



Estimating Racial Disparities in Economic Outcomes: An Application to Employer-sponsored Retiree Health Insurance and Access to Care

*Helen Levy**

Background

Economic outcomes such as income and health insurance coverage are, on average, different for older Black and white Americans. Interpreting these differences is complicated because many other factors, such as educational levels or marriage rates, also differ by race. When we think about differences across groups defined by race, should we adjust for these underlying differences in other characteristics such as education and marriage, or not?

What this project did

This project addressed this question in two ways.

First, the project reviewed how earlier studies of racial differences in outcomes have taken account of factors like education. Many of the earlier studies reviewed in the report are from an economic perspective and focus on differences

in wages or earnings. In general, economic studies have taken two different approaches to the question of whether it makes sense to adjust for other factors. Some studies, which are focused on the question “Are employers treating otherwise similar employees who differ only in their race differently?,” tend to adjust for many other factors in order to satisfy the “otherwise similar” requirement. Other studies, which are focused on the broader question of how the overall economic well-being of Black Americans compares to that of white Americans, do not adjust for as many factors, although these studies invariably discuss the role of education in determining economic outcomes. The report also discusses studies focusing not on economics but on health disparities, where there has also been discussion of the distinction between differences and disparities in outcomes across groups defined by race. Some experts have proposed defining disparities as differences that do not result from an individual’s needs or choices, but rather

* **Helen Levy** is a research professor at the Institute for Social Research, the Gerald Ford School of Public Policy, and the School of Public Health at the University of Michigan. This research brief is based on working paper MRDRC WP 2023-471, UM23-05.

result from the operation of the health care system or from discrimination.

Second, the report analyzed data on Black and white retirees 65 and older in order to understand how different choices about adjusting for other characteristics affect measured differences across racial groups. The two outcomes examined in the report are retiree health insurance from an employer, as a supplement to Medicare, and cost-related problems with access to medical care. Data on health insurance come from the Current Population Survey, conducted by the U.S. Census Bureau, while data on access to care come from the National Health Interview Survey, conducted by the U.S. Department of Health and Human Services. The analysis of retiree health insurance shows that, overall, whites are significantly more likely than Black retirees to have such coverage, and that this is true whether or not education, marital status, exact age, and gender are taken into account. However, the reasons underlying the Black-white difference are quite different for men and for women. White women and Black women are about equally likely to have retiree coverage in their own name, but white women are more likely than Black women to have this coverage as a dependent on their spouse's plan. In contrast, among men, white men are more likely than Black men to have coverage in their own name, but

white men and Black men are about equally likely to have dependent coverage. The net result is higher rates of overall coverage among white men and women compared with Black men and women; but for slightly different reasons. Taking into account factors other than gender — education, marital status, and exact age — has some effect on the estimates but does not fundamentally change the story. Thus, the analysis of health insurance coverage suggests that it is important to consider gender when calculating racial differences in outcomes. The analysis of access to care, on the other hand, shows that Black retirees have more difficulties with access to medical care than white retirees no matter how you slice the data.

What's the bottom line?

Researchers estimating differences in outcomes across racial groups should consider carefully what other factors their analysis should incorporate and how the numbers that they estimate should be interpreted. Estimates of racial differences may either overstate or understate the causal influence of discrimination or of race itself, depending on what other factors have been taken into account. Gender appears to be a particularly important factor to consider, because race and gender interact in ways that are complex.



Michigan Retirement and Disability Research Center

Institute for Social Research
426 Thompson Street, Room 3026
Ann Arbor, MI 48104-2321

Fax: (734) 615-2180

mrdrumich@umich.edu www.mrdrc.isr.umich.edu

Sponsor information: The research reported herein was performed pursuant to grant RDR18000002 from the U.S. Social Security Administration (SSA) through the Michigan Retirement and Disability Research Center

(MRDRC). The findings and conclusions expressed are solely those of the author(s) and do not represent the views of SSA, any agency of the federal government, or the MRDRC.

Regents of the University of Michigan:

Jordan B. Acker, Huntington Woods; Michael J. Behm, Grand Blanc; Mark J. Bernstein, Ann Arbor; Paul W. Brown, Ann Arbor; Sarah Hubbard, Okemos; Denise Ilitch, Bingham Farms; Ron Weiser, Ann Arbor; Katherine E. White, Ann Arbor; Santa J. Ono, *ex officio*