

The Long-Run Effects of Childhood Insurance Coverage: Medicaid Implementation, Adult Health, and Labor Market Outcomes

Goodman Bacon

09/13/2021

Motivation

- ▶ Medicaid advocates (Kishore 2014; Finkelstein, Hendren, and Luttmer 2019)
 - ▶ Medicaid save lives
- ▶ Medicaid critics
 - ▶ Health benefits are minimal for specific sub-groups
 - ▶ small for middle-income groups
 - ▶ high cost per life saved
- ▶ Benefits and cost for Medicaid based on short-term measures
- ▶ Evaluate the effects of Medicaid over the recipients lives

Question

- ▶ Are there long-run benefits of Medicaid on health and labor market outcomes?
- ▶ Origins of Medicaid (1966-1970)
 - ▶ Federal mandate that Medicaid covers all cash welfare recipients
- ▶ Basic strategy (Difference-in-Differences)
 - ▶ Cohorts born closer to Medicaid (more exposed); *First Difference*
 - ▶ Higher welfare states (high intensity); *Second Difference*

Main Findings

1. Cohorts with early-life Medicaid eligibility are healthier
 - ▶ low mortality and disability
2. Work more
 - ▶ nonwhite
3. Increased high school graduation rate
 - ▶ nonwhite
 - ▶ increased earnings and lower poverty
4. Receive less transfer income

Conceptual Framework

- ▶ Prior to Medicaid origination
 - ▶ private insurance almost non-existent among the poor
 - ▶ public insurance uncommon
- ▶ Lack of proper medical care for the poor

Health Care Use by Income

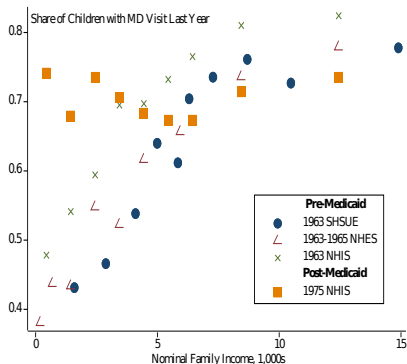


Figure 1: Fraction Doctor Visits (last 12 months)

Conceptual Framework: Medicaid Implementation, Children's Insurance Coverage, and Aggregate Utilization

- ▶ Medicaid passed under 1965 Social Security Act Amendments
- ▶ Mandated coverage for recipients of cash transfer program
 - ▶ “categorical eligibility” criteria
 - ▶ 89% qualified through aid to Families with Dependent Children (AFDC)
- ▶ Between 1966 and 1970
 - ▶ All states except Alaska and Arizona

Conceptual Framework: Expected Longer-Run Effects

- ▶ Early health capital and later outcomes (Currie, Decker, and Lin 2008, Smith 2009)
- ▶ Early life infectious disease and later outcomes
 - ▶ influenza: Almond 2006
 - ▶ malaria: Barreca 2010, pneumonia: Bhalotra and Venkataramani 2015
 - ▶ gastrointestinal disease: Chay, Guryan, and Mazumder 2009, 2014
 - ▶ meningitis: Roed et al. 2013
 - ▶ typhoid fever: Beach et al. 2014
- ▶ Medicaid implementation and short-run effects of health (Goodman-Bacon 2018c)

Data

- ▶ Adult outcomes by cells
 - ▶ race
 - ▶ state-of-birth
 - ▶ year-of-birth
- ▶ Medicaid policy varies by time and state
 - ▶ when implemented
 - ▶ participation rate (higher AFDC higher eligibility)
- ▶ Cohorts born between 1936 and 1976

Cumulative Medicaid Eligibility

- ▶ cumulative childhood medicaid eligibility for a cohort born in state s in year c (of race r)

- ▶
$$m_{rsc} = \sum_c^{y=c+18} \sum \sigma_{rsc}^y(l) \times AFDC_{ryl} \times 1(y \geq t_y^*)$$