



THE EFFECT OF INSURANCE EXPANSION ON SSI PARTICIPATION: EVIDENCE FROM THE ACA

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Before states expanded their Medicaid programs, low-income adults without dependent children were typically only eligible for Medicaid insurance coverage through the Supplemental Security Income Program (SSI) due to a disability. The Affordable Care Act Medicaid expansions provide an opportunity for low-income childless adults to obtain health insurance coverage without enrolling in the SSI. As some SSI beneficiaries mainly enroll in SSI for health insurance coverage and SSI cash benefits are costly to the Social Security Administration, particularly for young adults, stand-alone Medicaid coverage could reduce state and federal government expenditures. This study explores the substitutability between SSI and Medicaid expansions for young adults, an age group with high insurance gains following Medicaid expansions.

ACA Medicaid Expansions and SSI Participation among Young Adults

This study examines the interaction between two social programs by estimating the impact of the Affordable Care Act (ACA) Medicaid expansions on Supplemental Security Income (SSI) program participation among young adults. Before states expanded their Medicaid programs, low-income adults without dependent children were typically only eligible for Medicaid insurance coverage through the Supplemental Security Income Program (SSI) due to a disability. The expansion of Medicaid eligibility provides an opportunity for low-income childless adults to obtain health insurance coverage without having to complete an intensive SSI application process and thus removes the need to satisfy the SSI asset and disability criteria (Wagner, 2015). Previous research that examines the impact of pre-ACA Medicaid expansions and very short-term ACA Medicaid expansions has found evidence of reductions in SSI participation after states expanded their Medicaid eligibility programs among the nonelderly childless adult population (Burns & Dague, 2017; Soni et al., 2017).

Further, while health insurance coverage gains from ACA Medicaid expansions were higher for younger adults than older nonelderly adults (Courtemanche et al., 2017; Wehby & Lyu, 2018), the impact of Medicaid expansions on SSI participation among young adults is unknown. This study contributes to the literature on the interaction of the SSI and Medicaid expansions by (1) estimating the longer-term impacts of the ACA Medicaid expansions on SSI participation; (2) focusing primarily on the effects among young adults given the implications of SSI participation on their future labor market, earnings, and asset accumulation decisions; and (3) examining the effects of ACA Medicaid expansions on SSI participation across different demographic groups: gender, race/ethnicity, educational attainment, and marital status.

The analysis of this study uses survey data on SSI benefits from the Current Population Survey (CPS) in difference-in-differences analysis to uncover the causal effects of ACA Medicaid expansions on SSI participation.



ACA Medicaid expansions reduce SSI participation among young adults

The findings show that the expansion of Medicaid eligibility reduces the probability of SSI participation by 0.16 percentage points for low-income childless young adults, which is equivalent to 9.41 percent of the sample mean. This finding suggests Medicaid expansions led to substitutions from SSI for young adults. Further, the results of this analysis are larger than the estimates from a previous study that examine the impact of ACA Medicaid expansions on SSI participation among low-income childless young adults (Soni et al., 2017). Thus, the larger estimates suggest substitution from SSI following Medicaid expansions might be higher for younger adults.

The findings also suggest that the reductions in SSI participation from Medicaid expansions were primarily among unmarried individuals. However, there is no statistically significant evidence that the impact of ACA Medicaid expansions on SSI participation differs by race/ethnicity, gender, and educational attainment.

Implications

- Improving our understanding of the value young adults (including former child SSI beneficiaries) place on health insurance coverage relative to SSI cash benefits is essential since the potential substitutability between the Medicaid and SSI programs could improve a young adult's labor market and savings outcomes.
- To the extent that Medicaid expansions reduce SSI participation among younger marginal SSI beneficiaries over the long term, Medicaid expansions reduce the net SSI program costs.
- Ticket to Work programs may increase labor force participation among young adults with disabilities as they become healthier.

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