

Impacts of Parental Health Insurance Coverage Availability on Disability Benefit Applications of Young Adults

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1. Introduction

We examined whether losing access to insurance at 26 affects young adults' applications for and awards of Supplemental Security Income (SSI) benefits. Under one provision of the Affordable Care Act (ACA) that has been in effect since September 2010, people under the age of 26 may remain covered as dependents through a parent's health insurance plan. Other studies of this provision show modest decreases in health insurance coverage among young adults as they reach age 26; these decreases were linked to increases in employment rates and in workers' compensation claims (Antwi et al. 2013; Dillender 2015). We hypothesized that this loss of health insurance at age 26 may increase SSI applications among young adults who have disabilities that limit their capacity to work.

2. Institutional Context

Some young adults with disabilities might apply to SSI primarily for Medicaid coverage because they would otherwise have trouble getting insurance, which may be important for managing disabling conditions (Kennedy and Blodgett 2012). Few of these potential applicants would be able to work at a level that would qualify them for employer-sponsored health insurance. In addition, before 2014, few states offered Medicaid to childless adults, and non-group insurance providers could charge higher premiums based on a person's disability.

Increased health insurance coverage, either through private carriers or Medicaid, could reduce the incentive to apply for SSI benefits. Some studies showed that expansions in health insurance reduced participation in disability benefit programs (Levere et al. 2018; Burns and Dague 2017), whereas others showed no change (Chatterji and Li 2017). We therefore expected that there might be an increase in SSI applications among young adults near age 26, compared with those just older and younger, after the ACA's age-26 provision went into effect. Such an increase would be driven by young adults with disabilities who have limited capacity for work and whose families have private health insurance.

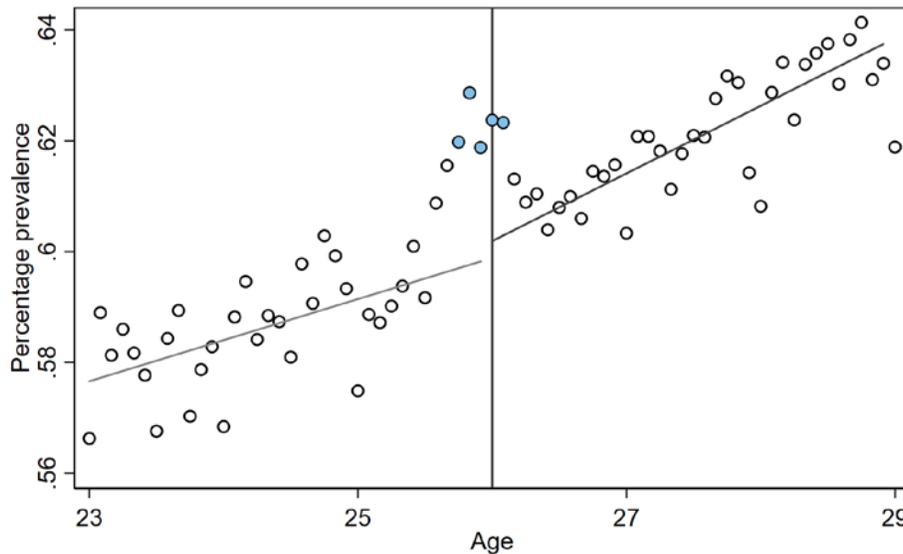
3. The Age Pattern of SSI Applications

Figure 1 shows the share of young adults applying for SSI benefits from 2011 to 2016; each data point is the annual application rate at a given age, measured in months. The five blue points suggest a higher prevalence of applications around age 26 compared with nearby ages—"excess" applications that could be attributable to the loss of parental health insurance.

Our underlying data on SSI applications came from the Social Security Administration's Supplemental Security Record. The data are disaggregated by age in months and state for each calendar year from 2005 through 2016. We grouped some small states together to avoid disclosure risks. We then scaled the number of applications in each age/state-group/year cell by the estimated population in that cell to get the annual application rate. For Figure 1, we took a population-weighted average of annual rates across states, followed by a simple average across the six full calendar years (2011 through 2016) after the age-26 rule took effect.

As suggested by the five blue points in Figure 1, excess applications could occur in a window around age 26, rather than happening exactly at that age. Some young adults might submit applications earlier hoping to avoid a gap in coverage. Others may wait to apply until after they lose insurance.

Figure 1. Average annual rates of SSI application by age, 2011–2016



Note: The circles show the national number of SSI applications divided by the estimated population at each age. The two lines are trends fit separately below and above age 26, excluding the 12 months around age 26.

4. Analysis Approach

We estimated the excess “mound” of applications filed around age 26 based on a regression analysis framework that parallels the logic of Figure 1:

- We first fit two trend lines on either side of age 26 using observed SSI application rates by age in months, excluding a 12-month span around age 26.
- We then extended the trend lines into that age span to predict what application rates would be if they had the same relationship with age as for slightly younger and older people.
- Finally, we calculated excess applications as the mean deviation between observed and predicted application rates over a window of months inside the 12-month age span.

These steps occurred simultaneously in a regression model fit using age/state-group/year data, with each cell weighted by population size. Our main estimates are based on a model with linear age trends, application data for a 60-month bandwidth around age 26, and a mound estimated over a window size of five months (corresponding to the blue points in Figure 1). We also considered how our findings would change if we varied these parameters.

