



AGENCY FOR HEALTHCARE RESEARCH AND QUALITY



# MEPS – HC Income Data

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# Income Overview

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

# Income Collection 1

- **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 last year**
  - ▶ **i.e., 2020 income data was collected in early 2021**
- **Collected for all persons in Panel, including children**

# Income Collection 2

- Respondents asked to use federal income tax forms for prior year as basis for responses
  - ▶ For married couples filing jointly, amounts are split between spouses
- But information is collected for all persons, even those not filing tax forms

# Income Collection 3

- **18 types of income are collected**
  - ▶ Most persons have zero income for most types
- **Most common types of non-zero income in 2018:**
  - ▶ Wages: 82% of persons 18 to 64
  - ▶ Interest: 21% of persons 18+
  - ▶ Social Security: 82% of persons 65+
- **Least common – Alimony: 0.2% of persons 18+**

# Income Collection 4

- **Wages in the Income section are collected separately from hourly wages reported in the Employment section**
  - ▶ **Employment section data used in Income editing**

# Income Editing 1

- **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, -15 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

- **Hotdeck imputation is used to fill in missing amounts**
  - ▶ **Multiple hotdecks needed for most types**
  - ▶ **First Hotdeck usually imputes for brackets (respondent has reported range)**



# Income Editing 3

Name	Description	Format	Type	Start	End
WAGEP18X	PERSON'S WAGE INCOME	6.0	Num	1610	1615
<u>Value</u>		<u>Unweighted</u>	<u>Weighted by PERWT18F</u>		
0.00		15,013	145,187,257		
\$1 - \$16,000		3,916	40,266,303		
\$16,001 - \$32,240		3,813	40,640,656		
\$32,241 - \$57,595		3,857	46,456,790		
\$57,596 - \$310,584		3,862	53,776,881		
Total:		30,461	326,327,888		

Name	Description	Format	Type	Start	End
WAGIMP18	WAGE IMPUTATION FLAG	1.0	Num	1616	1616
<u>Value</u>		<u>Unweighted</u>	<u>Weighted by PERWT18F</u>		
1 ORIGINAL RESPONSE USED		21,771	228,279,315		
2 BRACKET CONVERTED		2,528	28,552,347		
4 WEEKS WORKED/EARNINGS USED		4,809	55,170,567		
5 CONDITIONAL HOTDECK		1,036	12,310,068		
6 UNCONDITIONAL HOTDECK		317	2,015,591		
Total:		30,461	326,327,888		

# Income Editing 4

- **Once imputation is completed for all income types the poverty category is determined**
- **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 5

- **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

- **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
  - ▶ **2018 version was released last August**
    - Not on Spring version of file (Population Characteristics)

# Income Variables 2

- **Frequently used variables (2018 data names)**
  - TTLP18X: Total person-level income
  - CPSFAMID: concatenate with DUID to identify CPS family of person (see file documentation)
  - FAMINC18: CPS family total income
  - POVCAT18: CPS family poverty category
- **All family-level income variables included on record of each family member**

# Income Variables 3

- 3 income types can have negative, as well as zero or positive, amounts
  - BUSNP18X: Business income
  - TRSTP18X: Trust income
  - SALEP18X: 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

# Thank you!



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