A   Data Preparation

This appendix provides detail on sample construction, including the assignment of plan characteristics, health events, and chronic illness costs.

A.1   Identifying Plan Characteristics

I follow the methodology of Zhang et al. (2018) in inferring individual and household deductibles from the empirical distribution of claims. Given the claims for an individual plan-year, I:
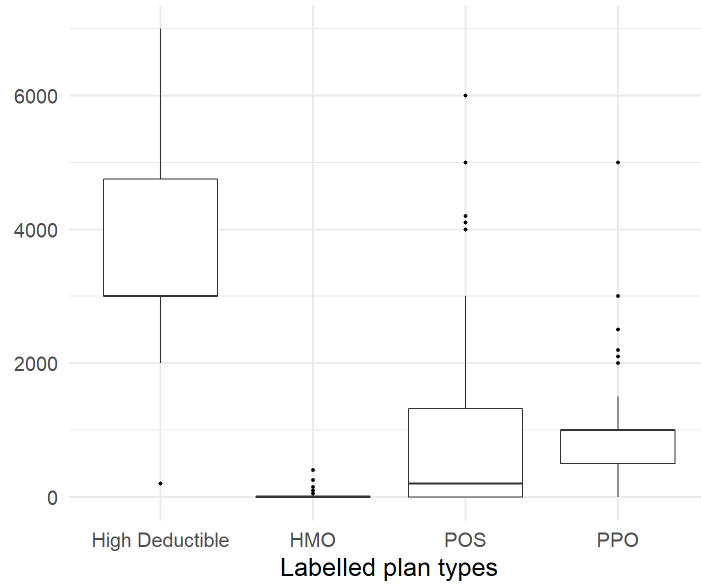
1. Remove claims that are out-of-network, as well as claims with negative values in any of the total paid, plan paid, deductible, and OOP fields.

2. Limit attention to families that had at least 4 consecutive zero-deductible claims after the last positive deductible claim (to ensure that the deductible has really been reached).

3. Calculate each family's total deductible contribution over the year.

4. Estimate the mode and 95th percentile of the deductible within each plan-year.

Figure A.1 illustrates the match quality of these assignments by comparing the distribution of imputed plan family deductibles across listed plan types (Rabideau et al., 2021).

Once deductibles are estimated, average coinsurance rates and out-of-pocket maxima are estimated using the methodology of Marone and Sabety (2021). These cost-sharing parameters are those which minimizes the sum of squared residuals between predicted and observed out-of-pocket costs, where predicted out-of-pocket costs utilizes the estimated deductible and assumed coinsurance, OOP maximum, and observed spending comes directly from the claims data. This estimation is done separately for each plan-year.
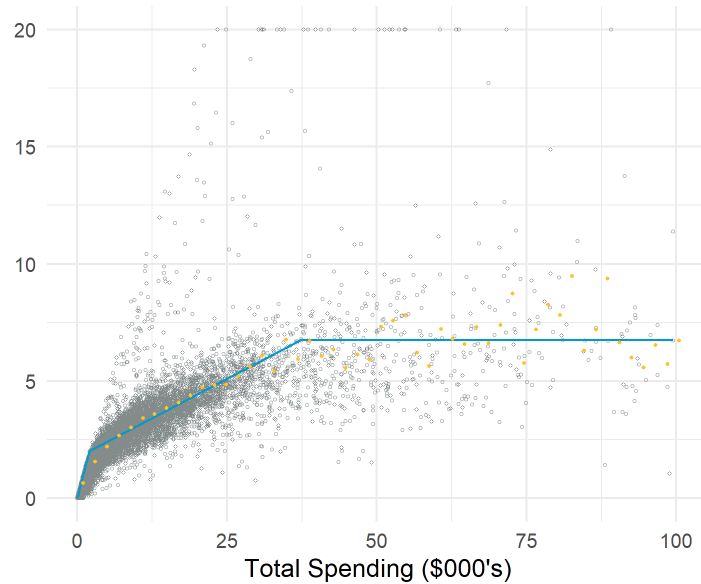
Figure A.2 illustrates the estimated function used in calculating out-of-pocket costs for a given amount of medical spending in a particular insurance plan and year, compared with the realized distribution of total and out-of-pocket spending for all households enrolled in that plan during the year. Each gray dot represents a household, and gold dots are a binscatter plot of all households, using 50 bins. The estimated features of this plan are a family deductible of $2,000, a coinsurance rate of 13.4%, and a family out-of-pocket maximum of $6,750.41.

Figure A.1. Imputed Family Deductibles by Listed Plan Type

Notes: Box and whisker plot summarizing imputed household deductibles for each listed plan type. Each observation is a plan-year. The box in each boxplot extends from the first quartile to the third quartile of all family deductibles, with a line in the middle for the median. Whiskers extend to 1.5 times the interquartile range (the length of the box) if applicable. All plan years with deductibles outside of the whiskers are shown as outlier points.

Figure A.2. Inferred Characteristics for a Sample Insurance Plan

Notes: Data shown for a single plan year. Each gray dot corresponds to a single household's observed total and out-of-pocket spending. Gold dots show averages within 50 bins. Blue line illustrates the estimated piece-wise linear function translating observed billed spending into out-of-pocket spending, determined by a plan deductible, coinsurance rate, and out-of-pocket maximum.

A.2 Identifying Major Health Events

I assign major health events using a set of chronic and acute HCCs, as discussed in Section 2 of the main text. Table A1 identifies each major health event as well as its corresponding status (acute/chronic) and accompanying diagnosis codes. Prior to October 2015, Marketscan claims data relied on ICD-9-CM diagnosis codes, transitioning to ICD-10-CM diagnosis codes thereafter. I also drop households for which the diagnosed individual is not present for at least a full year after their medical event to exclude individuals who might have passed away during or shortly after their event. This is extremely rare, given the types of conditions being considered here.

