# Incentives for Home and Community Based Care Under the Affordable Care Act

## Implications for Supplemental Security Income Receipt

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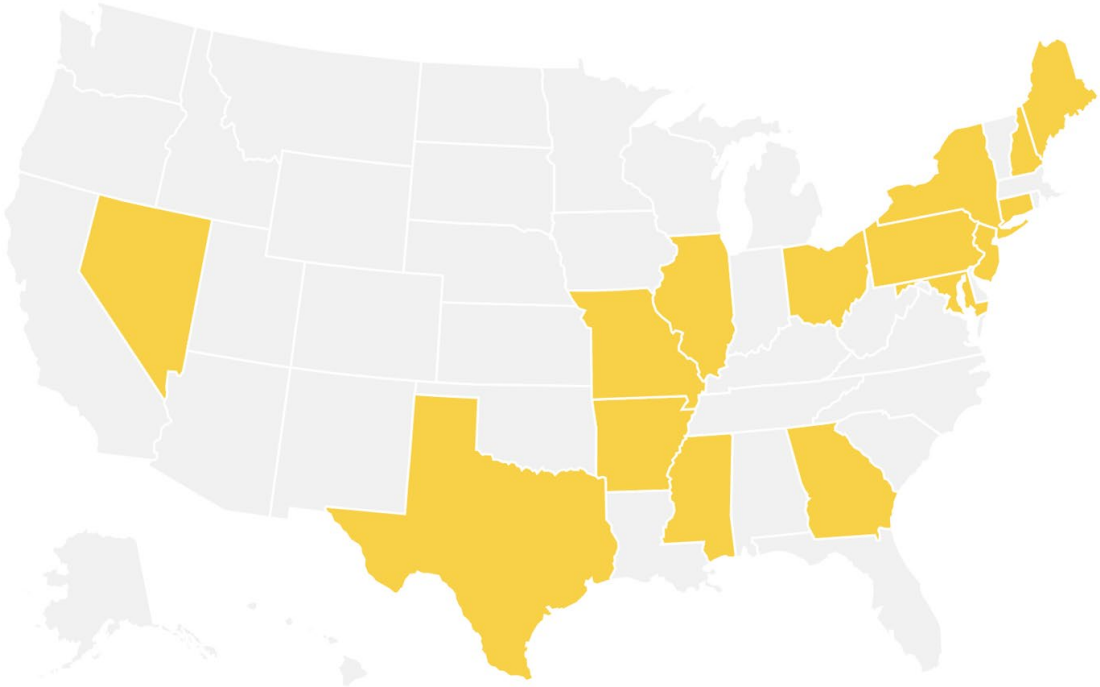
# Outline of the presentation

1. The Balancing Incentive Program
2. Contribution
3. Empirical Strategy
4. Results
5. Conclusion
6. Supplemental Material

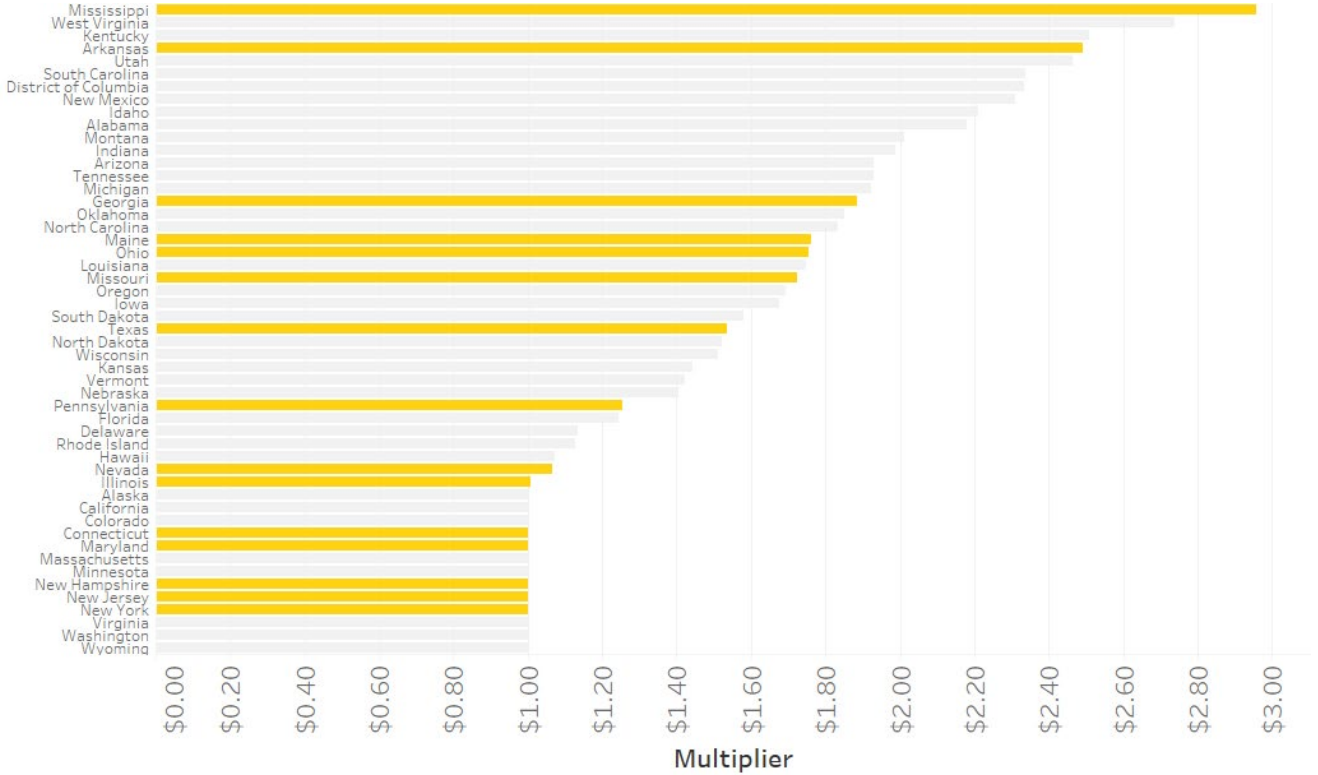
# The Balancing Incentives Program sought to "catch-up" states with low HCBS spending

