Health Inclusive Poverty Measure Estimates in the United States: 2022

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Background

- Current poverty measures (official and Supplemental Poverty Measure [SPM]) do not account for the resources individuals receive from the provision of Medicare and Medicaid and employer's offsetting health insurance premiums.
  - The SPM accounts for medical out-of-pocket expenses (MOOP) by deducting reported MOOP from resources.

- The Health Inclusive Poverty Measure (HIPM) adapts the SPM to capture these benefits and needs in poverty rates (Korenman and Remler 2016).

- Creamer (2023) provides more information on implementation and historical time series.

Main Findings

- In 2022, the HIPM rate was 14.0 percent, 1.6 percentage points higher than the SPM.

- HIPM and SPM poverty classification is the same for about 97 percent of the population in the 2023 ASEC.
  - For those that change, about 80 percent of cases are in HIPM poverty and not SPM poverty (7.3 million).
  - The majority of individuals who are in HIPM poverty and not SPM poverty are uninsured.

- Results support feasibility of annual production under current timelines.

Background

- The SPM MOOP deduction deducts premium MOOP (including Medicare premiums), non-premium MOOP, and over-the-counter expenses from resources.
  - Captures implicit impact of health insurance through premium MOOP offsetting other costs.
  - Individuals who defer care may appear better off due to low reported MOOP.

- Historically, estimating a value of health insurance has been complex.
  - Methodological challenges.
  - Data availability challenges with employer contributions to health insurance and Medicaid.
  - Health needs are individual, and individuals value insurance differently.

- In 2014, the implementation of the ACA set a benchmark plan that can be purchased across different geographical areas.

SPM vs. HIPM: Needs

	SPM	HIPM
Non-Health Component	Based on recent food, clothing, shelter, utilities, telephone and internet expenses	
Health Component	none	Benchmark health plan: • Private Insurance and Medicaid: Second-lowest cost Silver plan • Medicare: Avg. government contribution to Medicare ($15,727 in 2022; Centers for Medicare and Medicaid Services 2023)

SPM vs. HIPM: Resources

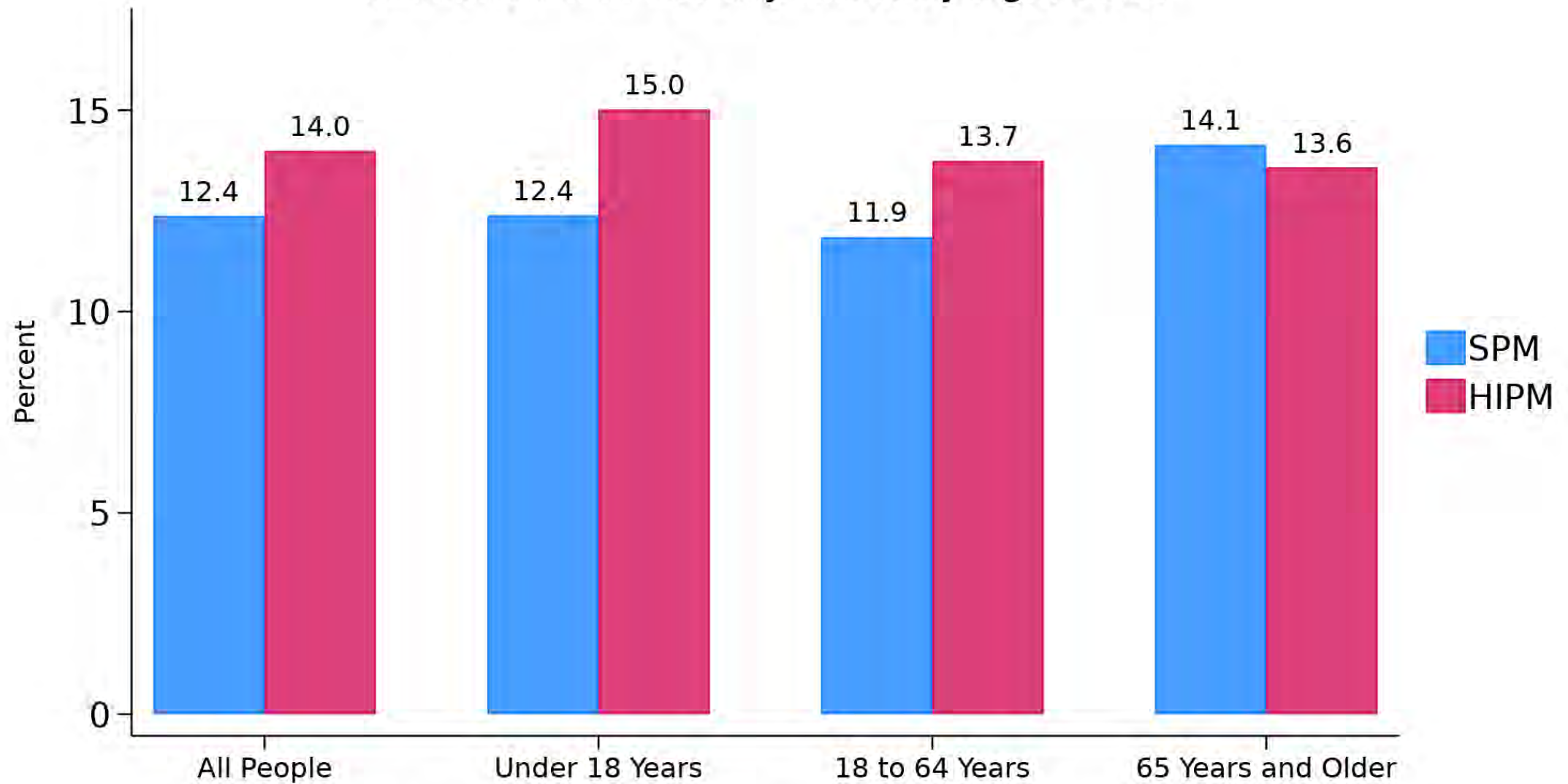|	SPM	HIPM
Non-Health Component	Sum of cash and non-cash income minus taxes (plus tax credits), work expenses, child support paid	
Health Component	• Subtracts MOOP from non-medical resources	• Adds net health benefits (value of benchmark plan minus premium MOOP) • Zero value for uninsured and unsubsidized cov. • Subtracts capped non-premium MOOP

