

Investigating the “Welcome Mat” Effect: How Will the ACA Affect Medicaid Participation Among Previously Eligible But Not Enrolled Populations?

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June 22, 2013

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

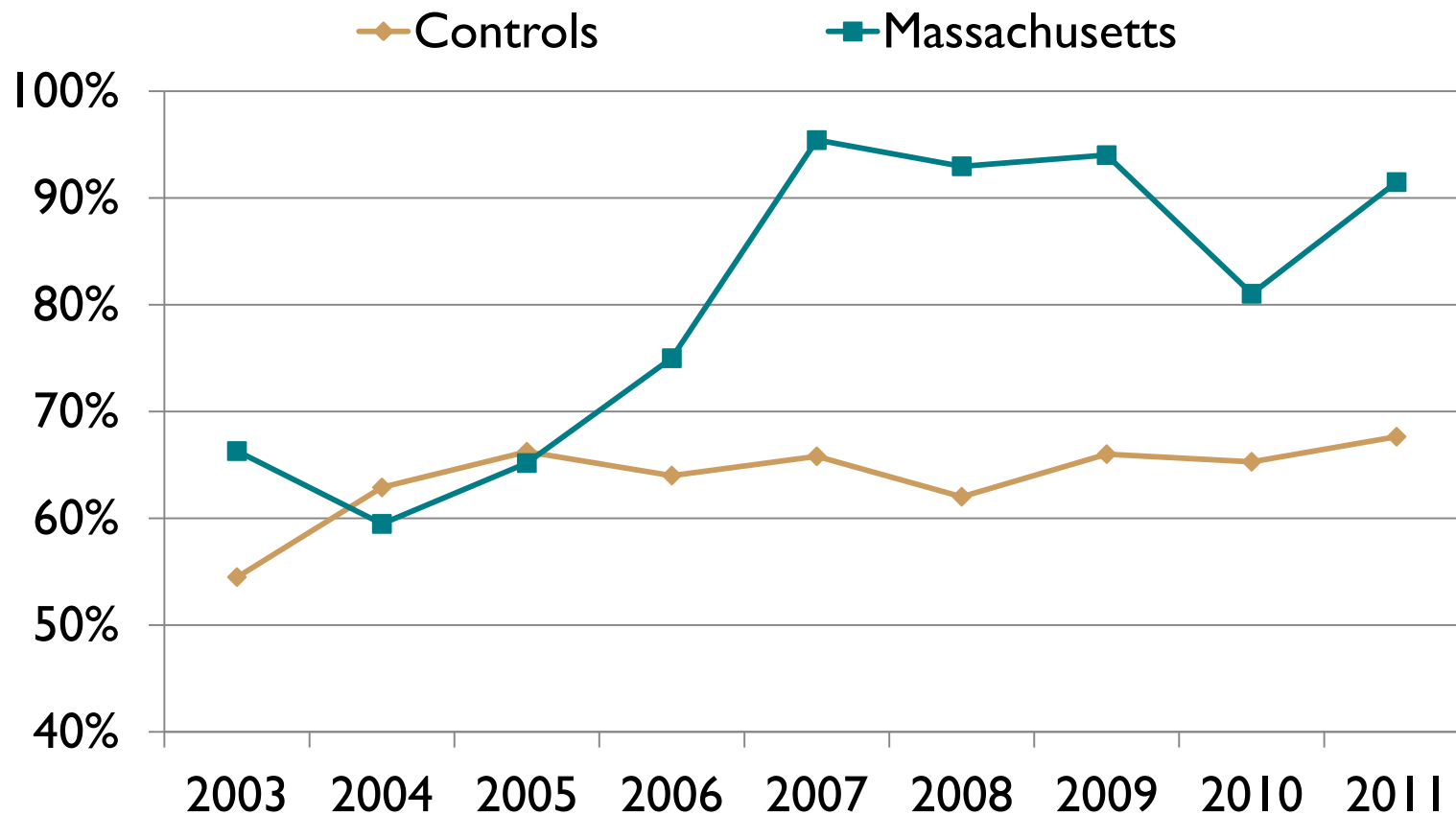
	Total, CY 2003-2011	Average per year
Massachusetts	540	60
Comparison States	5,620	624
Total	6,160	684