- $3 billion authorized from 2011 through 2015 to support enhanced FMAP for:
  - States spending less than 50\% of total Medicaid LTSS budget on HCBS in FY2009
  - One state eligible for 5 point increase
  - The rest for 2 point increase
  - 38 states were eligible
- 21 were approved
- 18 participated through May of 2015
- 15 of these focused on older adults

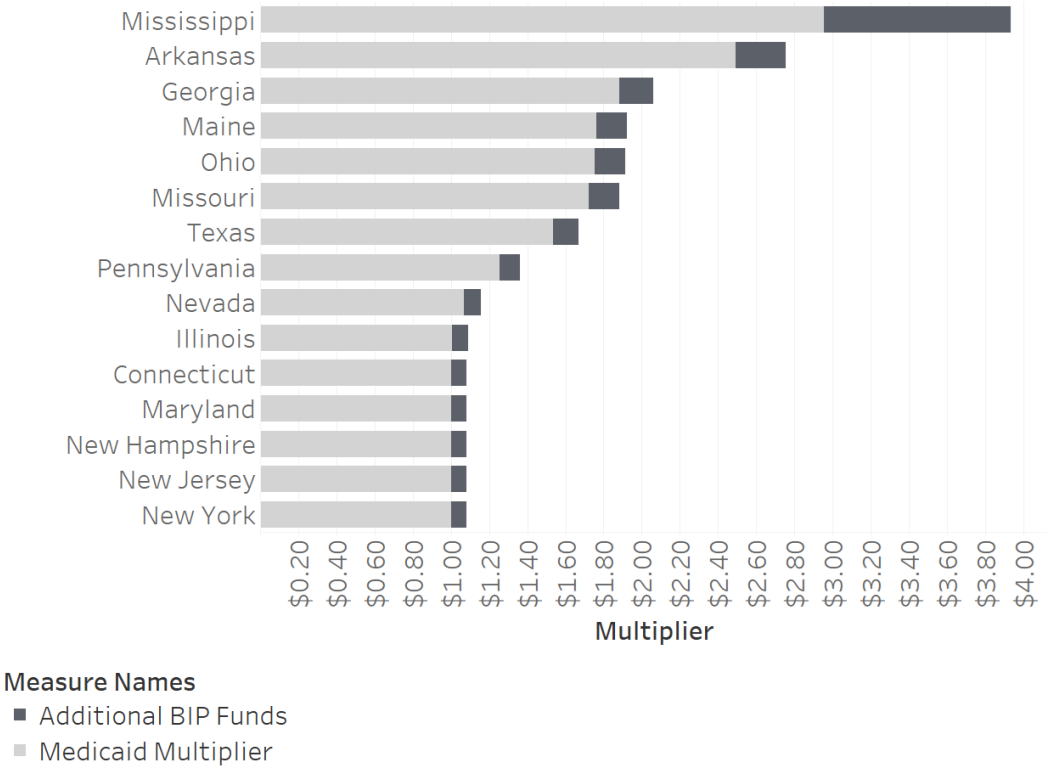
# The 15 states focusing on older adults are distributed across regions