Data

- 2023 Current Population Survey Annual Social and Economic Supplement (CPS ASEC).

- 2022 Center for Medicare and Medicaid Services (CMS) Marketplace and State-Based Marketplace Public Use Files and Medicare Prescription Drug Information Landscape Files.
  - Rating Areas.
  - Second-lowest cost Silver plan premiums.
  - Out-of-pocket maximums.

- Health plan data linked to the CPS ASEC at the county level where available, followed by metropolitan area and then state level.

SPM and HIPM Poverty Rates by Age: 2022

Legend: SPM (blue), HIPM (pink/red)

Category	SPM	HIPM
All People	12.4	14.0
Under 18 Years	12.4	15.0
18 to 64 Years	11.9	13.7
65 Years and Older	14.1	13.6

Percent (y-axis)

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SPM and HIPM Poverty Rates by Race and Hispanic Origin: 2022

Percent

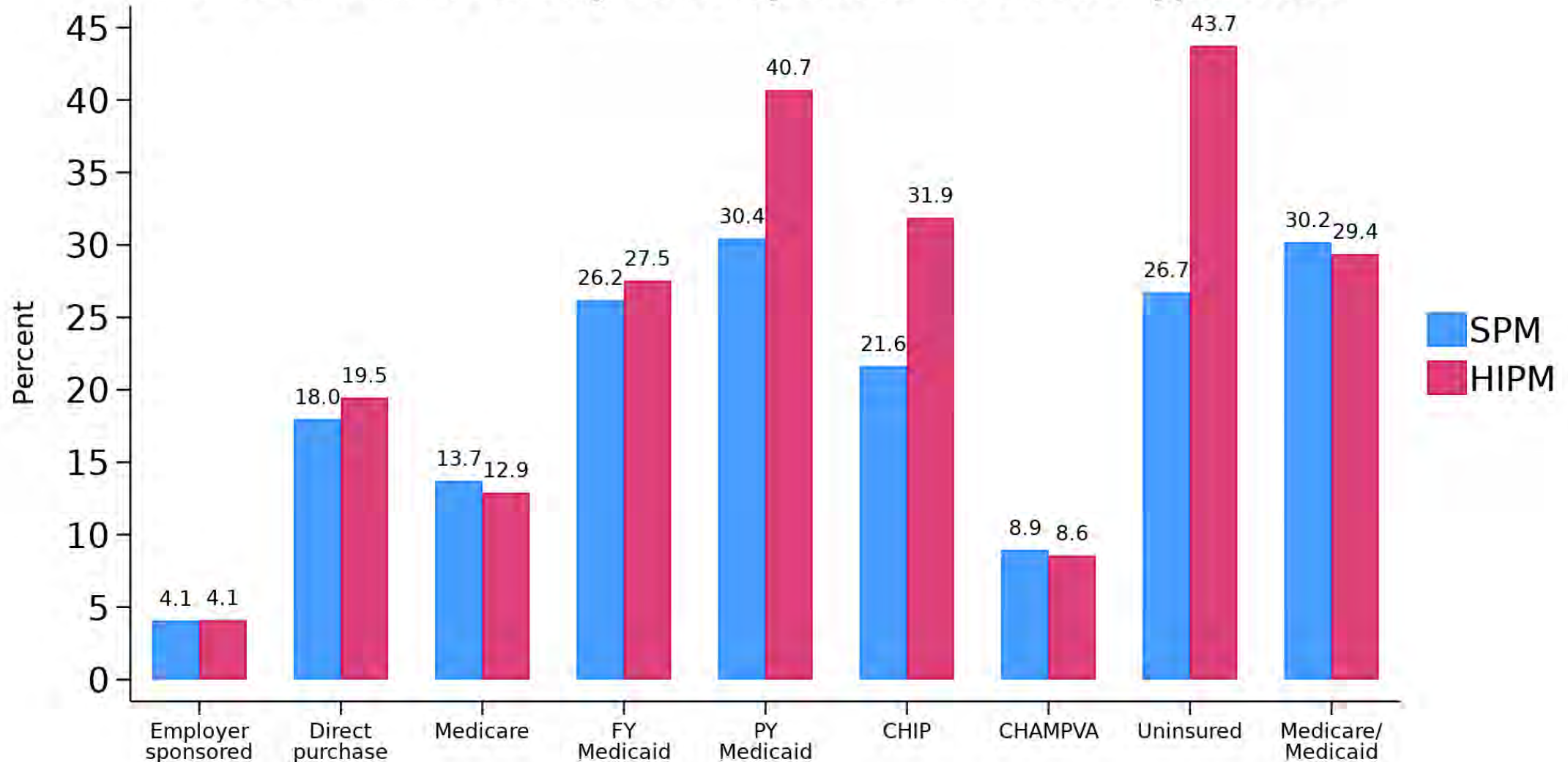| Category	SPM	HIPM
White, Non-Hisp.	9.1	9.7
Black	17.2	18.8
Asian	11.4	12.4
AIAN	23.2	26.4
Two or More Races	11.4	12.5
Hispanic	19.3	24.5
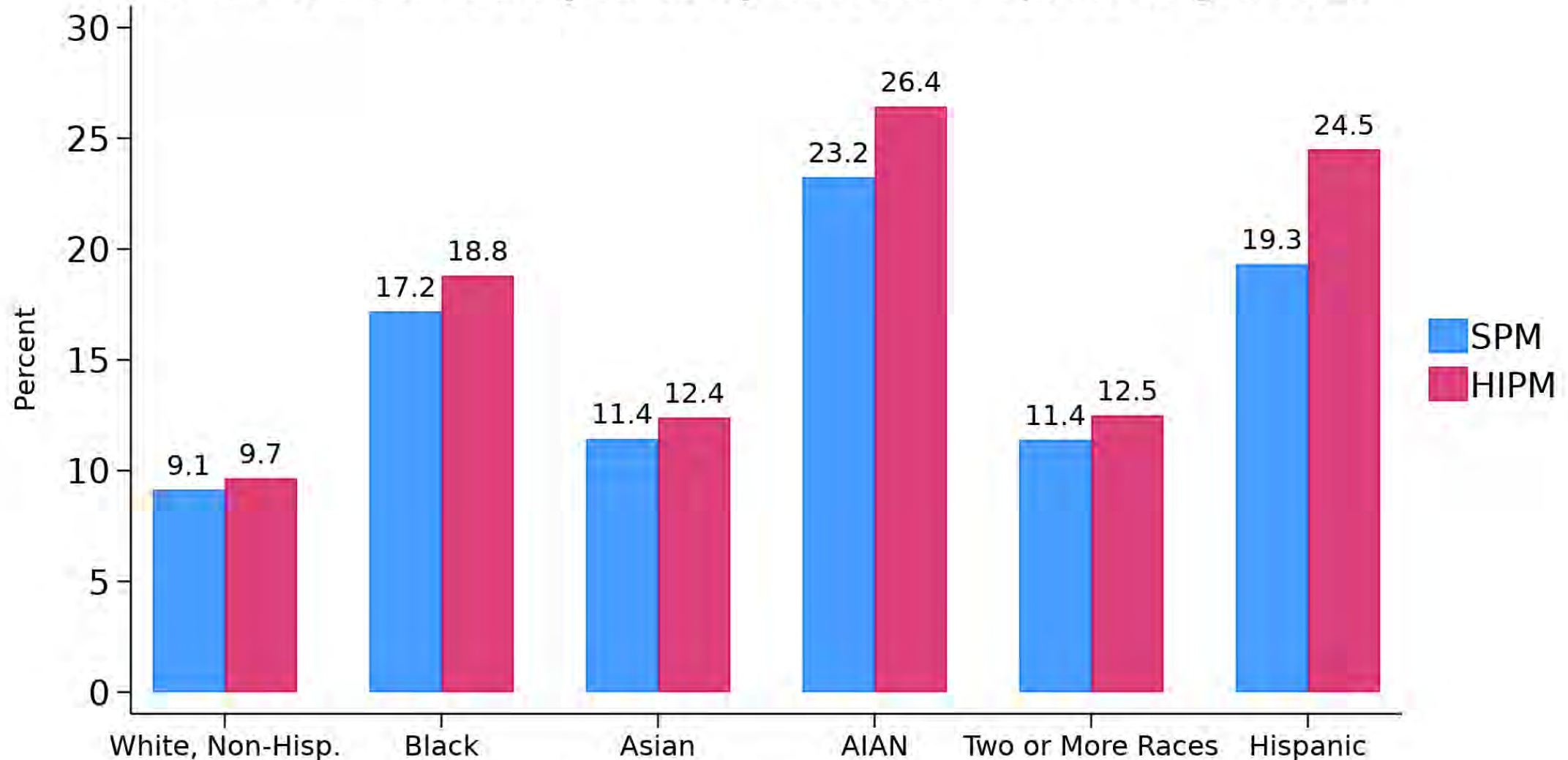
Note: In percent. AIAN denotes American Indian and Alaska Native.
More information on confidentiality protection, methodology, sampling and nonsampling error,
and definitions is available at <www2.census.gov/programs-surveys/cps/techdocs/cpsmar23.pdf>.
Source: U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement (CPS ASEC).