Table A1: Diagnosis Codes for Sample HCCs

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
Acute Liver Failure	No	0063, 0700, 07020, 07021, 07041, 07042, 07043, 07049, 0706, 07071, 570, 5711, 5720, 5721, 5734, 7744	A064, B150, B160, B162, B1711, B190, B1911, B1921, K7010, K7011, K7200, K750, K751, K762, K763, P591, P5920, P5929
Acute Myocardial Infarction	No	41001, 41011, 41021, 41031, 41041, 41051, 41061, 41071, 41081, 41091, 4295, 4296	I2101, I2102, I2109, I2111, I2119, I2121, I2129, I213, I214, I220, I221, I222, I228, I229, I234, I235, I511, I512
Adrenal/Pituitary Disorders	Yes	0363, 2510, 25200, 25201, 25202, 25208, 2521, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2548, 2549, 2550, 25510, 25511, 25512, 25513, 25514, 2552, 2553, 25541, 25542, 2555, 2556, 2558, 2559, 25801, 25802, 25803, 2581, 2588, 2589, 5881, 58881	A391, E035, E15, E200, E208, E209, E210, E211, E212, E213, E214, E215, E220, E221, E222, E228, E229, E230, E231, E232, E233, E236, E237, E240, E241, E242, E243, E244, E248, E249, E250, E258, E259, E2601, E2602, E2609, E261, E2681, E2689, E269, E270, E271, E272, E273, E2740, E2749, E275, E278, E279, E310, E311, E3120, E3121, E3122, E3123, E318, E319, E320, E321, E328, E329, E344, E892, E893, E896, N251, N2581
Asthma	Yes	49300, 49301, 49302, 49310, 49311, 49312, 49381, 49382, 49390, 49391, 49392	J4520, J4521, J4522, J4530, J4531, J4532, J4540, J4541, J4542, J4550, J4551, J4552, J45901, J45902, J45909, J45990, J45991, J45998
Brain Infections	No	00321, 0065, 01300, 01301, 01302, 01303, 01304, 01305, 01306, 01310, 01311, 01312, 01313, 01314, 01315, 01316, 01320, 01321, 01322, 01323, 01324, 01325, 01326, 01330, 01331, 01332, 01333, 01334, 01335, 01336, 01340, 01341, 01342, 01343, 01344, 01345, 01346, 01350, 01351, 01352, 01353, 01354, 01355, 01356, 01360, 01361, 01362, 01363, 01364, 01365, 01366, 01380, 01381, 01382, 01383, 01384, 01385, 01386, 01390, 01391, 01392, 01393, 01394, 01395, 01396, 0360, 0361, 037, 04500, 04501, 04502, 04503, 04510, 04511, 04512, 04513, 04520, 04521, 04522, 04523, 04590, 04591, 04592, 04593, 0498, 0499, 0520, 0543, 0550, 05601, 05821, 05829, 0620, 0621, 0622, 0623, 0624, 0625, 0628, 0629, 0630, 0631, 0632, 0638, 0639, 064, 0662, 06640, 06641, 06642, 06649, 071, 0722, 09040, 09041, 09042, 09049, 09181, 0940, 0941, 0942, 0943, 09481, 09482, 09483, 09484, 09485, 09486, 09489, 0949, 09882, 10081, 11283, 1142, 11501, 11511, 11591, 3200, 3201, 3202, 3203, 3207, 32081, 32082, 32089, 3209, 3211, 3213, 3214, 3218, 32301, 3231, 3232, 32341, 32351, 32361, 32362, 32381, 3239, 3240, 3241, 3249, 325	A0101, A0221, A066, A170, A171, A1781, A1782, A1783, A1789, A179, A203, A2781, A3211, A3212, A34, A35, A390, A3981, A4281, A4282, A5040, A5041, A5042, A5043, A5044, A5045, A5049, A5141, A5210, A5211, A5212, A5213, A5214, A5215, A5216, A5217, A5219, A522, A523, A5481, A5482, A6921, A800, A801, A802, A8030, A8039, A804, A809, A820, A821, A829, A830, A831, A832, A833, A834, A835, A836, A838, A839, A840, A841, A848, A849, A850, A851, A852, A858, A86, A888, A89, A922, A9230, A9231, A9232, A9239, B004, B0111, B020, B050, B0601, B1001, B1009, B262, B375, B384, B4081, B4281, B431, B5741, B5742, B6011, G000, G001, G002, G003, G008, G009, G01, G02, G0400, G0401, G0402, G042, G0430, G0431, G0432, G0439, G0481, G0490, G053, G060, G061, G062, G07, G08
Breast and Prostate Cancer	Yes	1740, 1741, 1742, 1743, 1744, 1745, 1746, 1748, 1749, 1750, 1759, 179, 1800, 1801, 1808, 1809, 1820, 1821, 1828, 1840, 1841,	C4A0, C4A10, C4A11, C4A12, C4A20, C4A21, C4A22, C4A30, C4A31, C4A39, C4A4, C4A51, C4A52, C4A59, C4A60,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
		1842, 1843, 1844, 1848, 1849, 185, 1880, 1881, 1882, 1883, 1884, 1885, 1886, 1887, 1888, 1889, 1892, 1893, 1894, 1898, 1899, 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, 1908, 1909, 1950, 1951, 1952, 1953, 1954, 1955, 1958, 1992, 20100, 20101, 20102, 20103, 20104, 20105, 20106, 20107, 20108, 20110, 20111, 20112, 20113, 20114, 20115, 20116, 20117, 20118, 20120, 20121, 20122, 20123, 20124, 20125, 20126, 20127, 20128, 20140, 20141, 20142, 20143, 20144, 20145, 20146, 20147, 20148, 20150, 20151, 20152, 20153, 20154, 20155, 20156, 20157, 20158, 20160, 20161, 20162, 20163, 20164, 20165, 20166, 20167, 20168, 20170, 20171, 20172, 20173, 20174, 20175, 20176, 20177, 20178, 20190, 20191, 20192, 20193, 20194, 20195, 20196, 20197, 20198, 20900, 20901, 20902, 20903, 20910, 20911, 20912, 20913, 20914, 20915, 20916, 20917, 20920, 20921, 20922, 20923, 20924, 20925, 20926, 20927, 20929, 20930, 20931, 20932, 20933, 20934, 20935, 20936, 2250, 2251, 2252, 2253, 2254, 2258, 2259, 2273, 2274, 22802, 2370, 2371, 2373, 2375, 2376, 2379, 2396, 7595, 7596	C4A61, C4A62, C4A70, C4A71, C4A72, C4A8, C4A9, C50011, C50012, C50019, C50021, C50022, C50029, C50111, C50112, C50119, C50121, C50122, C50129, C50211, C50212, C50219, C50221, C50222, C50229, C50311, C50312, C50319, C50321, C50322, C50329, C50411, C50412, C50419, C50421, C50422, C50429, C50511, C50512, C50519, C50521, C50522, C50529, C50611, C50612, C50619, C50621, C50622, C50629, C50811, C50812, C50819, C50821, C50822, C50829, C50911, C50912, C50919, C50921, C50922, C50929, C510, C511, C512, C518, C519, C52, C530, C531, C538, C539, C540, C541, C542, C543, C548, C549, C55, C577, C578, C579, C61, C661, C662, C669, C670, C671, C672, C673, C674, C675, C676, C677, C678, C679, C680, C681, C688, C689, C6900, C6901, C6902, C6910, C6911, C6912, C6920, C6921, C6922, C6930, C6931, C6932, C6940, C6941, C6942, C6950, C6951, C6952, C6960, C6961, C6962, C6980, C6981, C6982, C6990, C6991, C6992, C760, C761, C762, C763, C7640, C7641, C7642, C7650, C7651, C7652, C768, C7A00, C7A010, C7A011, C7A012, C7A019, C7A020, C7A021, C7A022, C7A023, C7A024, C7A025, C7A026, C7A029, C7A090, C7A091, C7A092, C7A093, C7A094, C7A095, C7A096, C7A098, C7A1, C7A8, C802, C8100, C8101, C8102, C8103, C8104, C8105, C8106, C8107, C8108, C8109, C8110, C8111, C8112, C8113, C8114, C8115, C8116, C8117, C8118, C8119, C8120, C8121, C8122, C8123, C8124, C8125, C8126, C8127, C8128, C8129, C8130, C8131, C8132, C8133, C8134, C8135, C8136, C8137, C8138, C8139, C8140, C8141, C8142, C8143, C8144, C8145, C8146, C8147, C8148, C8149, C8170, C8171, C8172, C8173, C8174, C8175, C8176, C8177, C8178, C8179, C8190, C8191, C8192, C8193, C8194, C8195, C8196, C8197, C8198, C8199, D1802, D320, D321, D329, D330, D331, D332, D333, D334, D337, D339, D352, D353, D354, D420, D421, D429, D430, D431, D432, D433, D434, D438, D439, D443, D444, D445, D446, D447, D496, Q851, Q858, Q859
Cardio-Respiratory Failure	No	42741, 42742, 4275, 514, 5184, 51881, 51882, 51883, 51884, 769, 7703, 7704, 7705, 7707, 77084, 77985, 78550, 78551, 7980, 7981, 7982, 7989, 9584	I462, I468, I469, I4901, I4902, J182, J80, J810, J811, J9600, J9601, J9602, J9610, J9611, J9612, J9620, J9621, J9622, J9690, J9691, J9692, P220, P260, P261, P268, P269, P270, P271, P278, P279, P280, P2810,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			P2811, P2819, P285, P2981, R570, R579, T794XXA
