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State Health Access Data Assistance Center

Investigating the "Welcome Mat" Effect:

How Will the ACA Affect Medicaid Participation Among Previously Eligible But Not Enrolled Populations?

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Background

- Medicaid take-up and retention historically low
  - Adults: 52-81% (Sommers et al. 2012)
- Increasing take up could lead to:
  - More efficient use of services
  - Reduced financial hardship on low-income households
  - Increased health
- But also…
  - Higher state costs
  - More crowd-out
  - More strain on provider supply

Background

- The ACA will likely increase Medicaid enrollment **even in states that do not implement the Medicaid expansion**
- Drivers:
  - Mandate increases cost of remaining uninsured (though many low-income will be exempt)
  - Increased awareness due to health insurance exchange and mandate
  - Reduced burden of applying for Medicaid
  - Increased social acceptability of Medicaid due to the expectation that everyone have coverage

Research Focus

- We use Massachusetts' 2006 health reform as a case study to better understand the potential of the ACA to change take-up patterns
- We focus on **parents who were eligible for Medicaid under the rules that existed prior to 2006 reform**
  - Fiscally important: states get standard match
  - Empirically important: observe take-up in a group that faced two different sets of incentives

Prior Research

- Half to two-thirds of children enrolling in CHIP qualified under pre-expansion rules (Georgetown CCF 2008)
- Sommers et al. 2012 (ASPE): Review of Medicaid participation rate studies
- Sommers/Epstein 2011: % of nonelderly population Medicaid eligible but uninsured by state
- Sommers/Epstein 2012: State Medicaid participation rates and factors influencing participation

No research studies investigating the size of the "welcome mat effect" with comprehensive reforms similar to ACA

Overview of Approach

- Population of interest is parents eligible for "free" Medicaid under the rules that existed **prior to MA reform**
  - Estimate the welcome mat effect
- Difference-in-differences (DD)
  - Pre/Post period: 2003-2006 vs 2007-2011
  - Control states
    - NY, RI, ME, VT

Data

- Microdata
  - March CPS for 2004-2012
    - Household survey collecting prior year health insurance, family income and socio-demographics
    - SHADAC Enhanced weights account for imputation bias (these weights are more state representative)
- Medicaid Eligibility
  - KFF surveys of state Medicaid Offices
    - Consider eligibility threshold for "free" parents' coverage
    - Varies by state, year, and work status
    - Data supplemented with direct examination of state reports

Study Population

- Control States (NY, ME, VT, RI):
  - Similar to MA in terms of eligibility level
  - Eligibility for parents did not change substantially during the analysis period
  - Experienced the same regional economic trends

Study Population

- Analytic sample limited to low-income parents who would have been eligible for Medicaid throughout the period (Years: 2003-2011)
- Ages 19 to 64
- Exclude people with SSI
- Exclude women with infants (likely pregnant during previous calendar year)

Measurement of key variables

- Medicaid Coverage
  - Any means-tested coverage in previous calendar year
    - Broad measure reduces error from under-reporting, but introduces misclassification
  - 2 Populations
    - Participation: Medicaid + Uninsured
    - Enrollment: All Eligible Parents
- Family Income
  - Sum of personal annual income within nuclear family (health insurance unit)
  - Compared to FPG

