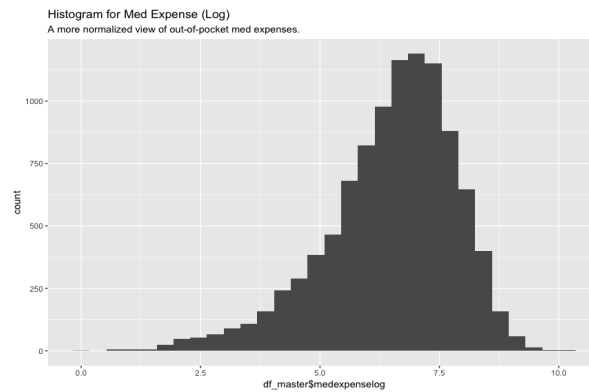


1.)



2.)

Predictor Table A3. Medical Expenses

predictor	data type and values add in next version	effect	rationale
Target (y)			
medexpense	numeric (1-26375)	y1	This is the target.
Predictors			
healthins	Whether patient has a health insurance or not	+	If a patient has insurance less out-of-pocket
age	Patient's age	+	The older you are the more likely you have issues.
female	Patient's gender	??	I don't think so.. giving birth sounds expensive.
blackhisp	Whether patient is African-American or Hispanic	0	I don't think race should have an effect.
income	Patient's annual income (in thousands of dollars)	-	Higher income would be they have a better job meaning insurance.
illnesses	Number of illnesses a patient have	+	They may not be able to get insurance for certain illnesses.
ssratio	A measure of how much support a low-income person get in Social Security benefits	??	Does this come with health insurance or help pay med bills?
lowincome	Whether patient is low income or not	+	Lower income could mean no workplace insurance.
firmsize	Size of the firm a patient works for	0	The size of a firm doesn't matter as much as the type of work.
firmlocation	Whether we have the address of the firm that the employee works for	0	Not important
educyr	Patient's number of years of education	-	Education could give you a stable job.
private	Whether patient is on private insurance	+	Having insurance is better no insurance
hisp	Whether patient is is Hispanic	0	I don't think race should have an effect.

black	Whether patient is African-American	0	I don't think race should have an effect.
married	Whether patient is married	-	May have insurance if married.
verygood	Whether patient's overall health is "very good"	-	The healthier one is the less visits one needs.
good	Whether patient's overall health is "good"	-	The healthier one is the less visits one needs
fair	Whether patient's overall health is "fair"	+/-	The healthier one is the less visits one needs
poor	Whether patient's overall health is "poor"	+	The healthier one is the less visits one needs
poverty	Whether patient is below the poverty line	+	They may or may not receive government assistance
midincome	Whether patient is in the mid-income range	+/-	income doesn't mean they won't pay health claims.
msa	Whether patient lives in a metropolitan (urban) area	??	I don't know enough about city live to have a opinion.
prioritylist	Whether patient is a priority patient (e.g., elderly or in fragile health)	??	I am not sure
logmedexpense	Log of patient's out-of-pocket medical expense	0	Used for model
agesqrd	Square of patient's age	0	used for model
logincome	Log of patient's annual income	0	used for model
vgh	We don't know what this variable is, perhaps Vancouver General Hospital	??	I am not sure
fph	We don't know what this variable is, perhaps name of another hospital	??	I am not sure
Excluded Variables			

3.)

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Dependent variable:

	log(medexpense) (1)	medexpense (2)	log(medexpense) (3)
income	0.0004 (0.001)	-1.148* (0.666)	
healthins	0.089*** (0.032)	109.214*** (37.161)	
private	-0.012 (0.032)	-34.428 (36.885)	
illnesses	0.414*** (0.010)	438.809*** (10.997)	0.439*** (0.010)
age	-0.004** (0.002)	-7.810*** (2.159)	
blackhisp	-0.182*** (0.034)		
greathealth	0.233*** (0.035)		
badhealth	0.450*** (0.041)		
Constant	5.787*** (0.148)	1,062.312*** (166.367)	5.664*** (0.022)
Observations	10,089	10,089	10,089
R2	0.186	0.139	0.174
Adjusted R2	0.186	0.138	0.174

Residual Std. Error	1.229 (df = 10080)	1,420.651 (df = 10083)	1.238 (df = 10087)
F Statistic	288.346*** (df = 8; 10080)	324.829*** (df = 5; 10083)	2,119.501*** (df = 1; 10087)

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Note:

Do people with health insurance have higher or lower medical expense than people without health insurance, when other variables are controlled? By how much? Why do you think this happens?

People actually pay more when they have health insurance vs no health insurance. The amount is low .005 per 1000. I think just because you have insurance doesn't mean it is good and people who have insurance may have it for a reason. Do people with private insurance pay more or less than people with public insurance? By how much?

- Do people with more illnesses have higher or lower medical expenses than people with less illnesses? By how much?
  - People who have many illnesses will pay more out of pocket additional 43% per illness than others who do not.
- Do males have higher medical expenses than females? By how much?
  - Yes, but not an amount of economic significance.
- Do older people have higher medical expense than younger people? By how much?
  - Yes, but for a very small part of the population so it could just be underlying illnesses.

Do minority groups (Blacks/Hispanics) have higher or lower medical expenses than the non-minority population? By how much?

- Yes, but not an amount of economic significance.