Central Nervous System Infections, Except Viral Meningitis	No	00321, 0065, 01300, 01301, 01302, 01303, 01304, 01305, 01306, 01310, 01311, 01312, 01313, 01314, 01315, 01316, 01320, 01321, 01322, 01323, 01324, 01325, 01326, 01330, 01331, 01332, 01333, 01334, 01335, 01336, 01340, 01341, 01342, 01343, 01344, 01345, 01346, 01350, 01351, 01352, 01353, 01354, 01355, 01356, 01360, 01361, 01362, 01363, 01364, 01365, 01366, 01380, 01381, 01382, 01383, 01384, 01385, 01386, 01390, 01391, 01392, 01393, 01394, 01395, 01396, 0360, 0361, 037, 04500, 04501, 04502, 04503, 04510, 04511, 04512, 04513, 04520, 04521, 04522, 04523, 04590, 04591, 04592, 04593, 0498, 0499, 0520, 0543, 0550, 05601, 05821, 05829, 0620, 0621, 0622, 0623, 0624, 0625, 0628, 0629, 0630, 0631, 0632, 0638, 0639, 064, 0662, 06640, 06641, 06642, 06649, 071, 0722, 09040, 09041, 09042, 09049, 09181, 0940, 0941, 0942, 0943, 09481, 09482, 09483, 09484, 09485, 09486, 09489, 0949, 09882, 10081, 11283, 1142, 11501, 11511, 11591, 3200, 3201, 3202, 3203, 3207, 32081, 32082, 32089, 3209, 3211, 3213, 3214, 3218, 32301, 3231, 3232, 32341, 32351, 32361, 32362, 32381, 3239, 3240, 3241, 3249, 325	A0101, A0221, A066, A170, A171, A1781, A1782, A1783, A1789, A179, A203, A2781, A3211, A3212, A34, A35, A390, A3981, A4281, A4282, A5040, A5041, A5042, A5043, A5044, A5045, A5049, A5141, A5210, A5211, A5212, A5213, A5214, A5215, A5216, A5217, A5219, A522, A523, A5481, A5482, A6921, A800, A801, A802, A8030, A8039, A804, A809, A820, A821, A829, A830, A831, A832, A833, A834, A835, A836, A838, A839, A840, A841, A848, A849, A850, A851, A852, A858, A86, A888, A89, A922, A9230, A9231, A9232, A9239, B004, B0111, B020, B050, B0601, B1001, B1009, B262, B375, B384, B4081, B4281, B431, B5741, B5742, B6011, G000, G001, G002, G003, G008, G009, G01, G02, G0400, G0401, G0402, G042, G0430, G0431, G0432, G0439, G0481, G0490, G053, G060, G061, G062, G07, G08
Cerebral Aneurysm and Arteriovenous Malformation	No	4373, 74781	A5205, I671, Q282, Q283
Chronic Hepatitis	Yes	07022, 07023, 07032, 07033, 07044, 07054, 57140, 57141, 57142, 57149	B180, B181, B182, B188, B189, K730, K731, K732, K738, K739, K754
Chronic Skin Ulcer	Yes	4540, 4542, 45911, 45913, 45931, 45933, 68601, 70710, 70711, 70712, 70713, 70714, 70715, 70719, 7078, 7079	I83001, I83002, I83003, I83004, I83005, I83008, I83009, I83011, I83012, I83013, I83014, I83015, I83018, I83019, I83021, I83022, I83023, I83024, I83025, I83028, I83029, I83201, I83202, I83203, I83204, I83205, I83208, I83209, I83211, I83212, I83213, I83214, I83215, I83218, I83219, I83221, I83222, I83223, I83224, I83225, I83228, I83229, I87011, I87012, I87013, I87019, I87031, I87032, I87033, I87039, I87311, I87312, I87313, I87319, I87331, I87332, I87333, I87339, L88, L97101, L97102, L97103, L97104, L97109, L97111, L97112, L97113, L97114, L97119, L97121, L97122, L97123, L97124, L97129, L97201, L97202, L97203, L97204, L97209, L97211, L97212, L97213, L97214, L97219, L97221, L97222, L97223, L97224, L97229, L97301, L97302, L97303, L97304, L97309, L97311,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			L97312, L97313, L97314, L97319, L97321, L97322, L97323, L97324, L97329, L97401, L97402, L97403, L97404, L97409, L97411, L97412, L97413, L97414, L97419, L97421, L97422, L97423, L97424, L97429, L97501, L97502, L97503, L97504, L97509, L97511, L97512, L97513, L97514, L97519, L97521, L97522, L97523, L97524, L97529, L97801, L97802, L97803, L97804, L97809, L97811, L97812, L97813, L97814, L97819, L97821, L97822, L97823, L97824, L97829, L97901, L97902, L97903, L97904, L97909, L97911, L97912, L97913, L97914, L97919, L97921, L97922, L97923, L97924, L97929, L98411, L98412, L98413, L98414, L98419, L98421, L98422, L98423, L98424, L98429, L98491, L98492, L98493, L98494, L98499, I70231, I70232, I70233, I70234, I70235, I70238, I70239, I70241, I70242, I70243, I70244, I70245, I70248, I70249, I7025, I70331, I70332, I70333, I70334, I70335, I70338, I70339, I70341, I70342, I70343, I70344, I70345, I70348, I70349, I7035, I70431, I70432, I70433, I70434, I70435, I70438, I70439, I70441, I70442, I70443, I70444, I70445, I70448, I70449, I7045, I70531, I70532, I70533, I70534, I70535, I70538, I70539, I70541, I70542, I70543, I70544, I70545, I70548, I70549, I7055, I70631, I70632, I70633, I70634, I70635, I70638, I70639, I70641, I70642, I70643, I70644, I70645, I70648, I70649, I7065, I70731, I70732, I70733, I70734, I70735, I70738, I70739, I70741, I70742, I70743, I70744, I70745, I70748, I70749, I7075
Congestive Heart Failure	Yes	39891, 40201, 40211, 40291, 40401, 40403, 40411, 40413, 40491, 40493, 4150, 4160, 4161, 4168, 4169, 4170, 4171, 4178, 4179, 4250, 42511, 42518, 4252, 4253, 4254, 4255, 4257, 4258, 4259, 4280, 4281, 42820, 42821, 42822, 42823, 42830, 42831, 42832, 42833, 42840, 42841, 42842, 42843, 4289, 4290, 4291	A3681, B3324, I0981, I110, I130, I132, I2601, I2602, I2609, I270, I271, I272, I2781, I2789, I279, I280, I281, I288, I289, I420, I421, I422, I423, I424, I425, I426, I427, I428, I429, I43, I501, I5020, I5021, I5022, I5023, I5030, I5031, I5032, I5033, I5040, I5041, I5042, I5043, I509, I514, I515
Diabetes w/ Complications	Yes	24940, 24941, 24950, 24951, 24960, 24961, 24970, 24971, 24980, 24981, 24990, 24991, 25040, 25041, 25042, 25043, 25050, 25051, 25052, 25053, 25060, 25061, 25062, 25063, 25070, 25071, 25072, 25073, 25080, 25081, 25082, 25083, 25090, 25091, 25092, 25093, 3572, 36201, 36202, 36203, 36204, 36205, 36206, 36207, 36641	E0821, E0822, E0829, E08311, E08319, E08321, E08329, E08331, E08339, E08341, E08349, E08351, E08359, E0836, E0839, E0840, E0841, E0842, E0843, E0844, E0849, E0851, E0852, E0859, E08610, E08618, E08620, E08621, E08622, E08628, E08630, E08638, E08649, E0865, E0869, E088, E0921, E0922, E0929, E09311, E09319, E09321, E09329, E09331, E09339, E09341, E09349, E09351, E09359, E0936, E0939, E0940, E0941, E0942, E0943, E0944, E0949,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			E0951, E0952, E0959, E09610, E09618, E09620, E09621, E09622, E09628, E09630, E09638, E09649, E0965, E0969, E098, E1021, E1022, E1029, E10311, E10319, E10321, E10329, E10331, E10339, E10341, E10349, E10351, E10359, E1036, E1039, E1040, E1041, E1042, E1043, E1044, E1049, E1051, E1052, E1059, E10610, E10618, E10620, E10621, E10622, E10628, E10630, E10638, E10649, E1065, E1069, E108, E1121, E1122, E1129, E11311, E11319, E11321, E11329, E11331, E11339, E11341, E11349, E11351, E11359, E1136, E1139, E1140, E1141, E1142, E1143, E1144, E1149, E1151, E1152, E1159, E11610, E11618, E11620, E11621, E11622, E11628, E11630, E11638, E11649, E1165, E1169, E118, E1321, E1322, E1329, E13311, E13319, E13321, E13329, E13331, E13339, E13341, E13349, E13351, E13359, E1336, E1339, E1340, E1341, E1342, E1343, E1344, E1349, E1351, E1352, E1359, E13610, E13618, E13620, E13621, E13622, E13628, E13630, E13638, E13649, E1365, E1369, E138
Diabetes w/o Complications	Yes	24900, 24901, 25000, 25001, 25002, 25003, V5867	E089, E099, E109, E119, E139, Z794
Fibrosis of Lung	Yes	135, 4950, 4951, 4952, 4953, 4954, 4955, 4956, 4957, 4958, 4959, 500, 501, 502, 503, 504, 505, 5060, 5061, 5062, 5063, 5064, 5069, 5080, 5081, 515, 5160, 5161, 5162, 51630, 51631, 51632, 51633, 51634, 51635, 51636, 51637, 5164, 5165, 51661, 51662, 51663, 51664, 51669, 5168, 5169, 5171, 5172, 5178, 5183, 5186	B4481, D860, D862, J60, J61, J620, J628, J630, J631, J632, J633, J634, J635, J636, J64, J65, J660, J661, J662, J668, J670, J671, J672, J673, J674, J675, J676, J677, J678, J679, J680, J681, J682, J683, J684, J688, J689, J700, J701, J82, J8401, J8402, J8403, J8409, J8410, J84111, J84112, J84113, J84114, J84115, J84116, J84117, J8417, J842, J8481, J8482, J8483, J84841, J84842, J84843, J84848, J8489, J849, J99, M3213, M3301, M3311, M3321, M3391, M3481, M3502