Size of Participation Sample

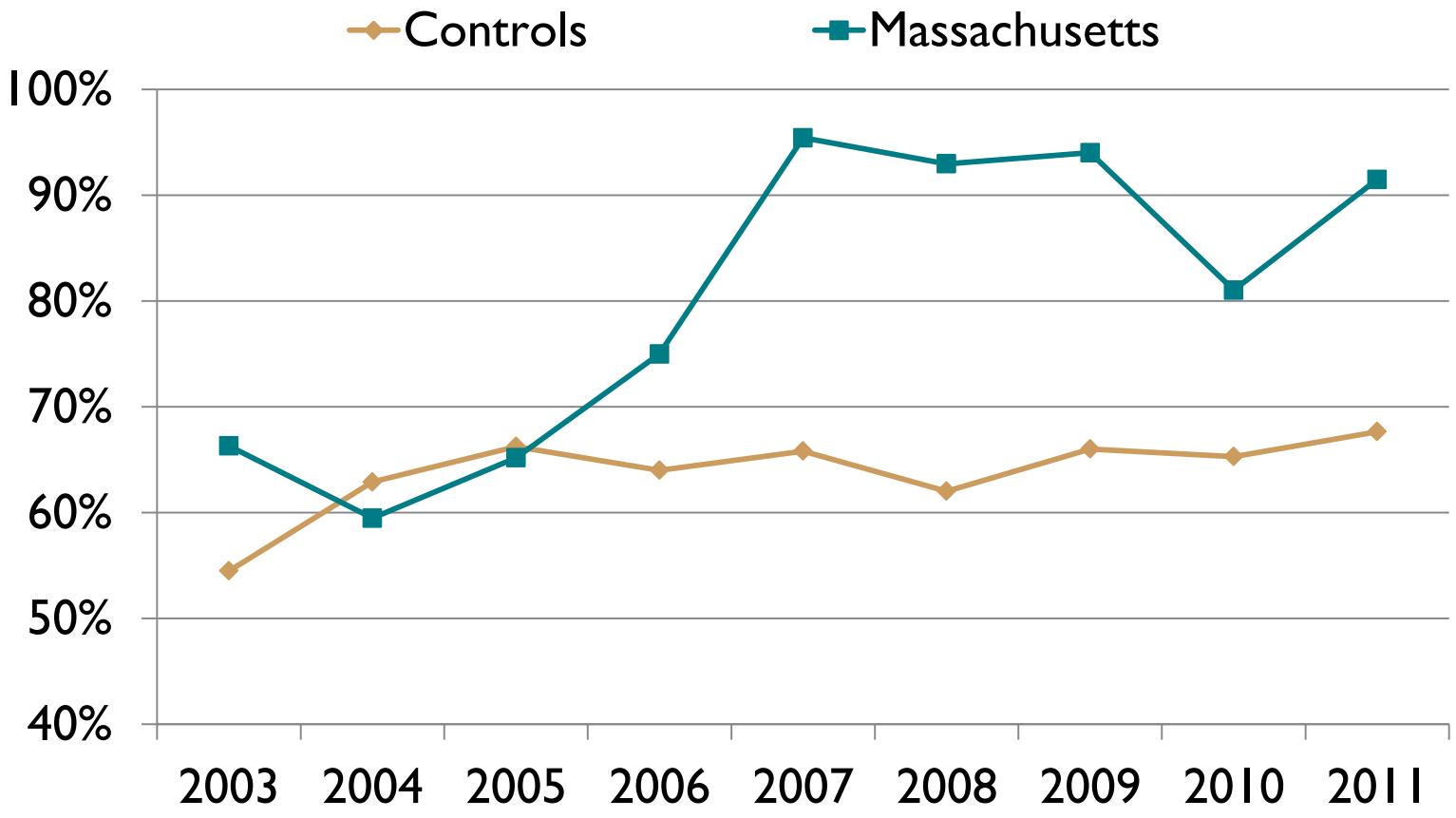
	Total, CY 2003-2011	Average per year
Massachusetts	540	60
Comparison States	5,620	624
Total	6,160	684