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SPM and HIPM Poverty Rates by Health Insurance Type: 2022

Legend: SPM (blue), HIPM (pink)

Insurance Type	SPM	HIPM
Employer sponsored	4.1	4.1
Direct purchase	18.0	19.5
Medicare	13.7	12.9
FY Medicaid	26.2	27.5
PY Medicaid	30.4	40.7
CHIP	21.6	31.9
CHAMPVA	8.9	8.6
Uninsured	26.7	43.7
Medicare/Medicaid	30.2	29.4

Note: In percent. FY/PY denotes full-year or part-year coverage. CHIP denotes Children's Health Insurance Program (CHIP), and CHAMPVA denotes the Civilian Health and Medical Program of the Department of Veterans Affairs.
More information on confidentiality protection, methodology, sampling and nonsampling error, and definitions is available at <www2.census.gov/programs-surveys/cps/techdocs/cpsmar23.pdf>.
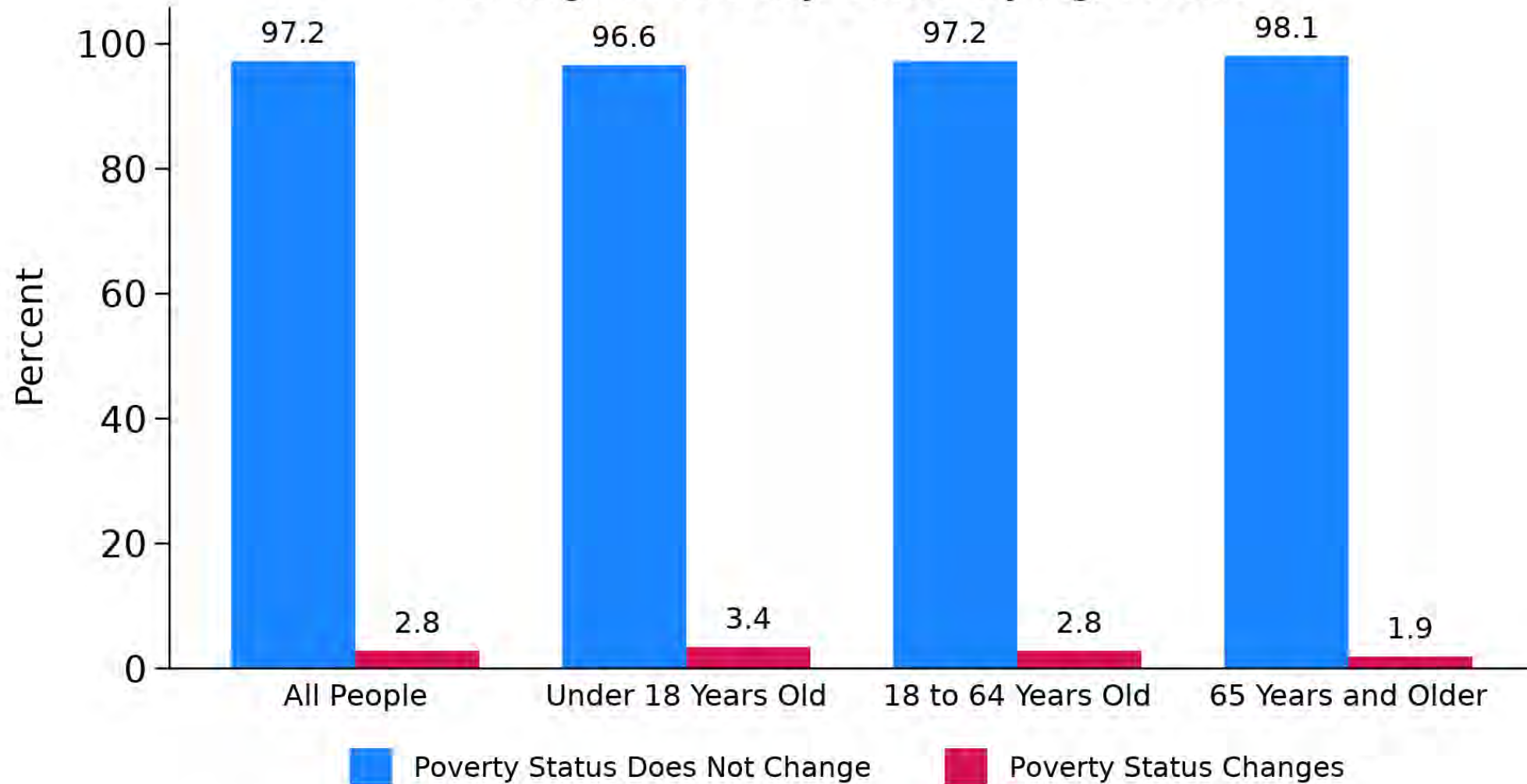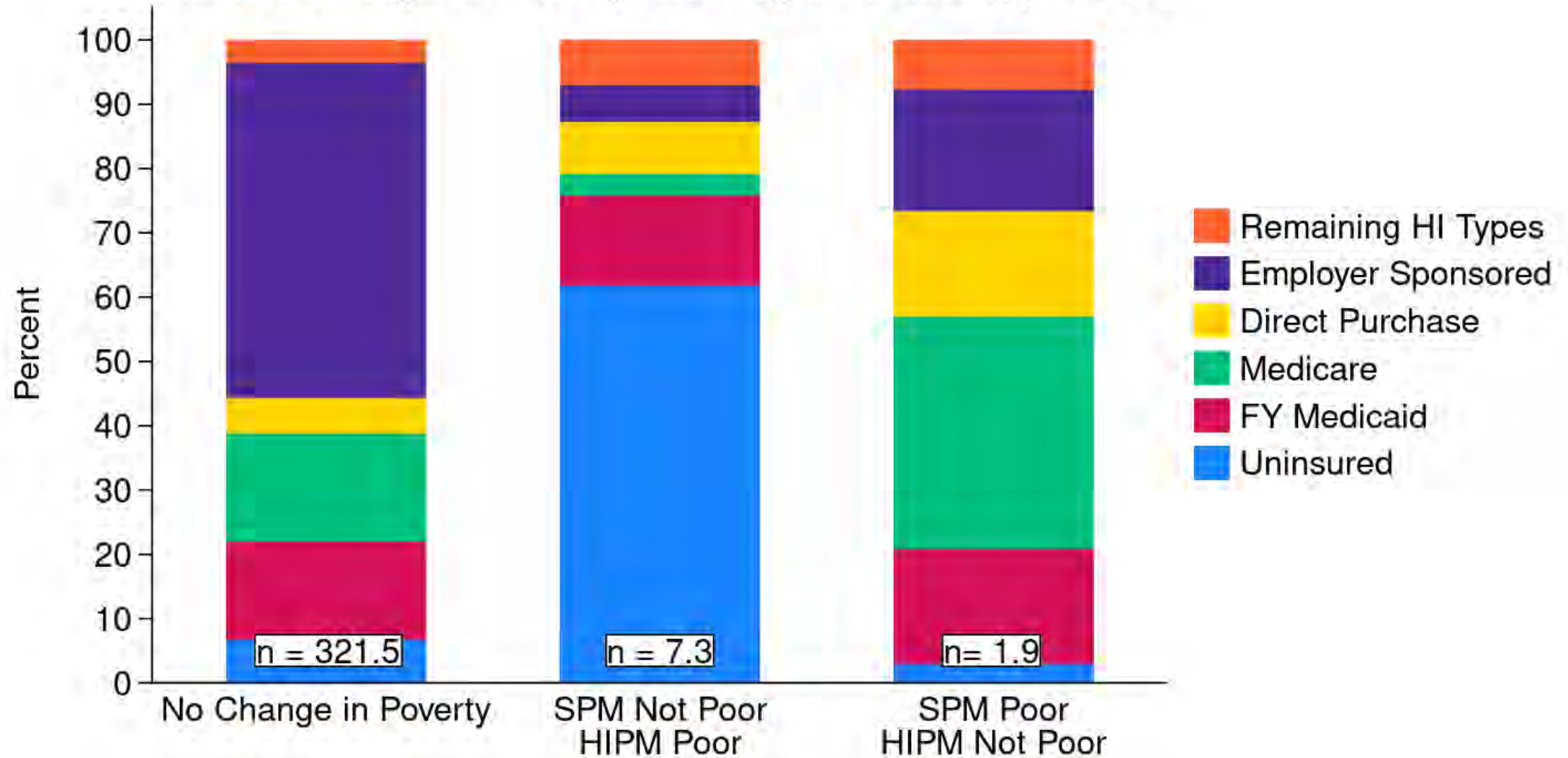Source: U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement (CPS ASEC).
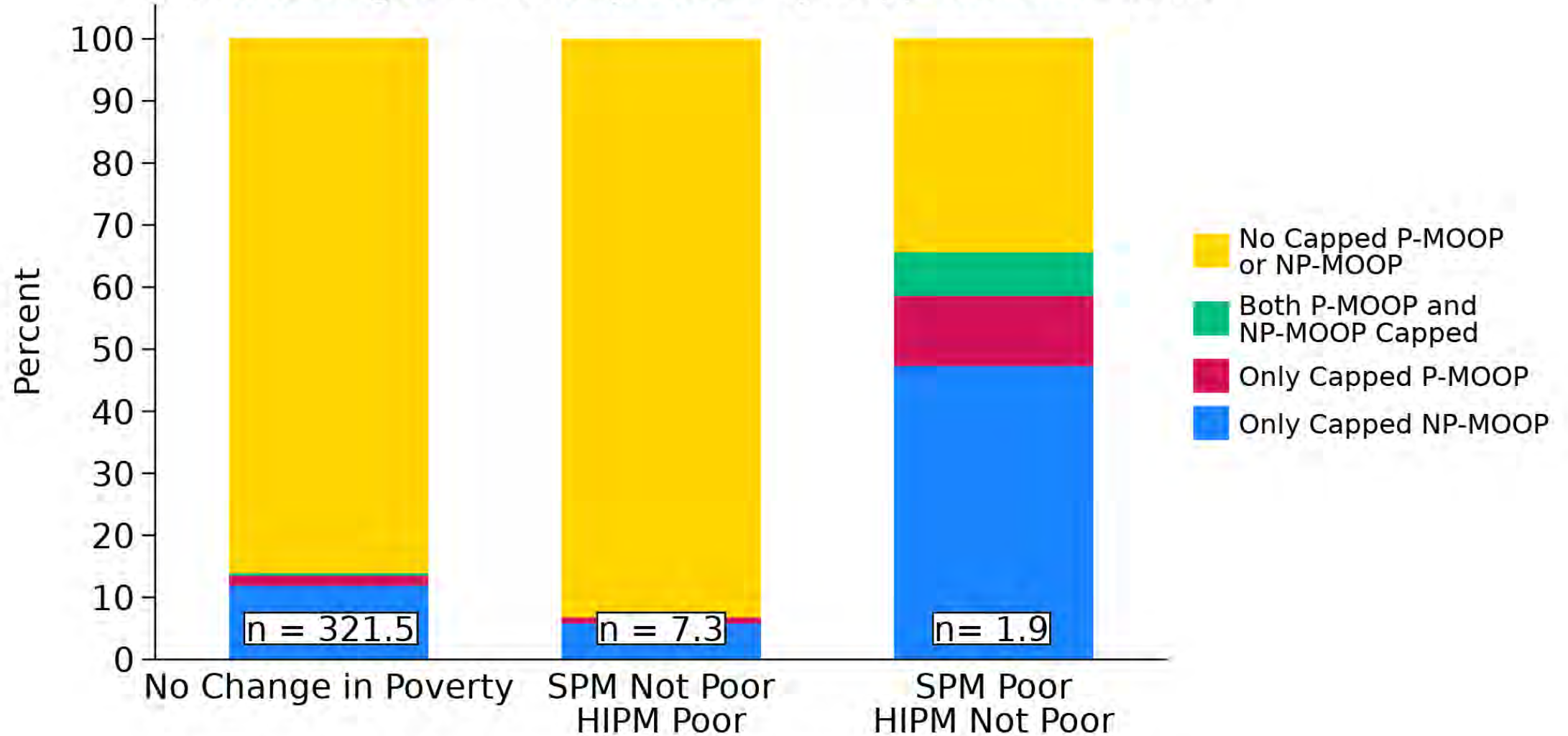
Change in Poverty Status by Age: 2022