Heart Arrhythmias	Yes	4260, 4270, 4271, 4272, 42731, 42732, 42781	I442, I470, I471, I472, I479, I480, I481, I482, I483, I484, I4891, I4892, I492, I495
Inflammatory Bowel Disease	Yes	5550, 5551, 5552, 5559, 5560, 5561, 5562, 5563, 5564, 5565, 5566, 5568, 5569	K5000, K50011, K50013, K50014, K50018, K50019, K5010, K50111, K50113, K50114, K50118, K50119, K5080, K50811, K50813, K50814, K50818, K50819, K5090, K50911, K50913, K50914, K50918, K50919, K5100, K51011, K51013, K51014, K51018, K51019, K5120, K51211, K51213, K51214, K51218, K51219, K5130, K51311, K51313, K51314, K51318, K51319, K5140, K51411, K51413, K51414, K51418, K51419, K5150, K51511, K51513, K51514, K51518, K51519, K5180, K51811, K51813, K51814, K51818, K51819, K5190, K51911, K51913, K51914, K51918,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			K51919, K50012, K50112, K50812, K50912, K51012, K51212, K51312, K51412, K51512, K51812, K51912
Intestinal Obstruction	No	5370, 5373, 53781, 5600, 5601, 5602, 56030, 56031, 56032, 56039, 56081, 56089, 5609, 7505, 7511, 7512, 7513, 7514	K311, K313, K315, K50012, K50112, K50812, K50912, K51012, K51212, K51312, K51412, K51512, K51812, K51912, K560, K561, K562, K563, K5641, K5649, K565, K5660, K5669, K567, Q400, Q410, Q411, Q412, Q418, Q419, Q420, Q421, Q422, Q423, Q428, Q429, Q431, Q432, Q433
Intracranial Hemorrhage	No	09487, 430, 431, 4320, 4321, 4329, 7670, 77210, 77211, 77212, 77213, 77214, 7722	I6000, I6001, I6002, I6010, I6011, I6012, I6020, I6021, I6022, I6030, I6031, I6032, I604, I6050, I6051, I6052, I606, I607, I608, I609, I610, I611, I612, I613, I614, I615, I616, I618, I619, I6200, I6201, I6202, I6203, I621, I629, P100, P101, P102, P103, P104, P108, P109, P110, P111, P112, P520, P521, P5221, P5222, P523, P524, P525, P526, P528, P529
Ischemic or Unspecified Stroke	No	43301, 43311, 43321, 43331, 43381, 43391, 43401, 43411, 43491	I6300, I63011, I63012, I63019, I6302, I63031, I63032, I63039, I6309, I6310, I63111, I63112, I63119, I6312, I63131, I63132, I63139, I6319, I6320, I63211, I63212, I63219, I6322, I63231, I63232, I63239, I6329, I6330, I63311, I63312, I63319, I63321, I63322, I63329, I63331, I63332, I63339, I63341, I63342, I63349, I6339, I6340, I63411, I63412, I63419, I63421, I63422, I63429, I63431, I63432, I63439, I63441, I63442, I63449, I6349, I6350, I63511, I63512, I63519, I63521, I63522, I63529, I63531, I63532, I63539, I63541, I63542, I63549, I6359, I636, I638, I639
Lupus	Yes	0993, 4465, 7100, 7102, 7105, 7108, 7109, 71110, 71111, 71112, 71113, 71114, 71115, 71116, 71117, 71118, 71119, 7144, 71489, 7149, 725	M0230, M02311, M02312, M02319, M02321, M02322, M02329, M02331, M02332, M02339, M02341, M02342, M02349, M02351, M02352, M02359, M02361, M02362, M02369, M02371, M02372, M02379, M0238, M0239, M064, M1200, M12011, M12012, M12019, M12021, M12022, M12029, M12031, M12032, M12039, M12041, M12042, M12049, M12051, M12052, M12059, M12061, M12062, M12069, M12071, M12072, M12079, M1208, M1209, M315, M316, M320, M3210, M3211, M3212, M3213, M3214, M3215, M3219, M328, M329, M3500, M3501, M3502, M3503, M3504, M3509, M351, M353, M355, M358, M359, M368
Major Depressive and Bipolar Disorders	Yes	29600, 29601, 29602, 29603, 29604, 29605, 29606, 29610, 29611, 29612, 29613, 29614, 29615, 29616, 29620, 29621, 29622, 29623, 29624, 29625, 29626, 29630, 29631, 29632, 29633, 29634, 29635, 29636, 29640, 29641, 29642, 29643, 29644, 29645, 29646, 29650, 29651, 29652, 29653, 29654, 29655, 29656,	F3010, F3011, F3012, F3013, F302, F303, F304, F308, F309, F310, F3110, F3111, F3112, F3113, F312, F3130, F3131, F3132, F314, F315, F3160, F3161, F3162, F3163, F3164, F3170, F3171, F3172, F3173, F3174, F3175, F3176, F3177, F3178, F3181, F3189, F319, F322, F323, F332, F333, T1491,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
		29660, 29661, 29662, 29663, 29664, 29665, 29666, 2967, 29680, 29681, 29682, 29689, 29690, 29699, E9500, E9501, E9502, E9503, E9504, E9505, E9506, E9507, E9508, E9509, E9510, E9511, E9518, E9520, E9521, E9528, E9529, E9530, E9531, E9538, E9539, E954, E9550, E9551, E9552, E9553, E9554, E9555, E9556, E9557, E9559, E956, E9570, E9571, E9572, E9579, E9580, E9581, E9582, E9583, E9584, E9585, E9586, E9587, E9588, E9589, E959	T360X2A, T360X2S, T361X2A, T361X2S, T362X2A, T362X2S, T363X2A, T363X2S, T364X2A, T364X2S, T365X2A, T365X2S, T366X2A, T366X2S, T367X2A, T367X2S, T368X2A, T368X2S, T3692XA, T3692XS, T370X2A, T370X2S, T371X2A, T371X2S, T372X2A, T372X2S, T373X2A, T373X2S, T374X2A, T374X2S, T375X2A, T375X2S, T378X2A, T378X2S, T3792XA, T3792XS, T380X2A, T380X2S, T381X2A, T381X2S, T382X2A, T382X2S, T383X2A, T383X2S, T384X2A, T384X2S, T385X2A, T385X2S, T386X2A, T386X2S, T387X2A, T387X2S, T38802A, T38802S, T38812A, T38812S, T38892A, T38892S, T38902A, T38902S, T38992A, T38992S, T39012A, T39012S, T39092A, T39092S, T391X2A, T391X2S, T392X2A, T392X2S, T39312A, T39312S, T39392A, T39392S, T394X2A, T394X2S, T398X2A, T398X2S, T3992XA, T3992XS, T400X2A, T400X2S, T401X2A, T401X2S, T402X2A, T402X2S, T403X2A, T403X2S, T404X2A, T404X2S, T405X2A, T405X2S, T40602A, T40602S, T40692A, T40692S, T407X2A, T407X2S, T408X2A, T408X2S, T40902A, T40902S, T40992A, T40992S, T410X2A, T410X2S, T411X2A, T411X2S, T41202A, T41202S, T41292A, T41292S, T413X2A, T413X2S, T4142XA, T4142XS, T415X2A, T415X2S, T420X2A, T420X2S, T421X2A, T421X2S, T422X2A, T422X2S, T423X2A, T423X2S, T424X2A, T424X2S, T425X2A, T425X2S, T426X2A, T426X2S, T4272XA, T4272XS, T428X2A, T428X2S, T43012A, T43012S, T43022A, T43022S, T431X2A, T431X2S, T43202A, T43202S, T43212A, T43212S, T43222A, T43222S, T43292A, T43292S, T433X2A, T433X2S, T434X2A, T434X2S, T43502A, T43502S, T43592A, T43592S, T43602A, T43602S, T43612A, T43612S, T43622A, T43622S, T43632A, T43632S, T43692A, T43692S, T438X2A, T438X2S, T4392XA, T4392XS, T440X2A, T440X2S, T441X2A, T441X2S, T442X2A, T442X2S, T443X2A, T443X2S, T444X2A, T444X2S, T445X2A, T445X2S, T446X2A, T446X2S, T447X2A, T447X2S, T448X2A, T448X2S, T44902A, T44902S, T44992A, T44992S, T450X2A, T450X2S, T451X2A, T451X2S, T452X2A, T452X2S, T453X2A, T453X2S, T454X2A, T454X2S, T45512A, T45512S, T45522A, T45522S, T45602A, T45602S, T45612A, T45612S, T45622A, T45622S, T45692A, T45692S,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			T457X2A, T457X2S, T458X2A, T458X2S, T4592XA, T4592XS, T460X2A, T460X2S, T461X2A, T461X2S, T462X2A, T462X2S, T463X2A, T463X2S, T464X2A, T464X2S, T465X2A, T465X2S, T466X2A, T466X2S, T467X2A, T467X2S, T468X2A, T468X2S, T46902A, T46902S, T46992A, T46992S, T470X2A, T470X2S, T471X2A, T471X2S, T472X2A, T472X2S, T473X2A, T473X2S, T474X2A, T474X2S, T475X2A, T475X2S, T476X2A, T476X2S, T477X2A, T477X2S, T478X2A, T478X2S, T4792XA, T4792XS, T480X2A, T480X2S, T481X2A, T481X2S, T48202A, T48202S, T48292A, T48292S, T483X2A, T483X2S, T484X2A, T484X2S, T485X2A, T485X2S, T486X2A, T486X2S, T48902A, T48902S, T48992A, T48992S, T490X2A, T490X2S, T491X2A, T491X2S, T492X2A, T492X2S, T493X2A, T493X2S, T494X2A, T494X2S, T495X2A, T495X2S, T496X2A, T496X2S, T497X2A, T497X2S, T498X2A, T498X2S, T4992XA, T4992XS, T500X2A, T500X2S, T501X2A, T501X2S, T502X2A, T502X2S, T503X2A, T503X2S, T504X2A, T504X2S, T505X2A, T505X2S, T506X2A, T506X2S, T507X2A, T507X2S, T508X2A, T508X2S, T50902A, T50902S, T50992A, T50992S, T50A12A, T50A12S, T50A22A, T50A22S, T50A92A, T50A92S, T50B12A, T50B12S, T50B92A, T50B92S, T50Z12A, T50Z12S, T50Z92A, T50Z92S, T510X2A, T510X2S, T511X2A, T511X2S, T512X2A, T512X2S, T513X2A, T513X2S, T518X2A, T518X2S, T5192XA, T5192XS, T520X2A, T520X2S, T521X2A, T521X2S, T522X2A, T522X2S, T523X2A, T523X2S, T524X2A, T524X2S, T528X2A, T528X2S, T5292XA, T5292XS, T530X2A, T530X2S, T531X2A, T531X2S, T532X2A, T532X2S, T533X2A, T533X2S, T534X2A, T534X2S, T535X2A, T535X2S, T536X2A, T536X2S, T537X2A, T537X2S, T5392XA, T5392XS, T540X2A, T540X2S, T541X2A, T541X2S, T542X2A, T542X2S, T543X2A, T543X2S, T5492XA, T5492XS, T550X2A, T550X2S, T551X2A, T551X2S, T560X2A, T560X2S, T561X2A, T561X2S, T562X2A, T562X2S, T563X2A, T563X2S, T564X2A, T564X2S, T565X2A, T565X2S, T566X2A, T566X2S, T567X2A, T567X2S, T56812A, T56812S, T56892A, T56892S, T5692XA, T5692XS, T570X2A, T570X2S, T571X2A, T571X2S, T572X2A, T572X2S, T573X2A, T573X2S, T578X2A, T578X2S, T5792XA, T5792XS,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			T5802XA, T5802XS, T5812XA, T5812XS, T582X2A, T582X2S, T588X2A, T588X2S, T5892XA, T5892XS, T590X2A, T590X2S, T591X2A, T591X2S, T592X2A, T592X2S, T593X2A, T593X2S, T594X2A, T594X2S, T595X2A, T595X2S, T596X2A, T596X2S
