

Title: Disability, Medical Expenses, and State Medicaid Expansion Status

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Abstract

The prevalence of disability has recently increased among middle-age adults. People with a disability face myriad of costs, including health care costs associated with treating health conditions related to impairment. In the long term, provisions of the Affordable Care Act, particularly the expansion of Medicaid eligibility, may benefit adults with disabilities by improving their access to care and thus their health and wellbeing. In the short term, however, policy changes may lead to increases in burden from increased medical expenses from receiving previously unmet medical care. Using a difference-in-difference approach, this study will compare out-of-pocket medical expenses for adults with and without a disability by state Medicaid expansion status. To quantify the implications of differences for economic wellbeing, we examine how the Supplemental Poverty Measure (SPM) status of disabled adults in non-expansion states would change in a counterfactual scenario where they have the expenditures of disabled adults in expansion states.

Extended Abstract

Introduction

While the prevalence of disability has been steadily declining among older adults (Martin et. al, 2010), recent trends suggest the prevalence of disability is stagnant or increasing among young and middle aged adults in the United States (Zajacvoa and Montez, 2017). The rise of impairments among young and middle aged adults has several implications for their productivity and well-being. Often not eligible for Medicare and disadvantaged in terms of their labor force participation, young and middle aged adults with in poor health may be more economically vulnerable and susceptible to both labor force shocks and high medical expenditures related to chronic health conditions (Currie and Madrian, 1999).

Provisions of the Patient Protection and Affordable Care Act, particularly the expansion of Medicaid eligibility, may increase health insurance coverage and access to medical care. While increases in health insurance coverage may have long-term benefits for the health of disabled adults, more immediately, disabled adults may be more likely to have higher medical expenses resulting from receiving previously unmet medical care. This study will examine differences in the medical expenses of adults with and without a disability by state Medicaid expansion status.

Data, Measures, and Methods

Data for this study come from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC) 2017 Research File. The Census Bureau has been working to update processing and imputation procedures for the CPS ASEC. The 2017 CPS ASEC Research File implements these changes and features improved imputation for questions on medical expenditures. The CPS ASEC is used by this study because of its rich socioeconomic data, large sample size, and information on medical expenditures.

Using a difference-in-difference approach, this study will examine total medical expenditures, non-premium medical expenditures, and the ratio of medical expenditures to income by an individual's disability status and Medicaid expansion state status.

The model specification is defined as:

$$Y = \beta_0 + \beta_D x_D + \beta_E x_E + \beta_I x_D * x_E$$

Where β_D is the coefficient for disability status, β_E is the coefficient for expansion status, and β_I is the interaction of disability by expansion status. Pending the availability of more years of data, this model will be expanded to a difference-in-difference-in-differences approach to allow for an understanding of changes across time.

Disability status will be measured as having any impairment defined by the standard American Community Survey six question set for measuring disability (any difficulty: hearing, seeing, walking, running errands, bathing, making decisions).

When examining differences, individual-level controls will include age, race, sex, marital status, labor force participation, and health insurance status. Models will also control for state-level factors including percent disabled and state unemployment rates. Sensitivity analyses will also include state-level fixed effects.

Results

Results will focus on the interaction of disability and state Medicaid expansion status. To quantify the magnitude of these differences and their implications for economic wellbeing, we examine how the Supplemental Poverty Measure (SPM) status of disabled adults in non-expansion states would change in a counterfactual scenario where they have the medical expenditures of disabled adults living in expansion states.

Discussion

This study will seek to further our understanding of how medical expenditures differ by disability status in expansion and non-expansion states. On one hand, we might expect that disabled adults living in expansion states have expenses more similar to their non-disabled peers. On the other, it is possible that differences between disabled and non-disabled adults may be maintained or even exacerbated if the increased access to insurance increases health care utilization and thus the costs of care.

References

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