

Summary of Li: Becoming Dual

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What is the broad question?

Broadly, Li is looking to understand how individuals who qualify for both medicare and medicaid change behavior with healthcare.

What is the specific question?

Li wants to understand how individuals who were able to qualify for both Medicare and Medicaid will change behavior in healthcare. She does this via an IV setup, attempting to see how agents will change behaviors like seeing PCP's, getting routine testing, and going to emergency services.

Why would a policy maker care?

Social insurance programs are always of importance to policy makers. Thus, gaining insights into how consumers will respond to increased eligibility is important when considering whether or not to implement something like CT did in 2009. In this case, taking into account increased use of emergency services when potentially unnecessary could be useful in coupling the policy with some sort of policy to encourage use of PCP.

Why would an economist care?

The data work and IV are both clearly constructed with a lot of thought, which merits attention. Further, the consumer behaviors are interesting and could lead to further work.

What do we learn about economics?

We learn that consumers enrolled in both Medicaid and Medicare will change behaviors due to supply side factors, despite increased "budget" for health services. Further, we see an interesting instrument setup which, while I am not totally convinced of its validity, was obviously carefully constructed.

Empirical strategy answer:

The IV allows Li to, apparently, parse out both within and across state effects of the policy change, thus allowing for analysis of the efficacy of a policy like this in other places.

Threats and Overcoming:

I have a few problems:

1. Using PUMA's is clever for separating wealth differences, but does not change the fact that all is in CT and thus could still be picking up state-level effects which would effect agent behavior.
2. The assertion of valid cross-state analysis is also tough for me to buy. States have a lot of endogenous factors which lead to fixed effects which I do not think are fully being captured here.
3. This may be a lack of knowledge on my part, but I do not think there was enough discussion on the actual construction of the variable, so I still find it a bit vague.

Overcoming is hard for me to discuss given my issues listed above. But, I do think the robustness testing is convincing for what is laid out and thus is valid in construction. I do not find it very convincing as, again, I think many factors are being overlooked.