Multiple Sclerosis	Yes	340, 3410, 3411	G35, G360, G370, G375
Personality Disorder	Yes	30012, 30013, 30014, 30015, 3006, 3010, 30110, 30111, 30112, 30113, 30120, 30121, 30122, 3013, 3014, 30150, 30151, 30159, 3016, 3017, 30181, 30182, 30183, 30184, 30189, 3019	F21, F440, F441, F4481, F481, F600, F601, F602, F603, F604, F605, F606, F607, F6081, F6089, F609
Pulmonary Embolism and Deep Vein Thrombosis	No	41511, 41512, 41513, 41519, 4162, 45111, 45119, 45181, 45183, 4530, 4532, 4533, 45340, 45341, 45342, 45350, 45351, 45352, 45372, 45374, 45375, 45376, 45377, 45382, 45384, 45385, 45386, 45387	I2690, I2692, I2699, I2782, I8010, I8011, I8012, I8013, I80201, I80202, I80203, I80209, I80211, I80212, I80213, I80219, I80221, I80222, I80223, I80229, I80231, I80232, I80233, I80239, I80291, I80292, I80293, I80299, I820, I82210, I82211, I82220, I82221, I82290, I82291, I823, I82401, I82402, I82403, I82409, I82411, I82412, I82413, I82419, I82421, I82422, I82423, I82429, I82431, I82432, I82433, I82439, I82441, I82442, I82443, I82449, I82491, I82492, I82493, I82499, I824Y1, I824Y2, I824Y3, I824Y9, I824Z1, I824Z2, I824Z3, I824Z9, I82501, I82502, I82503, I82509, I82511, I82512, I82513, I82519, I82521, I82522, I82523, I82529, I82531, I82532, I82533, I82539, I82541, I82542, I82543, I82549, I82591, I82592, I82593, I82599, I825Y1, I825Y2, I825Y3, I825Y9, I825Z1, I825Z2, I825Z3, I825Z9, I82621, I82622, I82623, I82629, I82721, I82722, I82723, I82729, I82A11, I82A12, I82A13, I82A19, I82A21, I82A22, I82A23, I82A29, I82B11, I82B12, I82B13, I82B19, I82B21, I82B22, I82B23, I82B29, I82C11, I82C12, I82C13, I82C19, I82C21, I82C22, I82C23, I82C29
Rheumatoid Arthritis	Yes	1361, 4460, 4461, 44620, 44621, 44629, 4463, 4464, 4466, 4467, 6960, 7101, 7103, 7104, 71120, 71121, 71122, 71123, 71124, 71125, 71126, 71127, 71128, 71129, 7140, 7141, 7142, 71430, 71431, 71432, 71433, 71481, 7200	L4050, L4051, L4052, L4053, L4054, L4059, M0500, M05011, M05012, M05019, M05021, M05022, M05029, M05031, M05032, M05039, M05041, M05042, M05049, M05051, M05052, M05059, M05061, M05062, M05069, M05071, M05072, M05079, M0509, M0510, M05111, M05112, M05119, M05121, M05122, M05129, M05131, M05132, M05139, M05141, M05142, M05149, M05151, M05152, M05159, M05161, M05162, M05169, M05171, M05172, M05179, M0519, M0520, M05211, M05212, M05219, M05221, M05222, M05229, M05231, M05232,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			M05239, M05241, M05242, M05249, M05251, M05252, M05259, M05261, M05262, M05269, M05271, M05272, M05279, M0529, M0530, M05311, M05312, M05319, M05321, M05322, M05329, M05331, M05332, M05339, M05341, M05342, M05349, M05351, M05352, M05359, M05361, M05362, M05369, M05371, M05372, M05379, M0539, M0540, M05411, M05412, M05419, M05421, M05422, M05429, M05431, M05432, M05439, M05441, M05442, M05449, M05451, M05452, M05459, M05461, M05462, M05469, M05471, M05472, M05479, M0549, M0550, M05511, M05512, M05519, M05521, M05522, M05529, M05531, M05532, M05539, M05541, M05542, M05549, M05551, M05552, M05559, M05561, M05562, M05569, M05571, M05572, M05579, M0559, M0560, M05611, M05612, M05619, M05621, M05622, M05629, M05631, M05632, M05639, M05641, M05642, M05649, M05651, M05652, M05659, M05661, M05662, M05669, M05671, M05672, M05679, M0569, M0570, M05711, M05712, M05719, M05721, M05722, M05729, M05731, M05732, M05739, M05741, M05742, M05749, M05751, M05752, M05759, M05761, M05762, M05769, M05771, M05772, M05779, M0579, M0580, M05811, M05812, M05819, M05821, M05822, M05829, M05831, M05832, M05839, M05841, M05842, M05849, M05851, M05852, M05859, M05861, M05862, M05869, M05871, M05872, M05879, M0589, M059, M0600, M06011, M06012, M06019, M06021, M06022, M06029, M06031, M06032, M06039, M06041, M06042, M06049, M06051, M06052, M06059, M06061, M06062, M06069, M06071, M06072, M06079, M0608, M0609, M061, M0620, M06211, M06212, M06219, M06221, M06222, M06229, M06231, M06232, M06239, M06241, M06242, M06249, M06251, M06252, M06259, M06261, M06262, M06269, M06271, M06272, M06279, M0628, M0629, M0630, M06311, M06312, M06319, M06321, M06322, M06329, M06331, M06332, M06339, M06341, M06342, M06349, M06351, M06352, M06359, M06361, M06362, M06369, M06371, M06372, M06379, M0638, M0639, M0680, M06811,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			M06812, M06819, M06821, M06822, M06829, M06831, M06832, M06839, M06841, M06842, M06849, M06851, M06852, M06859, M06861, M06862, M06869, M06871, M06872, M06879, M0688, M0689, M069, M0800, M08011, M08012, M08019, M08021, M08022, M08029, M08031, M08032, M08039, M08041, M08042, M08049, M08051, M08052, M08059, M08061, M08062, M08069, M08071, M08072, M08079, M0808, M0809, M081, M0820, M08211, M08212, M08219, M08221, M08222, M08229, M08231, M08232, M08239, M08241, M08242, M08249, M08251, M08252, M08259, M08261, M08262, M08269, M08271, M08272, M08279, M0828, M0829, M083, M0840, M08411, M08412, M08419, M08421, M08422, M08429, M08431, M08432, M08439, M08441, M08442, M08449, M08451, M08452, M08459, M08461, M08462, M08469, M08471, M08472, M08479, M0848, M0880, M08811, M08812, M08819, M08821, M08822, M08829, M08831, M08832, M08839, M08841, M08842, M08849, M08851, M08852, M08859, M08861, M08862, M08869, M08871, M08872, M08879, M0888, M0889, M0890, M08911, M08912, M08919, M08921, M08922, M08929, M08931, M08932, M08939, M08941, M08942, M08949, M08951, M08952, M08959, M08961, M08962, M08969, M08971, M08972, M08979, M0898, M0899, M300, M301, M302, M303, M308, M310, M311, M312, M3130, M3131, M314, M317, M3300, M3301, M3302, M3309, M3310, M3311, M3312, M3319, M3320, M3321, M3322, M3329, M3390, M3391, M3392, M3399, M340, M341, M342, M3481, M3482, M3483, M3489, M349, M352, M360, M450, M451, M452, M453, M454, M455, M456, M457, M458, M459, M488X1, M488X2, M488X3, M488X4, M488X5, M488X6, M488X7, M488X8, M488X9
Seizures	Yes	1361, 4460, 4461, 44620, 44621, 44629, 4463, 4464, 4466, 4467, 6960, 7101, 7103, 7104, 71120, 71121, 71122, 71123, 71124, 71125, 71126, 71127, 71128, 71129, 7140, 7141, 7142, 71430, 71431, 71432, 71433, 71481, 7200	G40001, G40009, G40011, G40019, G40101, G40109, G40111, G40119, G40201, G40209, G40211, G40219, G40301, G40309, G40311, G40319, G40401, G40409, G40411, G40419, G40501, G40509, G40801, G40802, G40803, G40804, G40811, G40812, G40813, G40814, G40821, G40822, G40823, G40824, G4089, G40901, G40909, G40911, G40919, G40A01,

