



U.S. Department of Health and Human Services

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# **MEPS – HC Income Data**

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**William Carroll, MA**

**[William.Carroll@ahrq.hhs.gov](mailto:William.Carroll@ahrq.hhs.gov)**



# Income Overview

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- **Income data is needed to determine the poverty category for each person/family and is used for**
  - ▶ **Analysis and research using MEPS-HC**
  - ▶ **Post-stratification of weights on file**
- **The following 13 slides will cover the highlights of the**
  - ▶ **Income data collection**
  - ▶ **Income data editing**
  - ▶ **Release of income variables on Public Use File**

# Income Collection 1

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- **Income data collected once for each year of the Panel**
  - ▶ Round 3 in 1<sup>st</sup> year
  - ▶ Round 5 in 2<sup>nd</sup> year
- **For year just ended**
  - ▶ i.e., 2017 income in early 2018
- **Collected for all persons in Panel, including children**



## Income Collection 2

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- Respondents asked to use federal income tax forms for prior year as basis for responses
  - ▶ Skip patterns vary based on type of 1040 form filed
  - ▶ For married couples filing jointly, amounts are split between spouses
- But information collected for all persons, even those not filing tax forms

# Income Collection 3

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- **18 types of income are collected**
  - ▶ Most persons have zero income for most types
- **Most common types of non-zero income (2015)**
  - ▶ Wages: 82% of persons 18 to 64
  - ▶ Interest: 20% of persons 18+
  - ▶ Social Security: 80% of persons 65+
- **Least common – Alimony: 0.2% of persons 18+**



# Income Editing 1

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- **Need amount for each income type for each person**
  - ▶ **Cannot have missing amounts since need total income for determining poverty level**
  - ▶ **No -1, -7, -8, -9 for income amounts on file**
- **Logical edits set many missing values to zero, based on skip pattern**
- **Then remaining missing values must be imputed**

# Income Editing 2

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- **Hotdeck imputation used to fill in missing amounts**
  - ▶ Multiple hotdecks needed for most types
  - ▶ First Hotdeck usually imputes for brackets (respondent has reported range)
- **Wages in Income section collected separately from hourly wages reported in Employment section**
  - ▶ Employment section data used in Income editing

# Income Editing 3

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- **Poverty category determined once imputation complete for all income types**
- **Calculation based on**
  - ▶ **Current Population Survey (CPS) definition of Family and Family Income**
  - ▶ **'Poverty Line' identified by Census Bureau**
- **CPS Family Income/Poverty Line**
  - ▶ **Resulting % converted to Poverty Category**





# Income Editing 4

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- **CPS Family Income**
  - ▶ **Sum of person-level income (17 income types) for all members of CPS family**
    - Excludes sales income
  - ▶ **Many CPS families made up of only one person**
- **Poverty line**
  - ▶ **Dollar amount of poverty level income**
    - Varies by family size and number of children
    - Also, age of householder if fewer than 3 in family



# Income Editing 5

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- **Each person assigned poverty category based on income of CPS family**
  - **1=poor (less than 100% of poverty line)**
  - **2=near poor (100% to less than 125%)**
  - **3=low income (125% to less than 200%)**
  - **4=middle income (200% to less than 400%)**
  - **5=high income (greater than or equal to 400%)**



# Income Variables 1

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- **Income variables available on annual Full Year Consolidated File**
  - ▶ **Person-level file**
    - Round 3 income for Panel in 1<sup>st</sup> year
    - Round 5 income for Panel in 2<sup>nd</sup> year
  - ▶ **2016 version to be released this August**
    - Not on Spring version of file (Population Characteristics)



# Income Variables 2

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- **Frequently used variables (2015 file names)**
  - TTLP15X: Total person-level income
  - CPSFAMID: concatenate with DUID to identify CPS family of person (see file documentation)
  - FAMINC15: CPS family total income
  - POVCAT15: CPS family poverty category
- **All family-level income variables included on record of each family member**



# Income Variables 3

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- **Other variables include**
  - ▶ **18 income types for each person, with imputation flag showing how each amount was derived**
    - 1=Original response
    - 2=Bracket converted
    - 3=Missing values set to 0
    - 4=Weeks worked/earnings used
    - 5=Conditional hotdeck
    - 6=Unconditional hotdeck
  - ▶ **Tax-related (i.e., tax form used)**
  - ▶ **Food stamps (Supplemental Nutrition Assistance Program)**
- **Top 1% records of each income type masked for confidentiality reasons**



# Income Variables 4

<u>WAGEP15X</u>	<u>PERSON'S WAGE INCOME</u>	<u>6.0</u>	<u>NUM</u>	<u>1444</u>	<u>1449</u>
	<u>VALUE</u>	<u>UNWEIGHTED</u>	<u>WEIGHTED BY PERWT15F</u>		
	0.00	17,355	142,796,592		
	\$41 - \$13,200	4,525	37,831,132		
	\$13,201 - \$26,000	4,640	37,285,771		
	\$26,001 - \$47,000	4,394	44,631,930		
	\$47,001 - \$402,105	4,513	58,877,825		
	TOTAL	35,427	321,423,251		

<u>WAGIMP15</u>	<u>WAGE IMPUTATION FLAG</u>	<u>1.0</u>	<u>NUM</u>	<u>1450</u>	<u>1450</u>
	<u>VALUE</u>	<u>UNWEIGHTED</u>	<u>WEIGHTED BY PERWT15F</u>		
	1 ORIGINAL RESPONSE USED	27,056	240,505,947		
	2 BRACKET CONVERTED	3,386	33,054,009		
	4 WEEKS WORKED/EARNINGS USED	3,925	37,313,596		
	5 CONDITIONAL HOTDECK	729	8,804,975		
	6 UNCONDITIONAL HOTDECK	331	1,744,724		
	TOTAL	35,427	321,423,251		

# Income Variables 5

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- **3 income types can have negative, as well as zero or positive, amounts**
  - **BUSNP15X: Business income**
  - **TRSTP15X: Trust income**
  - **SALEP15X: Sales income**
    - ◆ **Sales income is not included in total person income**
- **Therefore, total person-level income or total family-level income can be a negative amount**