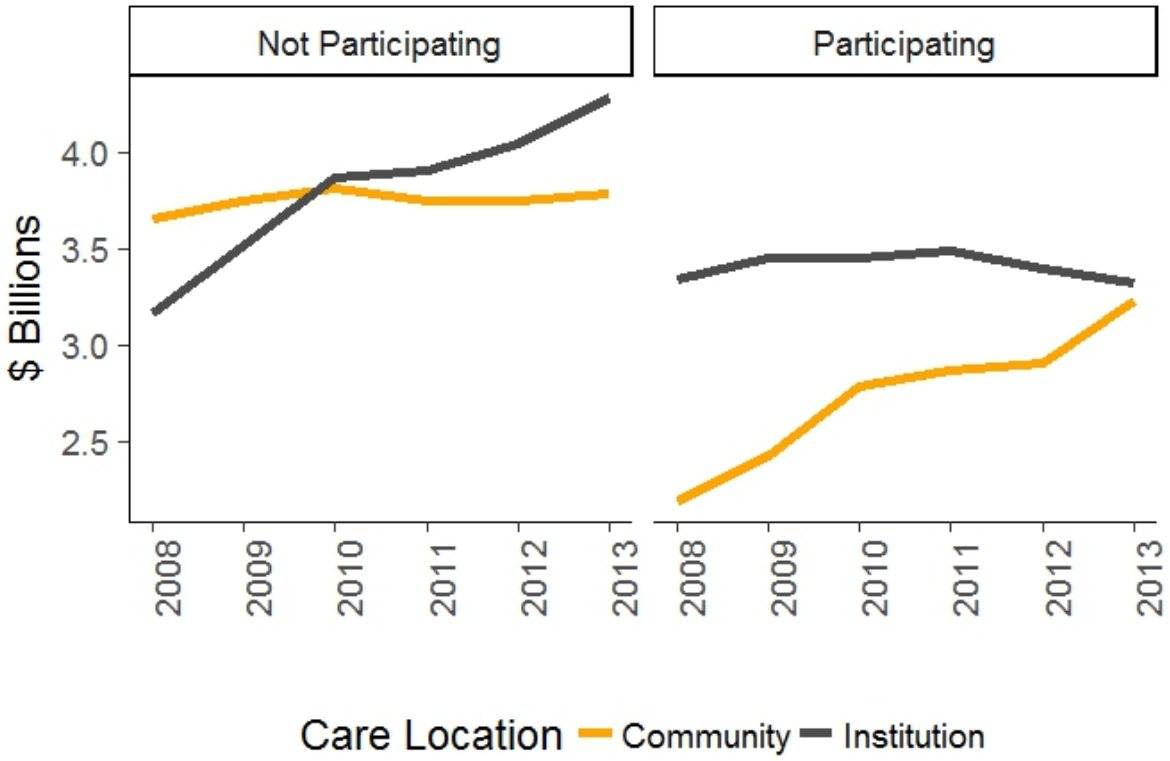
# They receive different amounts of funds without the BIP



# Additional BIP funds are proportionate to FMAP



# We know that BIP increased spending



# What we don't know yet is

- Whether the BIP moved people from institutionalized care into home care, or prevented moves into institutionalized care.
- What this means for SSI.

# Hypotheses

The BIP will:

- Reduce the share of older adults living in institutional settings.
- Increase the share receiving SSI.

