

Table 1: Parameters Estimated by SMM

Parameter	Estimate	Std Err	Description
ρ	0.450	(0.017)	Coefficient of relative risk aversion for consumption
β	0.952	(2.04e-3)	Intertemporal discount factor (biennial)
ν/ρ	7.286	(0.791)	Ratio of relative risk aversion for m vs c
ς	2.056	(0.118)	Utility level shifter: $U(c = 0\varsigma, m; \eta = 0) = 0$
\underline{c}	0.581	(0.102)	Effective consumption floor (\$10,000)
ω_0	9.943	(0.613)	Bequest motive shifter (\$10,000)
ω_1	1.866	(0.036)	Bequest motive scaler
γ_0	-2.515	(0.208)	Constant, mean of log medical need shock
γ_s	-0.530	(0.160)	Sex coefficient, mean of log medical need shock
γ_{j1}	0.472	(0.021)	Age coefficient, mean of log medical need shock
γ_{j2}	-0.018	(1.77e-3)	Age sq coefficient, mean of log medical need shock
γ_{h1}	-7.711	(0.462)	Health coefficient, mean of log medical need shock
γ_{h2}	-0.019	(0.068)	Health sq coefficient, mean of log medical need shock
$\gamma_{\sigma 0}$	2.629	(0.103)	Constant, stdev of log medical need shock
$\gamma_{\sigma 1}$	0.307	(0.078)	Health coefficient, stdev of log medical need shock
δ_0	0.064	(5.40e-3)	Constant, expected next period health
δ_s	-5.95e-3	(1.88e-3)	Sex coefficient, expected next period health
δ_{j1}	-2.61e-4	(5.23e-4)	Age coefficient, expected next period health
δ_{j2}	-3.21e-4	(4.09e-5)	Age sq coefficient, expected next period health
δ_{h1}	0.663	(0.017)	Health coefficient, expected next period health
δ_{h2}	0.246	(0.014)	Health sq coefficient, expected next period health
$\delta_{\sigma 0}$	0.173	(3.88e-3)	Constant, stdev of health shock
$\delta_{\sigma 1}$	-0.090	(7.25e-3)	Health coefficient, stdev of health shock
λ_3	15.081	(—)	Transformed exponent of health production function
λ_1	-2.131	(0.143)	Log slope of health production function at $n = 0$
λ_2	1.676	(0.111)	Log curvature of health production function at $n = 0$
θ_0	-0.486	(0.038)	Constant, mortality probit
θ_s	0.346	(0.026)	Sex coefficient, mortality probit
θ_{j1}	-1.19e-4	(4.86e-4)	Age coefficient, mortality probit
θ_{j2}	5.90e-3	(1.45e-4)	Age sq coefficient, mortality probit
θ_{h1}	-2.266	(0.137)	Health coefficient, mortality probit
θ_{h2}	0.050	(0.132)	Health sq coefficient, mortality probit

Table 2: Remaining Life Expectancy by Sex, Income, and Health

Income		Women		Men	
Quintile	All	$h < 0.5$	$h \geq 0.5$	$h < 0.5$	$h \geq 0.5$
Bottom	10.1	10.2	12.8	7.7	9.7
Second	10.6	10.7	13.0	8.3	10.9
Third	12.3	12.4	14.4	9.6	11.5
Fourth	13.4	13.5	15.5	10.4	12.0
Top	14.3	15.2	15.8	10.9	12.3
All	12.2	12.2	14.7	9.4	11.4

Table 3: Change in PDV of Total Medical Expenses by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$257	\$115	\$174	\$219	\$367
Second	\$2447	\$1696	\$2116	\$2271	\$2686
Third	\$1430	\$1147	\$1310	\$1452	\$1653
Fourth	\$828	\$690	\$824	\$789	\$839
Top	\$371	\$239	\$277	\$376	\$414
All	\$1069	\$757	\$969	\$1047	\$1111

Table 4: Change in PDV of Total Medical Expenses by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$34	\$199	\$867
Second	\$2740	\$2518	\$2672	\$2579	\$1692
Third	\$1905	\$1592	\$1472	\$1234	\$946
Fourth	\$955	\$933	\$864	\$772	\$642
Top	\$495	\$373	\$426	\$345	\$241

Table 5: Change in PDV of Out of Pocket Medical Expenses by Income and Health, Test Policy

Income Quintile	Range of Health h				
	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$624	\$224	\$290	\$619	\$1452
Second	\$4185	\$2432	\$3436	\$4470	\$5494
Third	\$5582	\$3402	\$4404	\$5509	\$6669
Fourth	\$6263	\$3838	\$4865	\$6092	\$7324
Top	\$6754	\$3869	\$4922	\$6433	\$7618
All	\$4779	\$2073	\$3342	\$4908	\$6562

Table 6: Change in PDV of Out of Pocket Medical Expenses by Income and Wealth, Test Policy

Income Quintile	Wealth Quintile				
	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$26	\$385	\$2232
Second	\$3888	\$3725	\$3741	\$4271	\$5413
Third	\$4784	\$5518	\$5509	\$5869	\$6242
Fourth	\$5596	\$5709	\$6367	\$6669	\$6883
Top	\$6534	\$6279	\$7100	\$6998	\$6853