Diagnostic Cateogry	Chronic?	Diagnosis Codes (ICD-9-CM)	Diagnosis Codes (ICD-10-CM)
			G40A09, G40A11, G40A19, G40B01, G40B09, G40B11, G40B19, P90, R5600, R5601, R561, R569
Sepsis and Shock	No	0031, 0202, 0223, 0362, 0380, 03810, 03811, 03812, 03819, 0382, 0383, 03840, 03841, 03842, 03843, 03844, 03849, 0388, 0389, 04082, 0545, 77181, 78552, 78559, 99590, 99591, 99592, 99593, 99594	A021, A207, A227, A267, A327, A392, A393, A394, A400, A401, A403, A408, A409, A4101, A4102, A411, A412, A413, A414, A4150, A4151, A4152, A4153, A4159, A4181, A4189, A419, A427, A483, A5486, B007, B377, P360, P3610, P3619, P362, P3630, P3639, P364, P365, P368, P369, R571, R578, R6510, R6511, R6520, R6521
Thyroid Cancer	Yes	1720, 1721, 1722, 1723, 1724, 1725, 1726, 1727, 1728, 1729, 1860, 1869, 1871, 1872, 1873, 1874, 1875, 1876, 1877, 1878, 1879, 193, 1941, 1945, 1946, 1948, 1949, 1991, 23770, 23771, 23772, 23773, 23779, 2592	C430, C4310, C4311, C4312, C4320, C4321, C4322, C4330, C4331, C4339, C434, C4351, C4352, C4359, C4360, C4361, C4362, C4370, C4371, C4372, C438, C439, C600, C601, C602, C608, C609, C6200, C6201, C6202, C6210, C6211, C6212, C6290, C6291, C6292, C6300, C6301, C6302, C6310, C6311, C6312, C632, C637, C638, C639, C73, C750, C754, C755, C758, C759, C801, D030, D0310, D0311, D0312, D0320, D0321, D0322, D0330, D0339, D034, D0351, D0352, D0359, D0360, D0361, D0362, D0370, D0371, D0372, D038, D039, E340, Q8500, Q8501, Q8502, Q8503, Q8509
Unstable Angina	No	41000, 41002, 41010, 41012, 41020, 41022, 41030, 41032, 41040, 41042, 41050, 41052, 41060, 41062, 41070, 41072, 41080, 41082, 41090, 41092, 4110, 4111, 41181, 41189	I200, I230, I231, I232, I233, I236, I237, I238, I240, I241, I248, I249, I25110, I25700, I25710, I25720, I25730, I25750, I25760, I25790
Viral Meningitis	No	0470, 0471, 0478, 0479, 048, 0490, 0491, 0530, 05472, 0721, 3212, 3220, 3221, 3222, 3229	A870, A871, A872, A878, A879, A880, B003, B010, B021, B051, B0602, B261, B2702, B2712, B2782, B2792, D8681, G030, G031, G032, G038, G039

