

Table 1: Parameters Estimated by SMM

Parameter	Estimate	Std Err	Description
ρ	0.396	(0.025)	CRRA for consumption c
β	0.954	(4.35e-3)	Intertemporal discount factor (biennial)
ν	2.744	(0.284)	CRRA for medical consumption m
ς	2.170	(0.151)	Utility level shifter: $U(\varsigma, m; 0) = 0$
\underline{c}	1.048	(3.40e-4)	Effective consumption floor (\$10,000)
ω_0	11.074	(1.051)	Bequest motive shifter (\$10,000)
ω_1	1.803	(0.063)	Bequest motive scaler
γ_0	-2.325	(0.277)	Constant, mean of log medical need shock
γ_s	-0.714	(0.209)	Sex coefficient, mean of log medical need shock
γ_{j1}	0.446	(0.026)	Age coefficient, mean of log medical need shock
γ_{j2}	-0.015	(1.97e-3)	Age sq coefficient, mean of log medical need shock
γ_{h1}	-8.321	(0.524)	Health coefficient, mean of log medical need shock
γ_{h2}	-0.012	(8.69e-3)	Health sq coefficient, mean of log medical need shock
$\gamma_{\sigma 0}$	2.731	(0.155)	Constant, stdev of log medical need shock
$\gamma_{\sigma 1}$	0.374	(0.060)	Health coefficient, stdev of log medical need shock
δ_0	0.066	(7.99e-3)	Constant, expected next period health
δ_s	-6.96e-3	(1.82e-3)	Sex coefficient, expected next period health
δ_{j1}	-2.28e-4	(3.51e-4)	Age coefficient, expected next period health
δ_{j2}	-3.26e-4	(2.94e-5)	Age sq coefficient, expected next period health
δ_{h1}	0.664	(0.027)	Health coefficient, expected next period health
δ_{h2}	0.244	(0.022)	Health sq coefficient, expected next period health
$\delta_{\sigma 0}$	0.172	(4.28e-3)	Constant, stdev of health shock
$\delta_{\sigma 1}$	-0.089	(7.92e-3)	Health coefficient, stdev of health shock
λ_3	15.561	(—)	Transformed exponent of health production function
λ_1	-2.134	(0.150)	Log slope of health production function at $n = 0$
λ_2	1.718	(0.125)	Log curvature of health production function at $n = 0$
θ_0	-0.489	(0.067)	Constant, mortality probit
θ_s	0.327	(0.027)	Sex coefficient, mortality probit
θ_{j1}	-7.45e-5	(8.43e-4)	Age coefficient, mortality probit
θ_{j2}	5.90e-3	(1.46e-4)	Age sq coefficient, mortality probit
θ_{h1}	-2.236	(0.366)	Health coefficient, mortality probit
θ_{h2}	0.036	(0.407)	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	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$37	\$22	\$42	\$160	\$46
Second	\$606	\$540	\$971	\$1519	\$861
Third	\$828	\$887	\$919	\$1291	\$1048
Fourth	\$418	\$497	\$491	\$471	\$491
Top	\$206	\$228	\$302	\$328	\$297
All	\$375	\$439	\$573	\$730	\$559

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	\$0	\$30	\$164
Second	\$839	\$1249	\$759	\$697	\$742
Third	\$1938	\$1257	\$904	\$605	\$495
Fourth	\$551	\$534	\$491	\$471	\$417
Top	\$393	\$295	\$342	\$279	\$197

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

Income		Range of Health h			
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$-16	\$-49	\$-195	\$-372	\$-154
Second	\$-165	\$-124	\$-367	\$-967	\$-380
Third	\$-1107	\$-1492	\$-1854	\$-2201	\$-2135
Fourth	\$-2588	\$-3463	\$-5022	\$-6104	\$-5026
Top	\$-3896	\$-4893	\$-6365	\$-7597	\$-6711
All	\$-877	\$-1680	\$-2987	\$-4509	\$-2961

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

Income		Wealth Quintile			
Quintile	Bottom	Second	Third	Fourth	Top
Bottom	\$0	\$0	\$0	\$-82	\$-569
Second	\$-70	\$-14	\$-74	\$-164	\$-1666
Third	\$-351	\$-1498	\$-1768	\$-2825	\$-4221
Fourth	\$-3840	\$-4061	\$-4980	\$-5742	\$-6311
Top	\$-6460	\$-6234	\$-7060	\$-6967	\$-6825