Select Sample Characteristics

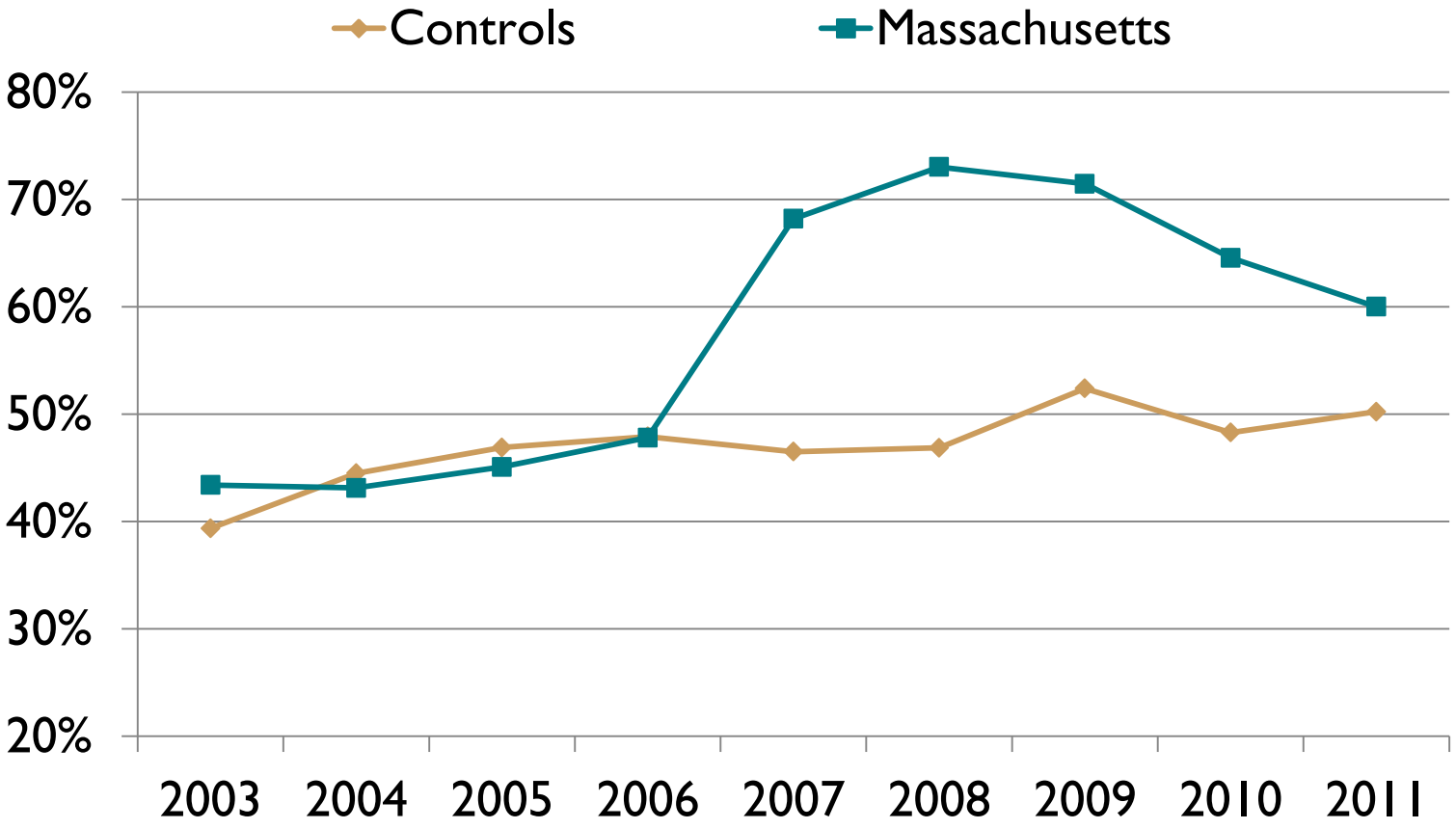
Variable	%
Public insurance coverage	66
Age	
19-25	10
26-44	66
45-64	23
Male	34
Race/ethnicity	
Hispanic	34
White	35
Black	19
Other	12

Variable	%
Married	52
Education	
< High school	32
HS grad	40
Some college	14
College or more	14
Employment	
No work	40
Worked part time	19
Worked full time	41

Unadjusted **Participation Rates**



Unadjusted **Enrollment Rates**



Multivariate Analysis

- Difference-in-differences model, using logistic regression
  - DD compares the change in Massachusetts to the change in the controls states to isolate the effect of the reform
  - Assumes control states accurately represent what would have happened in MA if reform not occurred
- Covariates: socio-demographics, state, and year

Results

	Post-Pre Adjusted Difference (S.E.)	
	Participation Rates	**Enrollment Rates**
Massachusetts	21.7*** (5.00)	16.1** (5.22)
Control States	2.2 (3.99)	-0.23 (3.36)
Difference in Difference	19.4*** (4.88)	16.3*** (4.80
Implied % Change	29.8	36.2

Adjusted difference obtained using average marginal effects.
**p<0.01; ***p<.001

Robustness

- Results are robust to:
  - Choice of covariates
  - Post period starting in 2006 instead of 2007
  - Omitting 2006 and 2007
  - Official CPS instead of SHADAC-Enhanced Weights
  - Broad vs. narrow definition of Medicaid

Limitations

- All DD studies suffer from the limitation that an unobserved factor that is coincident with treatment can bias results
- Measurement error in Medicaid
- Robustness exercise gives us confidence

Generalizable to ACA?

- Likely to see increase in Medicaid even in states that do not expand
- MA had high participation rate compared to other states, prior to reform (less "room to improve")
- MA reform included a well organized outreach campaign
- Providers and community outreach groups may pick up the slack

Cost and Benefit Implications

- A new liability for states
  - Welcome mat enrollees financed at existing federal match rate
- Important Benefits
  - Key factor in reaching uninsurance targets
  - Improve efficiency of care
    - Preventative Care (Kolstad & Kowalski, 2012)
    - Decreased ED (Miller, 2012)

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