Table Notes: The set of ICD-9-CM and ICD-10-CM diagnosis codes corresponding to each diagnostic category come from the United States Department of Health and Human Services (HHS) Hierarchical Classification of Conditions (HCC) model for the year 2020.

When assigning HCCs, I exclude diagnoses associated with the following place of service and procedure codes, due to their high potential for false positive diagnoses, as is done in the HHS-HCC risk adjustment model:

Place of Service Codes		
	12	Private residence home
	31	Skilled nursing facility
	32	Nursing home
	33	Custodial care
	34	Hospice
	41	Ambulance – land
	42	Ambulance – other
	65	Renal dialysis
	81	Independent lab
	99	Unknown
Procedure Codes		
	36415-36416	Drawing blood
	70000-76999	X-ray and ultrasound
	78000-78999	Imaging
	80000-87999	Lab tests
	88000-88099	Autopsy
	88104-88299	Cytopathology
	88300-88399	Surgical Pathology
	88720-88741	In Vivo
	92551-92569	Hearing tests
	93000-93350	ECG and ultrasound
	99000-99001	Specimen handling
	A0021-A0999	Ambulance
	A4206-A999	Medical and surgical supplies
	B4304-B999	Enteral Supplies
	G0001	Drawing blood
	E0100-E9999	Durable medical equipment
	K0001-K9999	Wheelchairs and accessories
	L0100-L4599	Orthotics
	L5000-L9900	Prosthetics
	P2028-P9999	Pathology and Lab
	R0070-R0076	Radiology

Table A.2. Excluded places and procedures for major health events

Table A.3 identifies additional demographic information, as well as illustrating the balance in my sample across households with and without a chronic condition in the family. The table also shows the frequency of the various chronic conditions utilized in my sample.

Households with chronic conditions are not markedly different in terms of age or sex composition or family size, but do incur significantly higher medical costs in a year. They are not, however, more likely to switch insurance plans from year to year. There is wide variation in the onset of chronic illnesses; the three most common illnesses are asthma, major depressive disorder, and diabetes.

	Full Sample	Households with chronic conditions
Demographics & Utilization		
Enrollee age	30.87 (0.008)	29.61 (0.046)
% female enrollees	50.17 (0.000)	50.46 (0.001)
Mean [median] total spending	$2,504 [$680]	$3,378 [$958]
	(4.51)	(23.75)
Mean [median] OOP spending	$443 [$110]	$532 [$151]
	(0.53)	(3.15)
Incidence of chronic illness (per 1,000 individuals)		
Adrenal & pituitary disorders	0.22	7.35
Asthma	2.93	96.08
Breast/prostate cancer	0.35	11.58
Chronic hepatitis	0.10	3.23
Chronic skin condition	0.23	7.46
Congestive heart failure	0.14	4.52
Diabetes with complications	0.39	12.72
Diabetes without complications	1.18	38.57
Fibrosis of lung	0.46	15.10
Heart arrhythmias	0.00	0.00
Inflammatory bowel disease	0.14	4.65
Lupus	0.16	5.20
Major depressive/biploar disorder	1.62	52.76
Multiple sclerosis	1.10	36.17
Personality disorder	0.09	2.81
Rheumatoid arthritis	0.17	5.70
Seizures	0.30	9.82
Thyroid cancer	0.14	4.69
$N_{families}$	353,403	52,747
$N_{individuals}$	1,087,353	165,694

Table A.3. Relative Incidence of Chronic Conditions

A.3 Identifying Chronic Care Costs

An important component of my model is that chronic illnesses correspond to annual diagnostic and maintenance costs that are not strictly choice variables, in the sense that certain health utilization is more or less required. I identify the costs associated with these illnesses from the claims data as procedures which have the major diagnosis listed on that line item. Additionally, in conjunction with Rebecca Hughes, MD, I identify specific therapeutic classes for prescription medications that are associated with treating each chronic condition, shown in the table below. Empirical distributions of these estimated diagnostic and maintenance costs for each major health event are available upon request.

Major Health Event	Therapeutic Classes
Breast and Prostate Cancer	Antineoplastic Agents
	Hematopoietic Agents
	Antiemetics
	Adrenals
	Androgens
	Immunosuppresants
	Antiinf S/MM, Antibiotics & Comb
	Antiinf S/MM, Antivirals & Comb
	Antiinf S/MM, Antifungals & Comb
	Antiinf S/MM, Scabic/Pediculic
	Antiinf S/MM, Antiinf Local Misc
	Antineoplastics S/MM
	Phosphodiesterase Inhibitors
	Hormone-Modifying Therapy
	Molecular Targeted Therapy
Thyroid Cancer	Antineoplastic Agents
	Antihyperlipidemic Drugs
	Antiemetics
	Adrenals
	Androgens
	Thy/Antithy, Thyroid Hormones
	Thy/Anithy, Anithyroid Hormones
	Immunosuppresants
	Antineoplastics S/MM
	Phosphodiesterase Inhibitors
Diabetes (w/ or w/o Complications)	Diabetes Mell/Diab Supply, NEC
	Antidiabetic Agents, Insulin
	Antidiabetic Ag, Sulfonylureas
	Antidiabetic Agents, Misc
	Antidiabetic Ag, Meglitinides
	Antidiabetic Ag, SGLT Inhibit
	Antidiabetic Ag, TZD
Adrenal/Pituitary Disorders	Adrenals
	Androgens
	Estrogens & Comb
	Parathyroid Hormones
	Pituitary Hormones
	Progestins
	Thy/Antithy, Thyroid Hormones
	Thy/Antithy, Antithyroid Hormones
Chronic Hepatitis	Antivirals
	Adrenals
Inflammatory Bowel Disease	Antineoplastic Agents
	Gastrointestinal Drugs Misc.
	Adrenals
	Immunosuppresants

Major Health Event	Therapeutic Classes
Rheumatoid Arthritis	Antineoplastic Agents Adrenals Immunosuppresants
Lupus	Quinolones, NEC Adrenals
MDD and Bipolar	Stimulant, Non-Amphetamine Anticonvulsants, Misc. Psychotherapeutics, Antidepressants Psychotherapeutics, Tranq/Antipsychotics Stimulant, Amphetamine Stimulant, Non-Amphetamine ASH, Barbiturates ASH, Benzodiazepines Anxiolytic/Sedative/Hypnotic Antimaniac Agents
Personality Disorder	Stimulant, Non-Amphetamine Anticonvulsants, Misc. Psychotherapeutics, Antidepressants Psychotherapeutics, Tranq/Antipsychotics Stimulant, Amphetamine Stimulant, Non-Amphetamine ASH, Barbiturates ASH, Benzodiazepines Anxiolytic/Sedative/Hypnotic Antimaniac Agents
Multiple Sclerosis	Sympathomimetic Agents Stimulant, Amphetamine Stimulant, Non-Amphetamine Adrenals
Seizures	Anticonvulsants, Misc.
Congestive Heart Failure	Cardiac Drugs, NEC Cardiac, ACE Inhibitors Cardiac, Alpha-Beta Blockers Cardiac, Beta Blockers Cardiac, Calcium Channel Antihyperlipidemic Drugs Repl Preps, Potassium Supp Diuretics, Loop Diuretics Diuretics, Misc. Diuretics, Osmotic Diuretics, Potassium-Sparing Diuretics, Thiazides Diuretics, Carb Anhydrase Inhib
Heart Arrhythmias	Coag/Anticoag, Anticoagulants Coag/Anticoag, Antiheparin Agents Coag/Anticoag, Hemostatics

Major Health Event	Therapeutic Classes
	Cardiac Drugs, NEC
	Cardiac, ACE Inhibitors
	Cardiac, Alpha-Beta Blockers
	Cardiac, Beta Blockers
	Cardiac, Calcium Channel
	Antihyperlipidemic Drugs
Asthma	Sympathomimetic Agents
	Adrenals
	Leukotriene Modifiers
Fibrosis of Lung	Sympathomimetic Agents
	Adrenals
Chronic Skin Ulcer	Adrenals

A.4 Balance Between Acute and Chronic Health Events

As discussed in Section 2.2 of the text, Table A.1 also contains indicators for acute health events of comparable severity to new chronic diagnoses. Table 3 below summarizes the differences between new chronic diagnoses and acute health events. In general, acute health events are more expensive and require longer and more frequent hospitalizations—however, there is a much higher degree of variance in these measures given the variation in the effect of and cost of an acute diagnosis across patients, providers, and regions. These acute health events are used as a proxy for major health events that transmit no information about health risk across households, but rather merely affect household marginal utility for seeking care in the future (e.g., with the goal of avoiding future hospitalizations). Hence, given the discussion in the paper, the fact that acute health events appear to be slightly more costly and serious suggests that salience effects in the absence of all health risk information do not sufficiently drive changes in household spending and preventive care investments.

