

Did the Affordable Care Act reduce job lock and expand self-employment?

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Outline

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Introduction

- ▶ The purpose of this analysis is to evaluate:
 - ▶ Affordable Care Act Medicaid Expansion on Health Insurance Job Lock Self-Employment
 - ▶ Diff in Diff using CPS data from 2008 to 2018
 - ▶ Result: Yes: There is evidence of health insurance job lock relief.
- ▶ What is Health Insurance Job Lock?
 - ▶ The reduction in worker job mobility from perceived risk of losing health coverage
- ▶ Why should we care?
 - ▶ Free labor mobility enables workers to choose better financial outcomes
 - ▶ Optimal skill match
 - ▶ Higher productivity
 - ▶ Increased labor supply

Background: ACA Medicaid Expansion

- ▶ Affordable Care Act (ACA) signed in 2010, early Medicaid Expansion implementation in 2014
 - ▶ Medicaid income eligibility set at 138% Federal Poverty Line
 - ▶ For individuals: \$12,490 in 2019
 - ▶ Families: \$21,330 for family of three

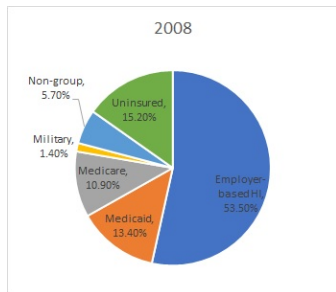


Figure 1: Percentages by insurance category, 2008

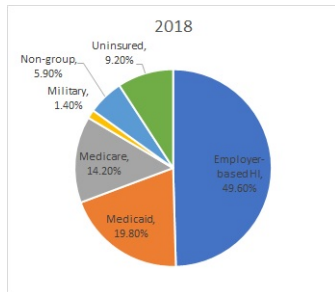
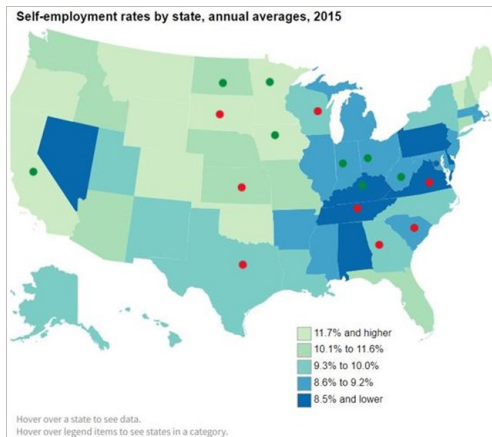


Figure 2: Percentages by insurance category, 2018

States Divided

- ▶ States were divided on Medicaid expansion adoption: opportunity for natural experiment
- ▶ 8 states that implemented expansion in 2014
- ▶ 8 states that never adopted expansion

Figure 3:



Research Question and Knowledge Gap

- ▶ Is there evidence of health insurance job lock among self-employed workers and
- ▶ Is there evidence that the ACA Medicaid expansion alleviated job lock for low-income self-employed workers?

Data

- ▶ Integrated Public Use Microdata Series (IPUMS) compilation of the Current Population Survey (CPS):
 - ▶ Employee Tenure and Occupational Mobility Supplement (January)
 - ▶ Job Tenure & Occupational detail
- ▶ Annual Social and Economic Supplement (ASEC) (March)
 - ▶ Health Insurance source
 - ▶ Household Demographic Characteristics
- ▶ Years: biennial (2008, 2010, 2012, 2014, 2016, 2018)
- ▶ Removed NILF, part-time workers and unemployed

Summary Statistics:

- ▶ Self-employed workers include
 - ▶ freelance workers,
 - ▶ entrepreneurs, and
 - ▶ workers with alternative work arrangements
- ▶ Self-employed workers
 - ▶ Tend to be older
 - ▶ Male
 - ▶ Smaller family size
 - ▶ More likely to be married

Table 1: Summary Statistics

Statistic	N	Mean	St. Dev.	Min	Max
HHINCOME	214,501	93,897.110	80,795.790	— 18,800	1,409,645
AGE	214,501	40.539	13.411	15	85
FAMSIZE	214,501	3.594	1.651	1	13
NCHILD	214,501	1.245	1.327	0	9
HEALTH	214,501	2.066	0.912	1	5
self_emp	214,501	0.103	0.304	0	1
medicaid	214,501	0.049	0.216	0	1
married	214,501	0.670	0.470	0	1

Trends in Self Employment & Medicaid Participation

Figure 4
Proportion of Workers on Medicaid in Medicaid Expansion States,
Self-employed vs. Not self-employed

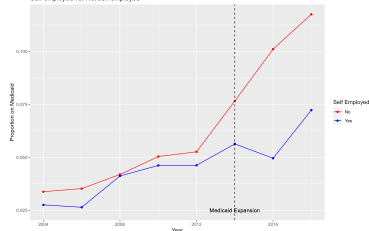


Figure 5
Proportion of Self-Employed Workers on Medicaid
Expansion States vs. No Expansion States

