Homework 5

Nikhita Gandhe

2025-04-22

Please find the link to my GitHub repository here: https://github.com/nsgand2/ECON-470-HWK 5.git

Question 1

Plot the share of the adult population with direct purchase health insurance over time.

```
 [1] "State"        "year"         "adult_pop"    "ins_employer" "ins_direct"
 [6] "ins_medicare" "ins_medicaid" "uninsured"    "expand_ever"  "date_adopted"
[11] "expand_year"  "expand"
```


Share of Adult Population with Direct-Purchase Health Insurance
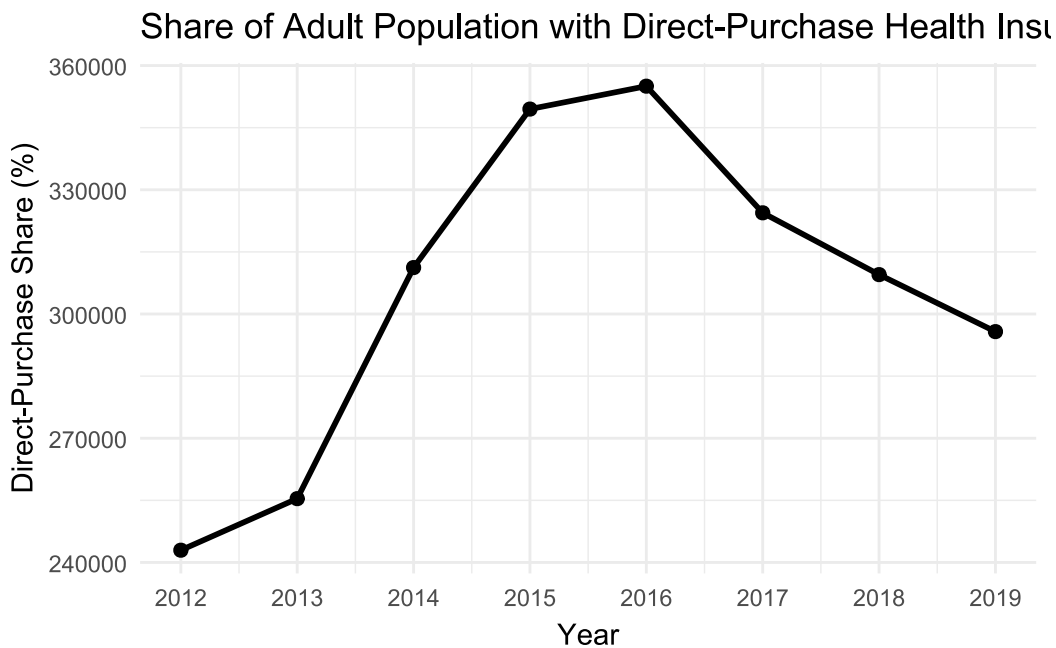
Question 2

Discuss the reduction in direct purchase health insurance in later years. Can you list a couple of policies that might have affected the success of the direct purchase insurance market?

In the later years (especially post-2016), there was a noticeable decline in direct-purchase health insurance. This decline can be attributed to several key policy changes:

1. Repeal of the Individual Mandate Penalty (2017 Tax Cuts and Jobs Act) This penalty was a core component of the Affordable Care Act (ACA).

Repealing it reduced the incentive for healthy individuals to purchase insurance, which led to adverse selection in the individual market (higher premiums, fewer enrollees).

2. Expansion of Short-Term and Association Health Plans (Trump Admin, 2018) These alternatives were often cheaper but offered fewer benefits and protections.

They siphoned younger, healthier consumers out of ACA-compliant plans, destabilizing the risk pool in the individual market.

3. Cuts to ACA Outreach and Enrollment Assistance Federal support for advertising and enrollment assistance was slashed between 2017–2019.

As a result, fewer people signed up for Marketplace plans, contributing to a decline in coverage via direct purchase.