

State Variation in High Burden Out of Pocket Spending on Health Care: Results from the Current Population Survey

Rationale. The Patient Protection and Affordable Care Act includes provisions to help protect families from high out of pocket spending for health care beginning in 2014. The law places new limits on out of pocket spending for essential benefits and provides subsidies for people with incomes below 400% of FPG who purchase coverage through the Health Insurance Exchanges. The issue of high burden medical spending has received increased attention over the years as health care costs continue to dramatically outpace growth in wages. Much of the burden of implementing health reform will lie with states, and state level evaluations will be essential for monitoring the effectiveness of the reforms. Until recently, direct estimates of out of pocket spending for all fifty states and the District of Columbia were not available. However, the Current Population Survey added questions about out of pocket spending in 2010 and the recent release of the 2011 data provides sufficient sample to produce state estimates. Although the CPS collects less detailed information than surveys such as the Medical Expenditure Panel Survey (MEPS), researchers at the Census Bureau have conducted analyses to assess the quality of the CPS out of pocket variables and found that the information compares favorably. These estimates provide important baseline information to evaluate the potential for the ACA to reduce the burden of high out of pocket spending across states and insight into the characteristics of the population for whom high burden spending is likely to persist beyond 2014.

Research Questions. 1) What are the rates of high out of pocket health care spending across states? 2) Does the extent to which high burden spending is driven by premiums vs. non-premium spending vary across states? 3) Does the state variation in high burden spending persist when adjusting for differences in the age, sex, and health status of state populations? 4) What is the potential for the ACA Medicaid expansion and premium subsidies to alleviate high burden spending and how does this vary across the states? 5) What are the characteristics of the population for whom high burden spending is likely to persist beyond 2014?

Data and Methods. We will use 2010 and 2011 data from the Current Population Survey (CPS) to produce state level estimates of the share of the population with high burden out of pocket spending. The CPS is a monthly survey that the Census Bureau conducts for the Bureau of

Labor Statistics to provide data on labor force participation and unemployment. Information about out of pocket spending and health insurance coverage is collected through the Annual Social and Economic Supplement (ASEC). Although there is no absolute definition of high burden spending, a common measure is spending that exceeds 10% of gross household income. We will use this measure in our analysis. We will rely on both descriptive statistics and multivariate methods to produce unadjusted and adjusted estimates of high burden spending at the state level.