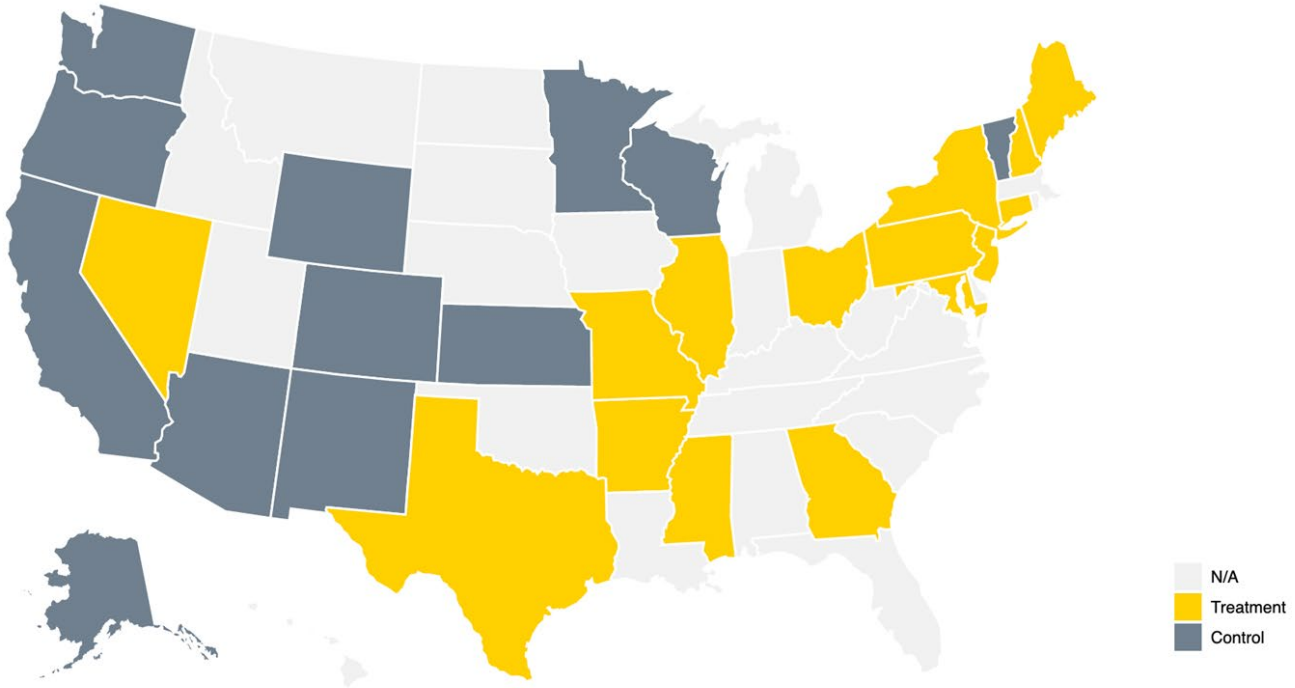
# Data

- American Community Survey (ACS): N ~ 4 Million
  - Years: 2006 – 2017
  - Sample: Adults 65+ \& control and treatment group states.
  - Pros: Very large annual survey, including institutionalized population since 2006.
  - Cons: Pooled cross-section, with blunt measures of disability and SSI receipt (relative to HRS or SIPP).
- Health and Retirement Study (HRS): N = 36,672
  - Years: 2006 -- 2016
  - Sample: Adults 65+ \& control and treatment group states.
  - Pros: Longitudinal, cohort-based study with expansive measures.
  - Cons: Sample size, and only conducted biennially.

# Timing of the BIP was staggered

| Participation Started | 2012 | 2013 | 2014 |
|---|---|---|---|
| | GA | AR | NV |
| | MD | CT | PA |
| | MS | IL | |
| | MO | ME | |
| | NH | NJ | |
| | TX | NY | |
| | | OH | |

# Treatment and control group



# Staggered treatment "difference-in-differences"

$$y_{ijt} = \beta_0 + \beta_1 Post_{jt} + \tau_t + \phi_j + Z'_{ijt}\theta + \epsilon_{ijt}$$

Estimates are weighted using survey weights, and heteroskedasticity robust standard errors are clustered at the state level.

