



AGENCY FOR HEALTHCARE RESEARCH AND QUALITY



MEPS-HC Income Data

William Carroll, MA

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 Data 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, 2023 income data were collected in early 2024.
- These data are collected for all persons in the panel, including children.

Income Data Collection

- 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 Data Collection

- **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 2021:**
 - ▶ Wages: 81% of persons ages 18 to 64
 - ▶ Interest: 22% of persons age 18+
 - ▶ Social Security: 80% of persons age 65+
- **The least common type of non-zero income in 2021 was alimony, which was an income type reported by 0.3% of persons age 18+.**

Income Data Collection

- **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 Data 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 Data Editing

- 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 Data Editing

- Imputation results for WAGEP21X (wage income)

Variable: WAGIMP21 (imputation flag for WAGEP21X)

<u>Value</u>	<u>Unweighted</u>
1 Original Response Used	18,914
2 Bracket Converted	2,130
4 Weeks worked/Earnings used	5,739
5 Conditional Hotdeck	1,154
6 Unconditional Hotdeck	399

Income Data Editing

- 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 Data Editing

- 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
 - ▶ **2022 version released August 2024**

Income Variables

- Frequently used variables (2021 data names) include the following:
 - TTLP21X: Total person-level income
 - CPSFAMID: Concatenate with DUID to identify CPS family of person (see file documentation)
 - FAMINC21: CPS family total income
 - POVCAT21: CPS family poverty category
- All family-level income variables are included on the record of each family member.

Income Variables

- Three income types can have negative, as well as zero or positive, amounts:
 - BUSNP21X: Business income
 - TRSTP21X: Trust income
 - SALEP21X: 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!



William.Carroll@ahrq.hhs.gov