Select Sample Characteristics

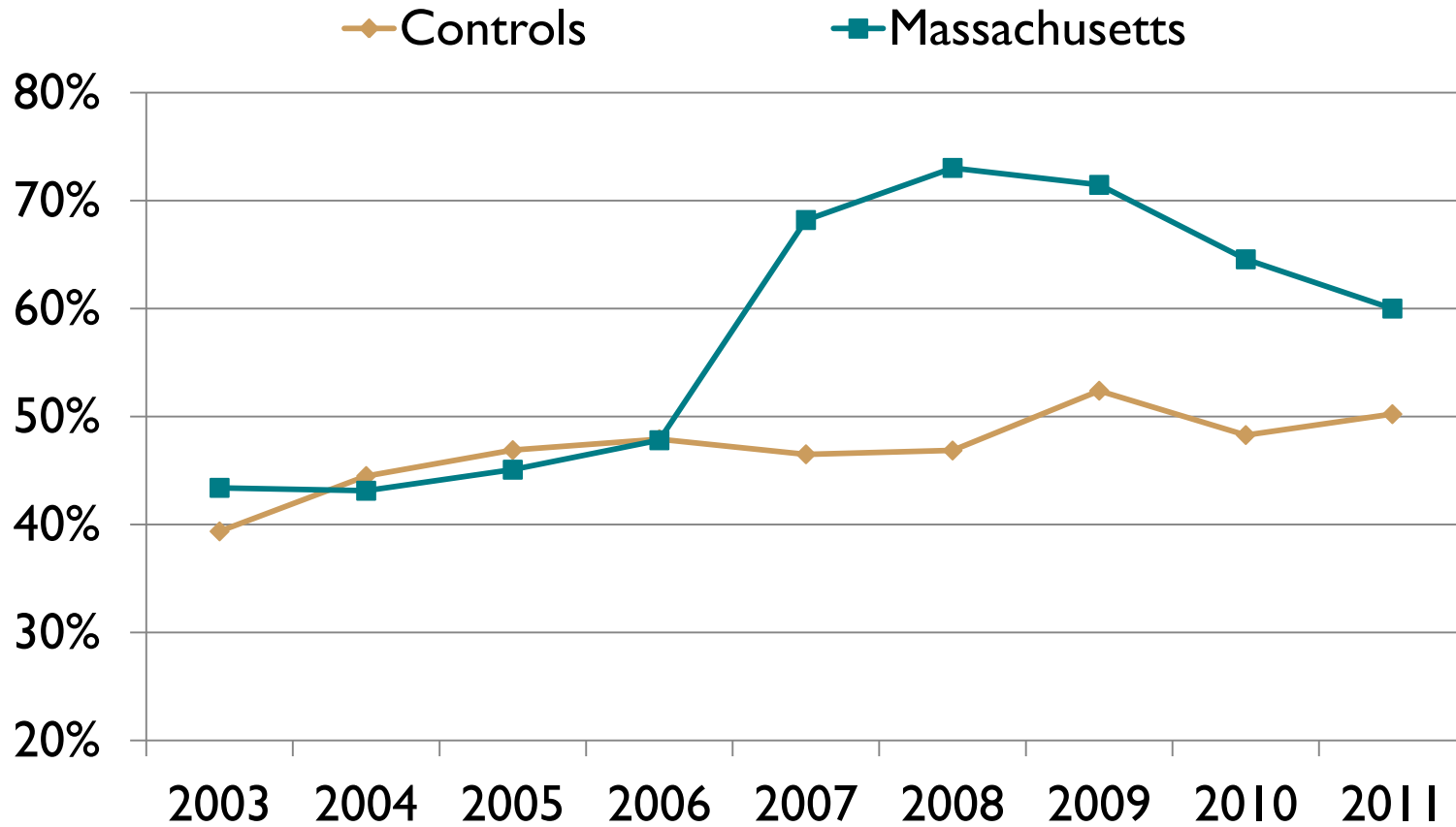
Variable	%
Public insurance coverage	66
Age	
19-25	10
26-44	66
45-64	23
Male	34
Race/ethnicity	
Hispanic	34
White	35
Black	19
Other	12

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)

Acknowledgments

- Funding from RWJF
- Co-Authors
 - Julie Sonier and Lynn Blewett
- Assisted by
 - Pari McGarraugh

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