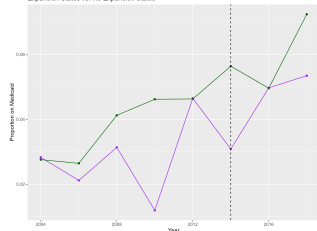


Figure 6
Proportion of Workers on Medicaid in No Expansion States,
Self-employed vs. Not self-employed

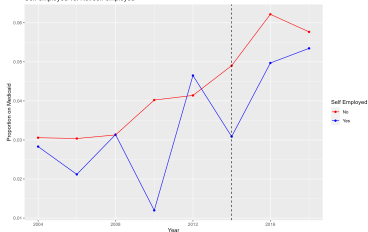
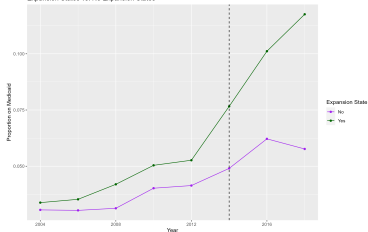


Figure 7
Proportion of non Self-Employed Workers on Medicaid
Expansion States vs. No Expansion States



Self employed workers use Medicaid proportionally less than the other workers, but there are clearly economic trends that influence participation.

Empirical Model

- ▶ A difference-in-difference approach, with 2014 as the policy implementation year.
 - ▶ After-ACA-implementation period is interacted with the Medicaid expansion state dummy to capture the difference between year segments across state groups.

Equation 1: DD regression

$$Self - Employment_{i,s,t} = \alpha + \beta_1(After\ ACA)_t + \beta_2(Expansion\ State)_{i,s} + \beta_3(After * Expansion)_{i,s,t} + \delta X_{i,t} + \varepsilon_{i,s,t}$$

- ▶ **Medicaid Expansion States**, a dummy variable that identifies the eight states that implemented Medicaid expansion policies in 2014;
- ▶ **After ACA**, a dummy variable that captures the years following the implementation of Medicaid expansion (2014 through 2018); and
- ▶ **$X_{i,t}$** , a vector of demographic characteristics including age, sex, education level, number of children present in household, self-rated health status, Medicaid participation, and a marital status dummy.

Empirical Model Cont.

Equation 2: Fixed Effects for State and Year to adjust for economic factors

$$\text{Self} - \text{Employment}_{i,s,t} = \alpha + \gamma_t + \lambda_s + \beta_1(\text{After ACA})_t + \beta_2(\text{Expansion State})_{i,s} + \beta_3(\text{After} * \text{Expansion})_{i,s,t} + \delta X_{i,t} + e_{i,s,t}$$

- γ_t for year and λ_s for state

Results

- ▶ The interaction of After ACA and Expansion states shows a small but significant relationship in self-employment

- ▶ 0.2% of self employment has increased as a result of Medicaid expansion – evidence of job lock alleviation
- ▶ Age and Marriage are positively related to self employment – Marriage Lock?
- ▶ Family Size inversely related with Self-employment – Job lock, but what kind?
- ▶ Fixed effects increased the R^2 , had no effect on the analytical coefficients

Table 2: Regression Results

	<i>Dependent variable:</i>	
	Self Employment	
	(1)	(2)
After ACA	-0.010*** (0.002)	-0.018*** (0.003)
Medicaid Expansion State	-0.005*** (0.002)	-0.040*** (0.004)
After * Expansion State	0.004*** (0.0001)	0.004*** (0.0001)
Age	0.028*** (0.002)	0.027*** (0.002)
Married	0.005*** (0.001)	0.005*** (0.001)
Number of Children	-0.001 (0.001)	-0.0000 (0.001)
Family Size	-0.006*** (0.001)	-0.005*** (0.001)
Health	0.007** (0.003)	0.009*** (0.003)
Medicaid Participant	0.004 (0.003)	0.004 (0.003)
Constant	-0.050*** (0.003)	-0.040*** (0.004)
Observations	214,501	214,501
R ²	0.034	0.038
Adjusted R ²	0.034	0.038

Note:

* p<0.1; ** p<0.05; *** p<0.01

Each entry represents OLS coefficients with standard errors in parentheses. Column 1 shows coefficients for the normal DD equation, column 2 includes state and year fixed effects.

Limitations & Future Work

- ▶ Future work:
 - ▶ Additional work narrowing the population sample (age, income group) and expanding the sample size to more states could provide additional insight
 - ▶ Inclusion of job tenure indicators, longitudinal data to get individual effects, primary/secondary job fields identification, occupation or industry, may provide further insight
- ▶ Limitations:
 - ▶ We only capture the effect of Medicaid expansion on the self-employed, which limits findings to low-income self-employed.
 - ▶ Marketplace health insurance data may provide more information in the future with other income groups
 - ▶ With marketplace insurance is available for up to 400% the FPL during pandemic years
 - ▶ 31% of Marketplace users are self-employed
 - ▶ Alternative data sources may provide additional insights
 - ▶ ACS 1-year survey is heavily used by the KFF