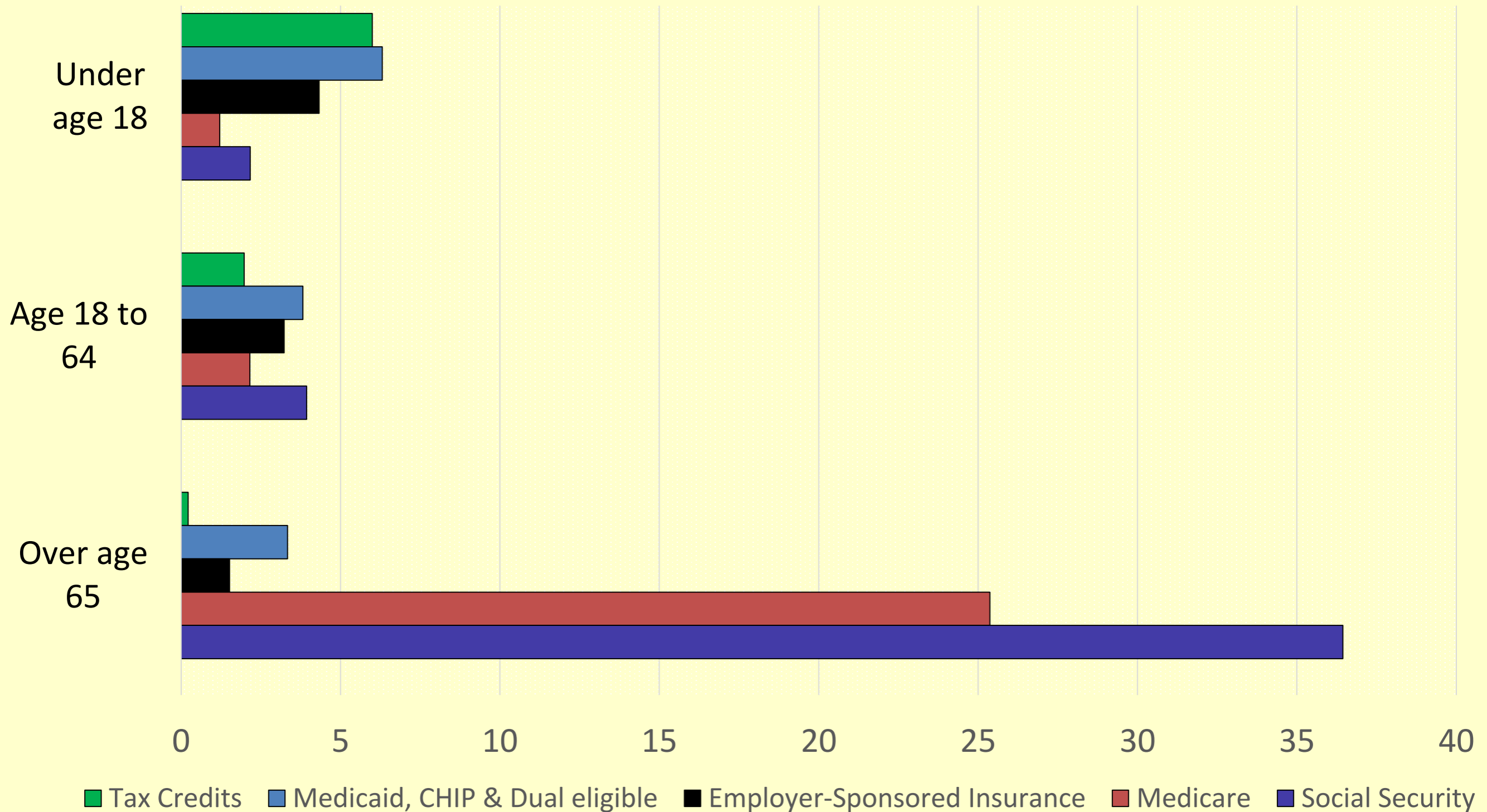


Impacts on HIPM Poverty Rate of Health Insurance Benefits and Other Programs

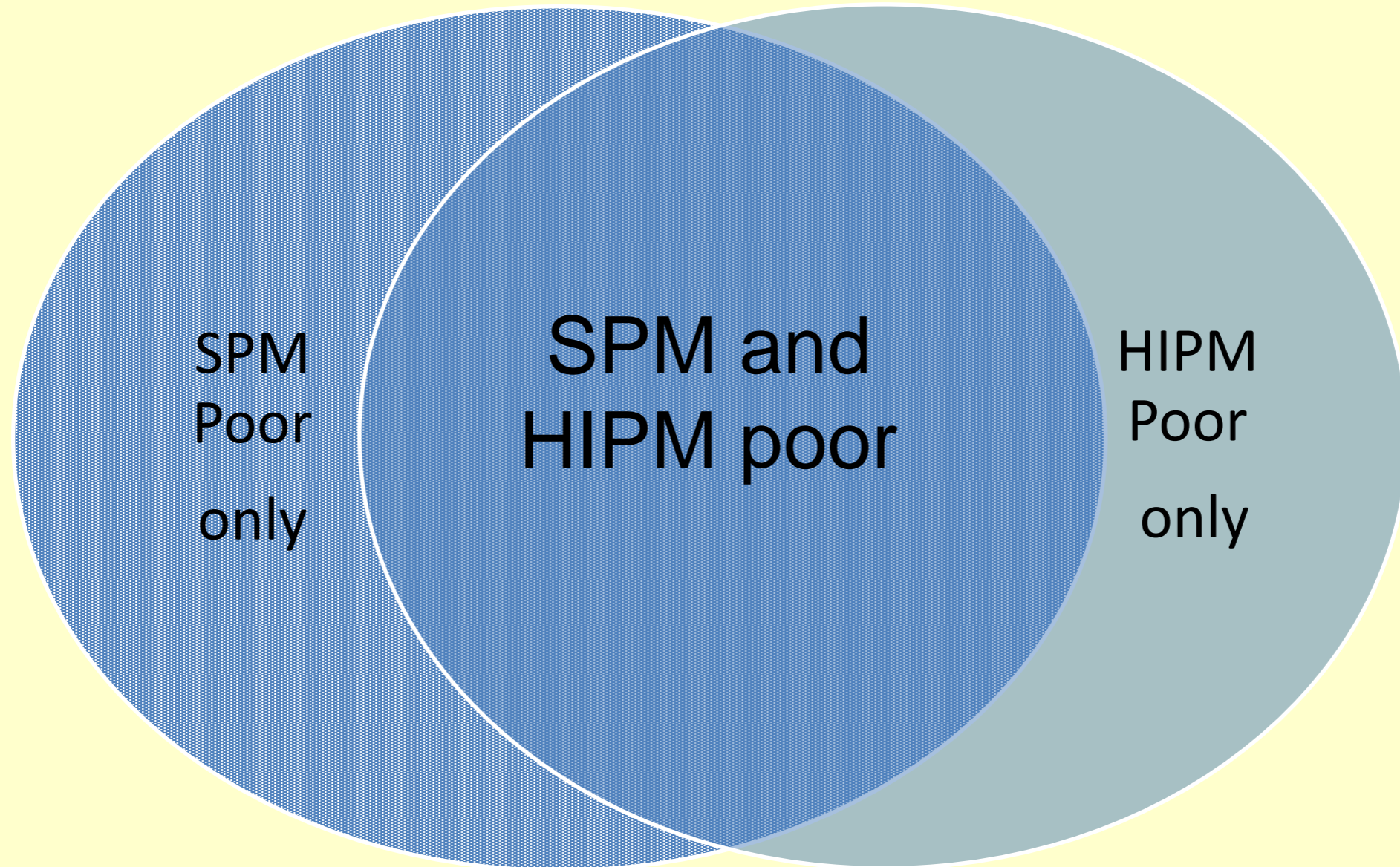


Impacts on HIPM Poverty Rates of Health Insurance Benefits and Other Programs, by Age

(percentage point reduction in poverty rate)



Who is poor? HIPM v SPM



Who is poor? HIPM v SPM

1. SPM-only-poor look more advantaged
 - more highly educated
 - more likely to be non-Hispanic White
 - more often citizens
2. HIPM-only-poor more likely to lack any HI resources
3. Among 65+, SPM-only-poor spend 4x as much on health care, particularly premiums, than HIPM-only-poor

Conceptual Issues

- Cost-sharing
- Choice of Basic Plan for Health Insurance Need
 - Basic Plan Choice & Cost-sharing Interact
- Trends: Quasi-relative, like SPM
- Health Policy Changes
 - Key: Guaranteed Issue & Community Rating

Implementation Decisions

- Choice of Health Insurance Need
 - Under-65
 - Medicare beneficiaries
- Cost-sharing needs: modifying non-premium MOOP caps?
 - Medicaid, Medicare
- Determining health insurance type & unit in multiple coverage cases
 - Simplify or multi-coverage types?

Selected Further Topics Discussed in Our Papers

- US health care & insurance system creates challenges for incorporating health care in poverty measures
- Other approaches to health care/insurance
 - MOOP in the threshold
 - Fungible value
- Free care
- Trends in absolute health-inclusive poverty?

Thank you!

Comments welcome for this work in progress

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