



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 in the public use files**

Income Collection

- **Income data are collected once for each year of the panel, in the following rounds:**
 - ▶ **Round 3 in first year**
 - ▶ **Round 5 in second year**
 - ▶ **Round 7 in third year**
 - ▶ **Round 9 in fourth year**
- **The income data collected are for the previous year.**
 - ▶ **For example, 2022 income data were collected in early 2023.**
- **These data are collected for all persons in the panel, including children.**

Income Collection (cont.)

- Respondents are asked to use federal income tax forms for the prior year as the basis for their 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 (cont.)

- **Data on 18 types of income are collected.**
 - ▶ **Most persons have zero income for most types.**
- **These were the most common types of non-zero income in 2020:**
 - ▶ **Wages: 81% of persons ages 18 to 64**
 - ▶ **Interest: 23% of persons age 18+**
 - ▶ **Social Security: 81% of persons age 65+**
- **The least common type of non-zero income in 2020 was alimony, which was an income type reported by 0.2% of persons age 18+.**

Income Collection (cont.)

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

Income Editing

- **Amount is needed for each income type for each person.**
 - ▶ **Amounts cannot be missing because total income is needed for determining poverty level.**
 - ▶ **The missing value codes -1, -7, -8, -15 are not used 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 (cont.)

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

Income Editing (cont.)

- Imputation results for WAGEP20X (wage income)

Variable: WAGIMP20 (imputation flag for WAGEP20X)

| <u>Value</u> | <u>Unweighted</u> |
|------------------------------|-------------------|
| 1 Original Response Used | 18,334 |
| 2 Bracket Converted | 2,361 |
| 4 Weeks worked/Earnings used | 5,608 |
| 5 Conditional Hotdeck | 1,212 |
| 6 Unconditional Hotdeck | 290 |

Income Editing (cont.)

- Once imputation is completed for all income types, the poverty category is determined.
- Calculation is based on the following:
 - ▶ Current Population Survey (CPS) definition of family and family income
 - ▶ “Poverty thresholds” are identified by U.S. Census Bureau annually
- CPS family income/poverty line
 - ▶ Resulting percent converted to poverty category

Income Editing (cont.)

- Each person is assigned to a 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

- **Income variables are available in annual Full-Year Consolidated File.**
 - ▶ **Person-level file**
 - Round 3 income for panel in first year
 - Round 5 income for panel in second year
 - Round 7 income for panel in third year
 - Round 9 income for panel in fourth year
 - ▶ **2021 version released August 2023**

Income Variables (cont.)

- **Frequently used variables (2020 data names) include the following:**
 - TTLP20X: Total person-level income
 - CPSFAMID: Concatenate with DUID to identify CPS family of person (see file documentation)
 - FAMINC20: CPS family total income
 - POVCAT20: CPS family poverty category
- **All family-level income variables are included on the record of each family member.**

Income Variables (cont.)

- Three income types can have negative, as well as zero or positive, amounts:
 - BUSNP20X: Business income
 - TRSTP20X: Trust income
 - SALEP20X: 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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