# Outcomes and controls

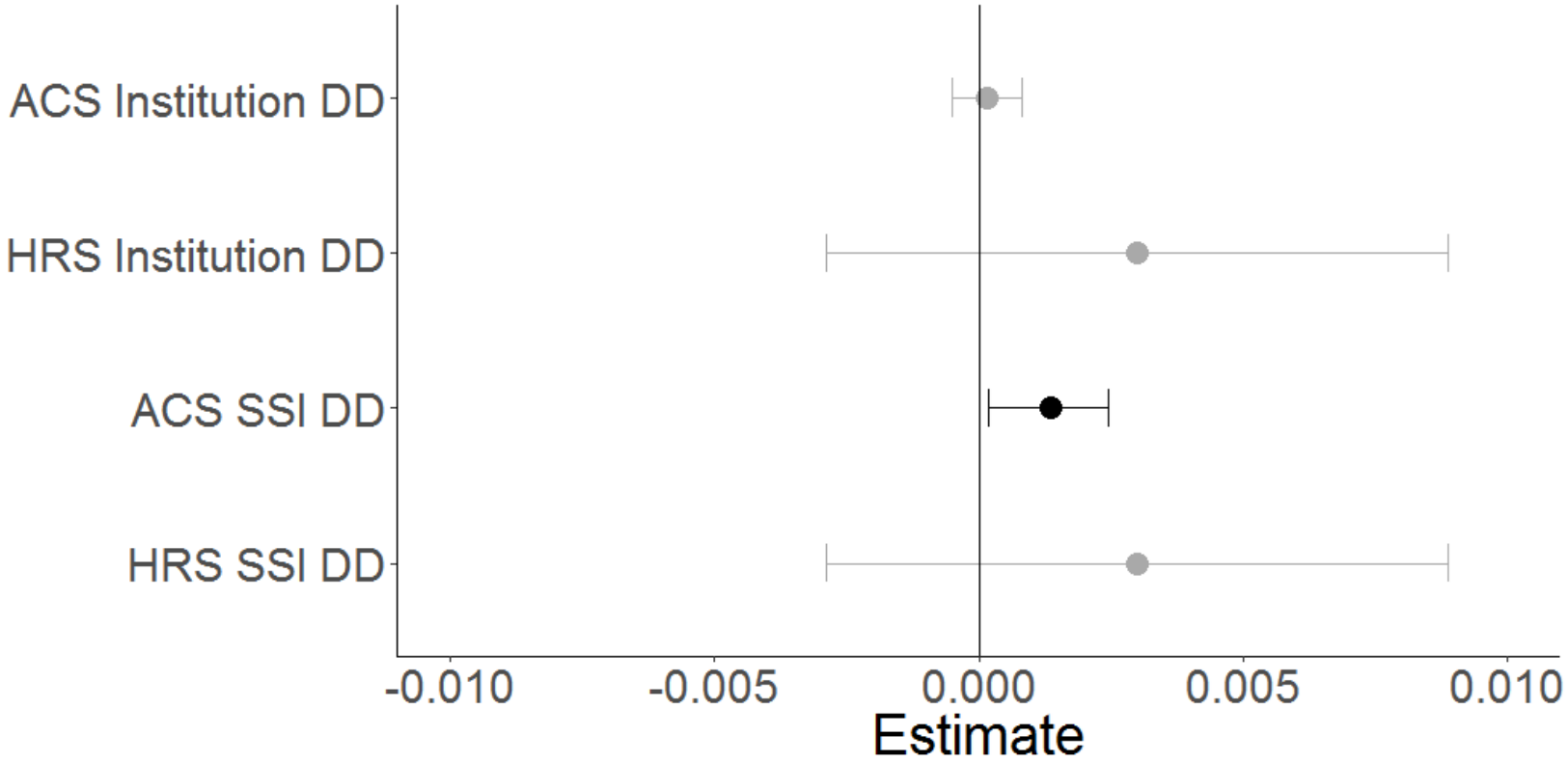
Outcomes:

**Institutional Residence, Receive any