	Chronic Diagnoses	Acute Diagnoses
Diagnostic Cost (Total)	$15,157.86	$19,524.75
	($31,144.20)	($26,017.18)
Diagnostic Cost (OOP)	$694.23	$1,088.59
	($1,153.49)	($1,345.13)
% Hospitalized	4.57%	38.51%
	(20.89)	(48.66)
Conditional Average LOS	4.64	7.62
	(6.21)	(8.66)
Yearly Spending, $t-1$ (Total)	$3,899.31	$5,442.77
	($11,826.62)	($13,771.54)
Yearly Spending, t (Total)	$8,733.58	$43,459.49
	($56,804.61)	($172,342.18)
Yearly Spending, $t+1$ (Total)	$5,507.51	$7,907.61
	($13,970.13)	($18,627.87)
Yearly Spending, $t-1$ (OOP)	$624.58	$846.60
	($1,965.44)	($1,395.10)
Yearly Spending, t (OOP)	$1,067.83	$2,595.42
	($3,098.01)	($8,213.94)
Yearly Spending, $t+1$ (OOP)	$823.13	$1,158.98
	($1,710.75)	($2,381.75)
Observations	68,765	10,100

Notes: Table shows average differences between individuals affected by chronic and acute health events. Diagnostic codes used for construction are shown in Table A.1. All currencies normalized to 2020 USD.

Table 3. Balance between acute and chronic health events

A.5 Identifying Cardiovascular Preventive Medications

Cardiovascular preventive medications are identified using the following set of therapeutic classes. See the review article Albarqouni et al. (2017) for an additional discussion of these classes.

A.6 Identifying Low-Value Services

Low value services are identified at the procedure level using CPT codes for medical procedures and therapeutic classes for prescription medications. I aggregate these services into five broad categories, as illustrated in the following table.

Category	Service	CPT Codes / Therapeutic Classes	Additional restrictions (age/sex restrictions, diagnosis or procedure codes)
All Pediatric	Vitamin D Screening	82306,82652	Age < 18
All Pediatric	Cervical Cancer Screening	87620,87621,87622, 87623, 87624, 87625, 88141, 88142, 88143, 88147, 88148, 88150, 88152, 88153, 88154, 88155, 88164, 88165,88166, 88167, 88174, 88175, G0123, G0124, G0141, G0143, G0144, G0145, G0147, G0148, P3000, P3001, Q0091	Age < 18, age >= 14, female
All Pediatric	Head imaging for headache	70450,70460,70470,70551,70552,70553	Age < 18, Diagnosis codes: 3390, 3391, 3460, 3461, 3462, 3464, 3465, 3467, 3468, 3469, 7840, 3393, G440, G441, G442, G444, G430, G431, G435, G437, G438, G439, 30781,33983, 33984, 33985, R51, R510, R519, G4483, G4484, G4485
All Pediatric	Antibiotics for upper respiratory infections	Antibiotics (multiple classes)	Diagnosis codes: 460,465, J00, J06, H65, H60, H61, H62, 3810, 3814
All Pediatric	Antibiotics for bronchiolitis	Antibiotics (multiple classes)	Diagnosis codes: 46611,46619, J210, J218
All Pediatric	Cough or cold medicine	Antitussives, Expectorants, Mucolytics, Cough/Cold Combinations	Age < 6
Adult Drugs	Opioids to treat migraines	Opiate Agonists, Opiate Part Agonists, Opiate Antagonists	Diagnosis codes: 346**, G43**
Adult Imaging	Head imaging for headache	70450,70460,70470,70551,70552,70553	Diagnosis codes: 3390, 3391, 3460, 3461, 3462, 3464, 3465, 3467, 3468, 3469, 7840, 3393, G440, G441, G442, G444, G430, G431, G435, G437, G438, G439, 30781,33983, 33984, 33985, R51, R510, R519, G4483, G4484, G4485
Adult Imaging	Imaging for lower-back pain	72010, 72020,72052, 72100, 72110, 72114,72120, 72200, 72202, 72220, 72131, 72132, 72133, 72141, 72142, 72146, 72147, 72148,72149, 72156, 72157, 72158	Diagnosis codes: 7213, 7226, 7242, 7243, 7244,7245, 7246,7385, 7393,7394, 8460, 8461, 8462, 8463, 8468, 8469, 8472, M432, M512, M513, M518, M533, M545, M541, M543, M998, 72190, 72210, 72252, 72293, 72402,72470, 72471, 72479, M47817, M532X7, M9903, M9904, S338XXA, S336XXA, S339XXA, S335XXA, M47819, M4647, M4806, M532X8

Category	Service	CPT Codes / Therapeutic Classes	Additional restrictions (age/sex restrictions, diagnosis or procedure codes)
Adult Imaging	Screening for carotid artery disease	36222, 36223, 36224, 70498, 70547, 70548,70549, 93880, 93882, 3100F	Diagnosis codes: 430, 431, 434,436,781, I63, I66, R25, R26, R27, R29, R47, G45, H34, R55, R20, 4350, 4351, 4353, 4358, 359,3623, 7802, 7820, I609, I619, 43301, 43311, 43321, 43331,43381, 43391, 99702, V1254, 36284, 78451, 78452, 78459, I6789, I67848, I97811, I97821, Z8673, H3582
Adult Imaging	Cardiac imaging	0144T, 0145T, 0146T, 0147T, 0148T, 0149T, 0150T, 75552, 75553, 75554, 75555, 75556, 75557, 75558, 75559, 75561, 75562, 75565, 75571, 75572, 75573, 75574, 78451, 78452, 78453, 78454, 78460, 78461, 78464, 78465, 78478, 78480, 78459, 78481, 78483, 78491, 78492, 78494, 78496, 78499	
Adult Screening	Vitamin D Screening	82306,82652	
Adult Screening	Cardiac testing for low-risk patients	93015, 93016, 93017, 93018, 93350, 93351,78451, 78452, 78453, 78454, 78460, 78461,78464, 78465, 78472, 78473, 78481, 78483,78491, 78492, 93303, 93304, 93306, 93307, 93308, 93312,93315, 93318, 3120F, 93000, 93005, 93010, G0366, G0367, G0368, G0403, G0404, G0405	
Adult Screening	Pre-operative testing before low-risk surgery	71010, 71015, 71020, 71021, 71022, 71023, 71030, 71034, 71035, 93303, 93304, 93306, 93307, 93308, 93312, 93315, 93318, 94010, 78451, 78452, 78453, 78454, 78460, 78461, 78464, 78465, 78472, 78473, 78481, 78483, 78491, 78492, 93015, 93016, 93017, 93018, 93350, 93351	Procedure codes for surgery: 19120, 19125, 47562, 47563, 49560, 58558
Adult Surgery	Arthroscopic surgery for knee osteoarthritis	29877, 29879, G0289	Diagnosis codes: 8360, 8361, 8362, 7170, S832, 71741, M23202, M23205

Table Notes: Pediatric low-value services are defined based on Chua et al. (2016). Adult low-value services are based on definitions given in Bhatia et al. (2015), Chandra et al. (2021), and Colla et al. (2014).

Therapeutic Class	Example Medications
Angiotensin-converting-enzyme (ACE) Inhibitors	benazepril (Lotensin), zofenopril, perindopril
Anticoagulants	warfarin (Coumadin), heparin
Antihyperlipidemic Agents	atorvastatin (Lipitor), fluvastatin, lovastatin
Beta Blockers	propranolol (Inderal), pronethalol
Hypotensive Agents	midodrine (Amatine), norepenephrine

Table A.5. Therapeutic Classes Used in Identifying Cardiovascular Preventive Medications