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

Income		Range of Health h			
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	0.00	0.00	0.01	0.07	0.01
Second	0.06	0.10	0.20	0.28	0.15
Third	0.12	0.20	0.25	0.35	0.24
Fourth	0.01	0.01	0.01	0.01	0.01
Top	0.00	0.00	0.00	0.00	0.00
All	0.04	0.07	0.10	0.13	0.09

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	0.01	0.05
Second	0.14	0.17	0.11	0.15	0.20
Third	0.51	0.33	0.22	0.09	0.05
Fourth	0.02	0.02	0.01	0.01	0.01
Top	0.00	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	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$-68	\$-50	\$-233	\$-669	\$-188
Second	\$-377	\$-535	\$-804	\$-889	\$-687
Third	\$-1143	\$-1431	\$-2050	\$-2577	\$-1897
Fourth	\$-828	\$-812	\$-546	\$-864	\$-753
Top	\$165	\$191	\$241	\$233	\$229
All	\$-421	\$-568	\$-735	\$-950	\$-687

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	\$0	\$-128	\$-669
Second	\$-283	\$-256	\$-343	\$-698	\$-1940
Third	\$-1343	\$-2080	\$-2333	\$-2324	\$-1508
Fourth	\$-1130	\$-1077	\$-927	\$-508	\$-209
Top	\$299	\$224	\$270	\$217	\$150

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

Income		Range of Health h			
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$119	\$128	\$497	\$1299	\$411
Second	\$1214	\$1349	\$2425	\$3713	\$2106
Third	\$3592	\$4628	\$5826	\$7213	\$5910
Fourth	\$4114	\$5099	\$6281	\$7593	\$6494
Top	\$4008	\$4993	\$6491	\$7740	\$6831
All	\$1822	\$2970	\$4645	\$6559	\$4480

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	\$0	\$253	\$1487
Second	\$1317	\$1664	\$1279	\$1744	\$4698
Third	\$5182	\$5909	\$5840	\$6163	\$6471
Fourth	\$5872	\$5984	\$6611	\$6879	\$7041
Top	\$6666	\$6360	\$7187	\$7061	\$6887

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

Income		Range of Health h			
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$2	\$-6	\$-27	\$-98	\$-23
Second	\$-66	\$-150	\$-284	\$-339	\$-179
Third	\$-514	\$-818	\$-1003	\$-1144	\$-830
Fourth	\$-279	\$-326	\$-221	\$-154	\$-224
Top	\$-71	\$-63	\$-65	\$-47	\$-52
All	\$-149	\$-283	\$-351	\$-370	\$-273

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	\$0	\$-12	\$-85
Second	\$-126	\$-145	\$-103	\$-186	\$-349
Third	\$-1550	\$-1073	\$-835	\$-409	\$-247
Fourth	\$-350	\$-312	\$-213	\$-158	\$-103
Top	\$-113	\$-55	\$-54	\$-32	\$-15

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

Income	Range of Health h				
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$53	\$71	\$237	\$533	\$200
Second	\$771	\$665	\$1337	\$2486	\$1241
Third	\$1935	\$2379	\$2774	\$3492	\$3182
Fourth	\$3007	\$3960	\$5514	\$6576	\$5517
Top	\$4102	\$5121	\$6667	\$7925	\$7008
All	\$1252	\$2119	\$3560	\$5238	\$3520

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	\$0	\$112	\$733
Second	\$908	\$1263	\$833	\$860	\$2408
Third	\$2289	\$2756	\$2672	\$3430	\$4715
Fourth	\$4392	\$4596	\$5471	\$6213	\$6728
Top	\$6853	\$6529	\$7402	\$7246	\$7022

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

Income		Range of Health h			
Quintile	(0, 0.25]	(0.25, 0.5]	(0.5, 0.75]	(0.75, 1.0]	All
Bottom	\$-1	\$41	\$168	\$236	\$129
Second	\$172	\$73	\$348	\$1028	\$387
Third	\$1283	\$1762	\$2169	\$2598	\$2455
Fourth	\$2696	\$3586	\$5176	\$6266	\$5181
Top	\$3962	\$5017	\$6522	\$7779	\$6869
All	\$923	\$1767	\$3119	\$4693	\$3090

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	\$0	\$66	\$477
Second	\$116	\$98	\$132	\$99	\$1565
Third	\$912	\$1873	\$2031	\$2981	\$4445
Fourth	\$3925	\$4171	\$5082	\$5931	\$6580
Top	\$6428	\$6262	\$7238	\$7226	\$7151