SSI**, Cohabitating with Family, Moved in Past Year, Amount SSI given Any.

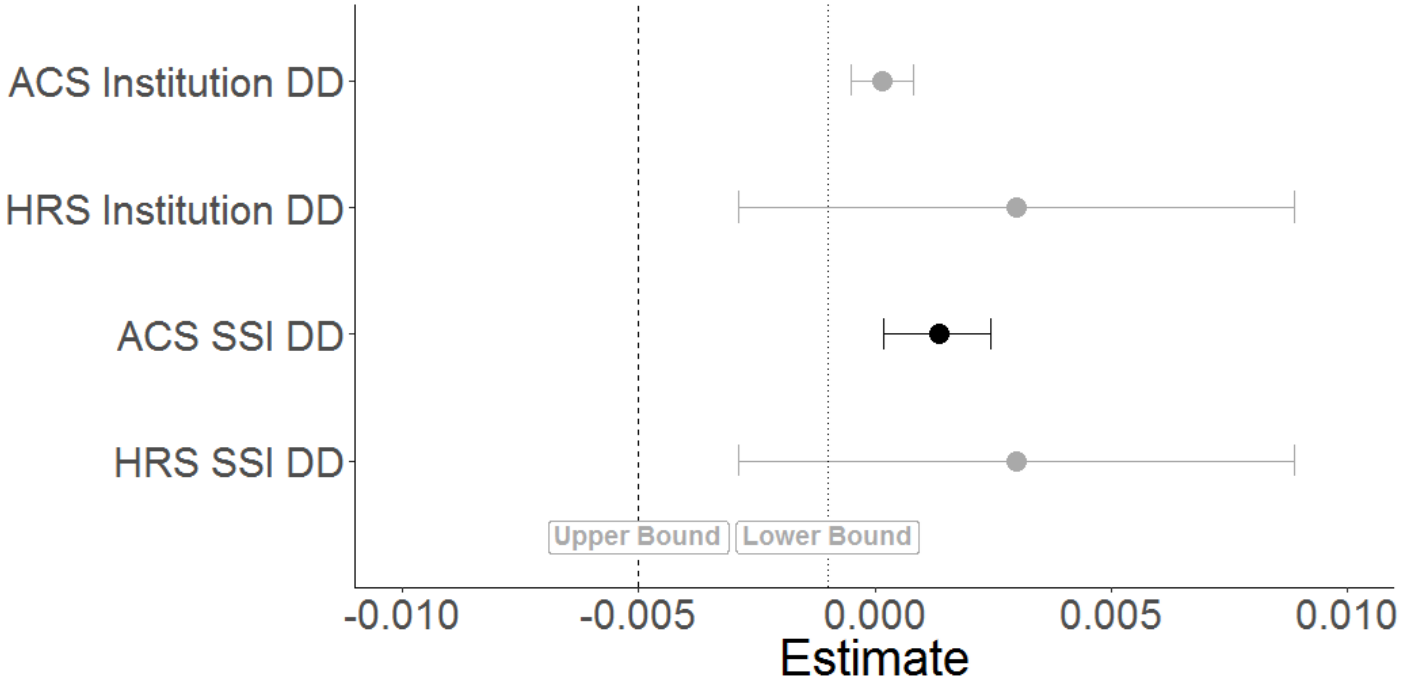
Controls:

