



THE UNINTENDED EFFECT OF MEDICAID AGING WAIVERS ON INFORMAL CAREGIVING

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As the population ages and longevity increases, the need for long-term care is increasing dramatically. The paramount needs for long-term care increases the expenditures on Medicaid aging waivers, a federal and state means-tested program that support old adults with low resources age at place.

Medicaid aging waivers and informal caregiving

The aim of Medicaid aging waivers is to incentivize older adults who need long-term care to stay at home rather than move into a nursing facility. However, this policy may inadvertently shift care burdens onto informal caregivers, who would not otherwise be required to care for family members were they to enter nursing homes. Using data on state-level Medicaid aging waiver expenditures from 1998 to 2014 linked with the restricted access Health and Retirement Study (HRS), this project investigates whether program funding is associated with the probability that an HRS respondent provides informal care to her older parents. Changes to state-level policy funding produce a quasi-experiment, which allows me to use two-way fixed effects models to estimate a causal relationship between the program and informal caregiving.

Generous Medicaid aging waivers increases informal caregiving

A 10 percent increase in Medicaid aging waiver expenditures increases the overall likelihood that an adult child becomes an informal caregiver to her parents by 0.1 percentage points (0.3 percent).

Heterogeneous effects of Medicaid aging waivers on the type of care

Medicaid aging waivers increase the likelihood to become an errands caregiver and decrease the chance to be a personal caregiver.

Implications

- Individuals respond differently to Medicaid aging waivers. If Medicaid aging waiver expansion allows more older adults to stay at home longer, the policy could exacerbate informal care burdens. Government could use different tools to balance off formal care and informal care.
- Medicaid aging waivers affect female caregivers more than male caregivers. Public policy with intention to equalize the care burden by gender could design the scope of services to participants heterogeneously by gender of informal caregivers.

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