Table 7: Change in Remaining Life Expectancy (Years) by Income and Health, Test Policy

Income Quintile	Range of Health h				
	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	0.03	0.01	0.02	0.02	0.05
Second	0.37	0.17	0.31	0.38	0.42
Third	0.09	0.05	0.07	0.10	0.14
Fourth	0.02	0.01	0.02	0.02	0.02
Top	0.00	0.00	0.00	0.00	0.00
All	0.10	0.05	0.09	0.10	0.10

Table 8: Change in Remaining Life Expectancy (Years) by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	0.00	0.00	0.00	0.02	0.12
Second	0.43	0.37	0.39	0.42	0.21
Third	0.16	0.12	0.10	0.06	0.04
Fourth	0.02	0.02	0.02	0.02	0.01
Top	0.01	0.00	0.00	0.00	0.00

Table 9: Change in PDV of Medicare Costs by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$-463	\$-123	\$-171	\$-480	\$-1287
Second	\$-2414	\$-906	\$-1619	\$-2768	\$-3900
Third	\$-4437	\$-2263	\$-3179	\$-4303	\$-5557
Fourth	\$-5693	\$-3187	\$-4158	\$-5543	\$-6847
Top	\$-6557	\$-3700	\$-4745	\$-6222	\$-7417
All	\$-4007	\$-1373	\$-2503	\$-4124	\$-5895

Table 10: Change in PDV of Medicare Costs by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$-1	\$-236	\$-1711
Second	\$-1908	\$-1869	\$-1772	\$-2418	\$-4253
Third	\$-3070	\$-4246	\$-4326	\$-4961	\$-5605
Fourth	\$-4842	\$-4996	\$-5793	\$-6194	\$-6517
Top	\$-6243	\$-6077	\$-6881	\$-6826	\$-6737

Table 11: PDV of Direct Subsidy Expenses by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$715	\$256	\$337	\$685	\$1615
Second	\$5181	\$2934	\$4313	\$5524	\$6729
Third	\$6103	\$3732	\$4853	\$6066	\$7362
Fourth	\$6525	\$4036	\$5123	\$6341	\$7599
Top	\$6866	\$3936	\$5002	\$6547	\$7748
All	\$5175	\$2294	\$3696	\$5322	\$7008

Table 12: PDV of Direct Subsidy Expenses by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$31	\$435	\$2561
Second	\$5007	\$4708	\$4784	\$5404	\$6116
Third	\$5516	\$6121	\$6051	\$6285	\$6551
Fourth	\$5908	\$6007	\$6641	\$6908	\$7079
Top	\$6690	\$6392	\$7230	\$7100	\$6924

Table 13: Change in PDV of Welfare Payments by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$-86	\$-50	\$-38	\$-53	\$-125
Second	\$-1317	\$-835	\$-1456	\$-1540	\$-1377
Third	\$-757	\$-653	\$-812	\$-869	\$-845
Fourth	\$-267	\$-357	\$-398	\$-257	\$-187
Top	\$-51	\$-65	\$-61	\$-64	\$-47
All	\$-495	\$-384	\$-577	\$-565	\$-447

Table 14: Change in PDV of Welfare Payments by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$-1	\$-50	\$-312
Second	\$-1478	\$-1303	\$-1383	\$-1541	\$-873
Third	\$-1273	\$-886	\$-795	\$-506	\$-310
Fourth	\$-422	\$-378	\$-258	\$-182	\$-116
Top	\$-107	\$-54	\$-54	\$-33	\$-16

Table 15: Change in PDV of Total Government Expenses by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$166	\$83	\$128	\$152	\$204
Second	\$1451	\$1194	\$1239	\$1216	\$1451
Third	\$909	\$816	\$862	\$894	\$960
Fourth	\$565	\$492	\$567	\$540	\$565
Top	\$258	\$172	\$196	\$262	\$284
All	\$673	\$536	\$615	\$633	\$666

Table 16: Change in PDV of Total Government Expenses by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$29	\$149	\$538
Second	\$1621	\$1536	\$1629	\$1446	\$989
Third	\$1173	\$989	\$930	\$818	\$637
Fourth	\$643	\$634	\$590	\$532	\$446
Top	\$340	\$260	\$295	\$242	\$171

Table 17: Willingness to Pay for Policy by Income and Health, Test Policy

Income		Range of Health h			
Quintile	All	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]
Bottom	\$640	\$223	\$282	\$649	\$1564
Second	\$4580	\$2599	\$3744	\$4915	\$6080
Third	\$6071	\$3706	\$4806	\$5995	\$7266
Fourth	\$6562	\$4029	\$5083	\$6375	\$7665
Top	\$6984	\$3976	\$5104	\$6661	\$7874
All	\$5071	\$2200	\$3558	\$5219	\$6953

Table 18: Willingness to Pay for Policy by Income and Wealth, Test Policy

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$24	\$396	\$2289
Second	\$4200	\$4028	\$4090	\$4757	\$5952
Third	\$5296	\$5983	\$5987	\$6327	\$6765
Fourth	\$5768	\$5948	\$6621	\$7035	\$7321
Top	\$6516	\$6347	\$7358	\$7356	\$7301