Sex, Age, Marital Status, Race and Ethnicity, Educational Attainment, Total Income, Widowed in last 12 months, Not US born.

# Difference-in-differences results

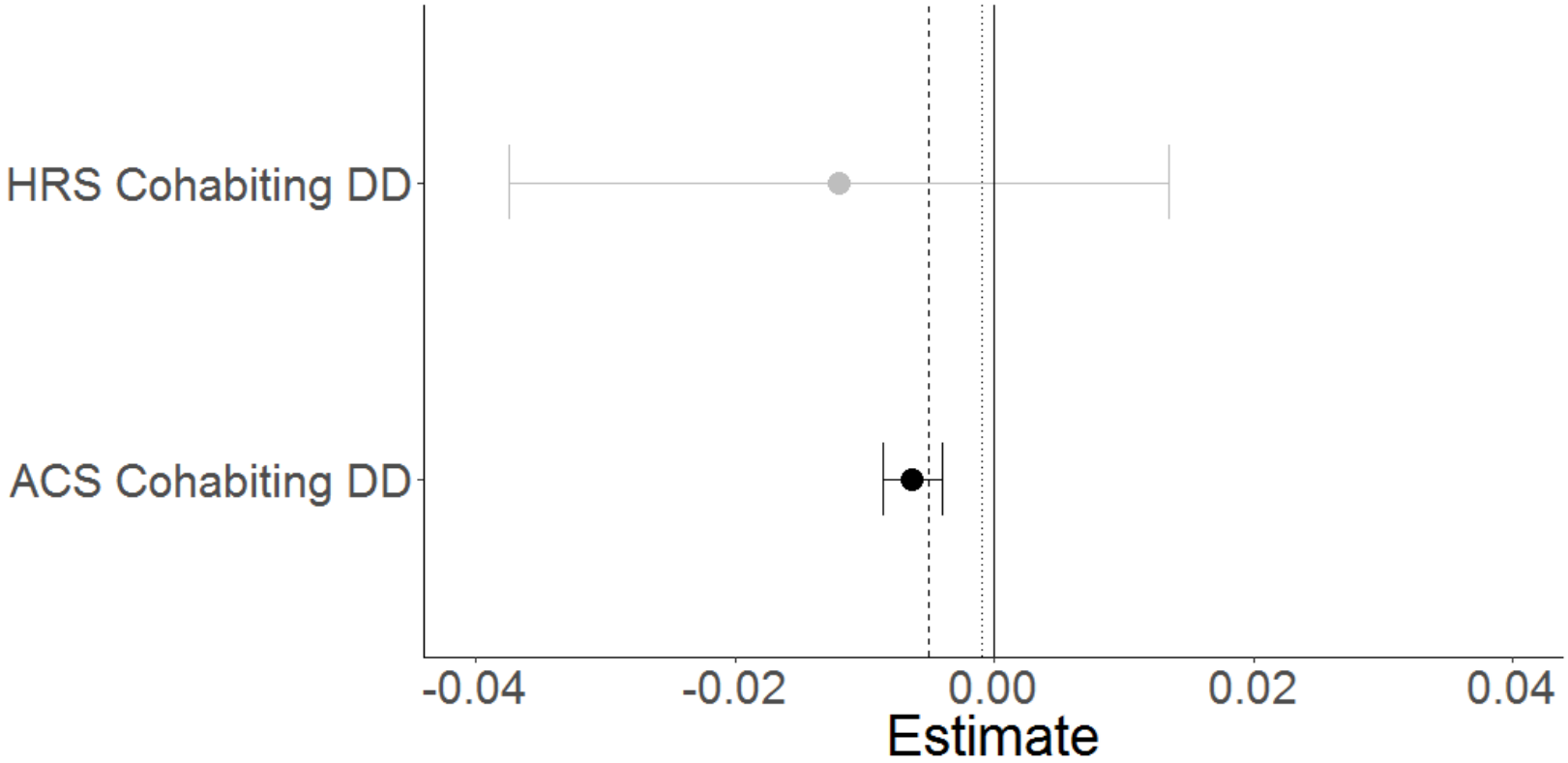


# Our estimates vs. expected effect sizes*




*Expected effects computed from estimates in Mor et al (2007)

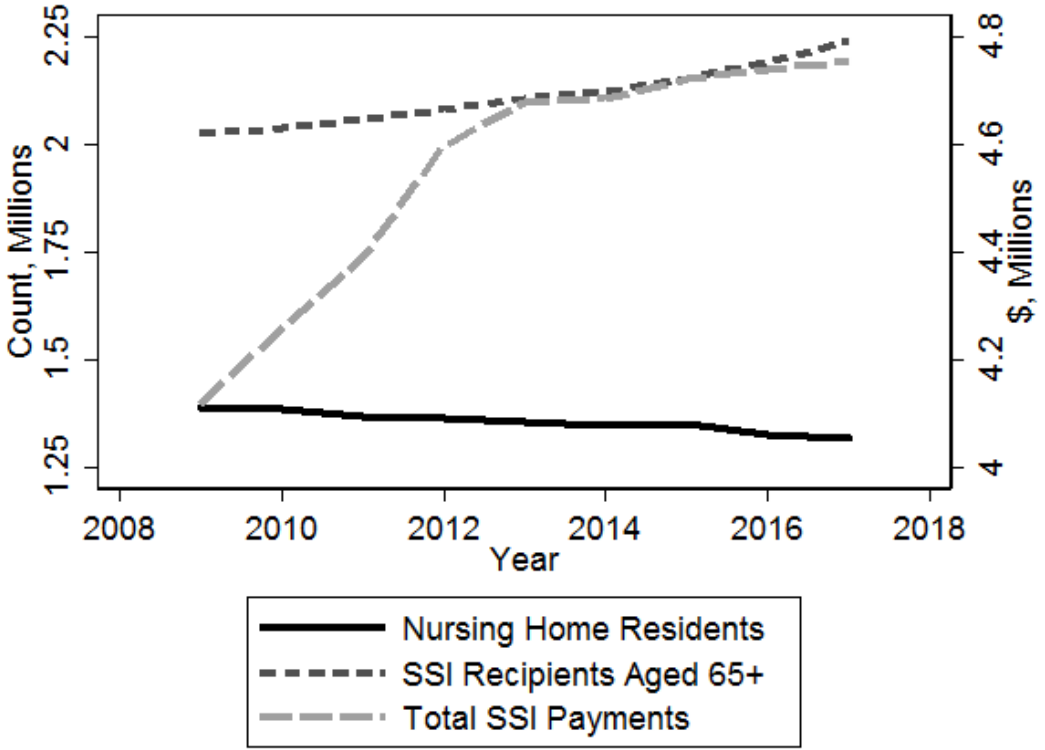
# Why did SSI receipt increase?