Poverty Status Does Not Change

Poverty Status Changes

	All People	Under 18 Years Old	18 to 64 Years Old	65 Years and Older
Poverty Status Does Not Change	97.2	96.6	97.2	98.1
Poverty Status Changes	2.8	3.4	2.8	1.9

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Share of Changes in Poverty Status by Insurance Type: 2022

Legend:
- Remaining HI Types
- Employer Sponsored
- Direct Purchase
- Medicare
- FY Medicaid
- Uninsured

Y-axis: Percent (0–100)

Bars:
- No Change in Poverty: n = 321.5
- SPM Not Poor / HIPM Poor: n = 7.3
- SPM Poor / HIPM Not Poor: n= 1.9

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Share of Changes in Poverty Status by Capped MOOP: 2022

Legend:
- No Capped P-MOOP or NP-MOOP (yellow)
- Both P-MOOP and NP-MOOP Capped (green)
- Only Capped P-MOOP (red)
- Only Capped NP-MOOP (blue)

Y-axis: Percent (0 to 100)

X-axis categories:
- No Change in Poverty — n = 321.5
- SPM Not Poor HIPM Poor — n = 7.3
- SPM Poor HIPM Not Poor — n = 1.9

Note: Shares in percent. Sample size n in millions. P-MOOP denotes premium medical expenses, NP-MOOP denotes non-premium medical expenses. More information on confidentiality protection, methodology, sampling and nonsampling error, and definitions is available at <www2.census.gov/programs-surveys/cps/techdocs/cpsmar23.pdf>.
Source: U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement (CPS ASEC).

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Findings

- HIPM rates are higher than SPM rates for the overall population, but lower for those 65 and older.
  - Differences vary by selected health insurance type.

- About 97 percent of the population had the same poverty status across the two measures.
  - Majority of individuals who are HIPM poor and not SPM poor were uninsured.
  - Those who are SPM poor and not HIPM poor were more likely to only have non-premium MOOP capped than those who are HIPM poor but not SPM poor or those whose poverty status did not change.

Next Steps

- Updating historical series to refine original method and implement uncompensated care intermediate fix.

- Future research topics:
  - Research on the impact of adding values of uncompensated care for the uninsured.
  - Focus on understanding geographic differences in SPM and HIPM rates.

Thanks!

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