Our estimates reflect the causal effect of losing parental health insurance under two assumptions that are similar in spirit to those of regression discontinuity designs.¹ First, there should be no other policy changes at age 26 that could cause the application rate to differ sharply from nearby ages. We are aware of no such policy changes. Second, the underlying relationship between the SSI application rate and age must be stable and predictable. This lets us produce a reliable counterfactual around age 26 by extrapolating the age trends from below and above. Figure 1 provides strong support for this assumption.

¹ A regression discontinuity estimate would roughly compare average values for people above and below age 26, based on a sustained change in outcomes above that age. Our framework is better suited to analyzing impacts on the flow of applications just around age 26 because it does not require the jump in applications to be sustained.

5. Results

SSI applications among young adults near age 26 increased by 3.8 percent each year when the age-26 provision was in effect (top panel of Table 1). Over that period, we estimated a 0.023 percentage-point increase in annual application rates around age 26. This amounts to a 3.8 percent change relative to the rate of 0.6 percent that would be predicted without the age-26 provision. Our estimate is statistically significant and suggests that a lack of health insurance is a driving factor behind young adults applying for SSI.

Table 1. Excess annual SSI applications near age 26

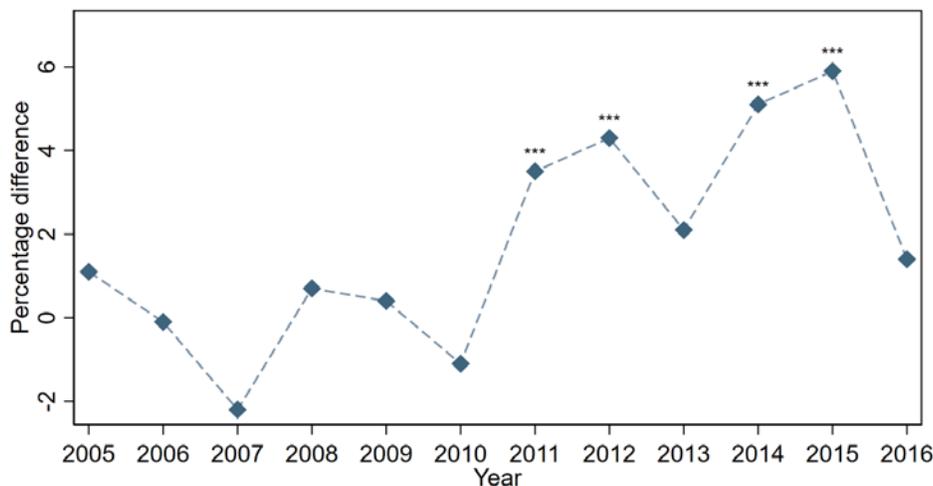
Period	Years	Regression estimate	Standard error	Percentage difference
Estimated impacts of age-26 provision				
Post-ACA period as a whole	2011–2016	0.0230***	(0.0029)	3.8
Early ACA implementation period	2011–2013	0.0229***	(0.0043)	3.3
Later ACA implementation period	2014–2016	0.0215***	(0.0045)	4.2
Estimate of pre-existing mound at age 26				
Pre-ACA period	2005–2009	0.0001	(0.0042)	0.0

Note: Estimate and standard errors for excess SSI applications are expressed in percentage points and are based on the mound from age 25 and 9 months to age 26 and 1 month. Percentage differences are the estimates divided by the predicted values from the linear trend component of the regression model.

*/**/** indicates a statistical significant regression estimate at the 10/5/1 percent level based on a two-tailed test.

We conducted additional analyses that lend further credence to the idea that the excess applications around age 26 are the result of changes in health insurance. First, we found no increase over the same five-month window when considering application rates from 2005 to 2009, before the age-26 rule took effect (bottom panel of Table 1). Second, we estimated the five-month mound of excess applications in each year between 2005 and 2016 (Figure 2). We saw a rise in 2011, the first full year after the policy began, with most years since then showing a significant increase in applications around age 26.

Figure 2. Excess annual SSI applications near age 26, by year



Note: The graph shows regression-estimated mounds for each year divided by the predicted value near age 26.

*/**/** indicates a statistical significant regression estimate at the 10/5/1 percent level based on a two-tailed test.

Our results are also robust to using other modeling assumptions. For example, we considered a quadratic instead of linear functional form, bandwidths with wider and narrower age ranges for estimating trends, and a window-size for excess applications based on more or fewer months around age 26. All of these alternate specifications produce statistically significant estimates that are similar in magnitude to the main estimates in Table 1.

6. Policy Implications and Next Steps

Expanding health insurance options for workers may help reduce dependence on SSI. Our results reveal a group of people who seek SSI primarily for the Medicaid coverage, which is the type of health insurance-motivated disability enrollment described by Kennedy and Blodgett (2012). Increasing the availability of health insurance would directly address this motivation, enabling people with disabilities to better manage their health while avoiding the ancillary costs and work disincentives for people not primarily attracted by SSI's cash benefits.

In future work, we will assess the role of ACA Medicaid expansions in mediating the relationship between the loss of health insurance and SSI applications. States that expanded Medicaid as part of the ACA offer an alternative route to coverage, which might reduce excess SSI applications around age 26. We will also consider how the loss of parental health insurance affects SSI awards.

7. References

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