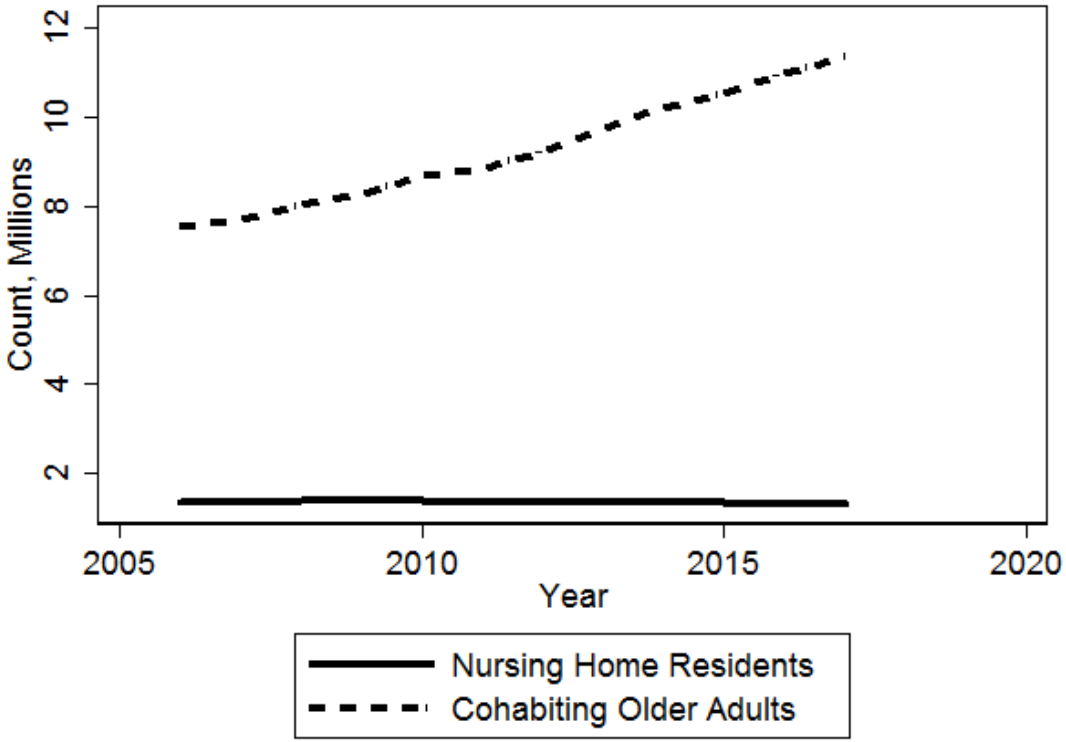
# Key take home points

- BIP was not associated with reductions in institutionalization.
- But the share of persons receiving SSI did increase.
- Perhaps due to reductions in cohabitation.

# BIP aside, there are important changes in residency and SSI



# Especially cohabitation with adult children



# New questions to be answered

- Are cohabiting older adults caring for grandchildren? Are they receiving informal care?
- What are the labor supply effects of these changes in residency for adult children?

# Appendix

- Complete Difference-in-Difference Estimates for HRS
- Complete Difference-in-Difference Estimates for ACS
- Triple Difference-in-Difference Estimates for ACS

# DD estimates for all HRS outcomes

| | Institution | Any SSI | Cohabitating |
|---|---|---|---|
| DD Estimate | 0.003 | -0.012 | 0.003 |
| | (0.003) | (0.013) | (0.003) |
| N | 36,672 | 36,672 | 36,672 |

*

Weighted least squares estimates reported with heteroskedasticity robust standard errors, clustered at the state level. Includes state and year fixed effects and following controls: sex, age, marital status, race, ethnicity, education, hh income, foreign born, widowed.

# DD estimates for all ACS outcomes

| | Institution | Any SSI | Cohabitating | SSI Amount |
|---|---|---|---|---|
| DD Estimate | 0.000 | 0.001* | -0.006** | 235.688 |
| | (0.000) | (0.001) | (0.001) | (56.259) |
| N | 3,999,237 | 3,999,237 | 3,999,237 | 176,385 |

*
Weighted least squares estimates reported with heteroskedasticity robust standard errors, clustered at the state level. Includes state and year fixed effects and following controls: sex, age, marital status, race, ethnicity, education, hh income, foreign born, widowed.

# DDD estimates for all ACS outcomes: age 80+

| | Institution | Any SSI | Cohabitating | SSI Amount |
|---|---|---|---|---|
| DDD Estimate | 0.002* | -0.004*** | -0.001 | -117.425 |
| | (0.001) | (0.001) | (0.002) | (99.733) |
| N | 3,999,237 | 3,999,237 | 3,999,237 | 176,385 |

*
Weighted least squares estimates reported with heteroskedasticity robust standard errors, clustered at the state level. Includes state and year fixed effects and following controls: sex, age, marital status, race, ethnicity, education, hh income, foreign born, widowed.

# DDD estimates for all ACS outcomes: income <=$15,000

| | Institution | Any SSI | Cohabitating | SSI Amount |
|---|---|---|---|---|
| DDD Estimate | -0.001 | 0.001 | 0.001 | 82.781 |
| | (0.001) | (0.001) | (0.002) | (113.259) |
| N | 3,999,237 | 3,999,237 | 3,999,237 | 176,385 |

*
Weighted least squares estimates reported with heteroskedasticity robust standard errors, clustered at the state level. Includes state and year fixed effects and following controls: sex, age, marital status, race, ethnicity, education, hh income, foreign born, widowed.