



SOCIETY OF ACTUARIES

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# In The Public Interest

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## 1. THE EFFECT OF HEALTH INSURANCE COVERAGE ON THE USE OF MEDICAL SERVICES

by Michael Anderson, Carlos Dobkin, Tal Gross - #15823 (CH HC HE)

### Abstract:

Substantial uncertainty exists regarding the causal effect of health insurance on the utilization of care. Most studies cannot determine whether the large differences in health care utilization between the insured and the uninsured are due to insurance status or to other unobserved differences between the two groups. In this paper, we exploit a sharp change in insurance coverage rates that results from young adults aging-out of their parents' insurance plans to estimate the effect of insurance coverage on the utilization of emergency department (ED) and inpatient services. Using the National Health Interview Survey (NHIS) and a census of emergency department records and hospital discharge records from seven states, we find that aging-out results in an abrupt five to eight percentage point reduction in the probability of having health insurance. We find that not having insurance leads to a 40 percent reduction in ED visits and a 61 percent reduction in inpatient hospital admissions. The drop in ED visits and inpatient admissions is due entirely to reductions in the care provided by privately owned hospitals, with particularly large reductions at for-profit hospitals. The results imply that expanding health insurance coverage would result in a substantial increase in care provided to currently uninsured individuals.

<http://papers.nber.org/papers/W15823>

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## 2. GRADUATE STUDENTS AT STANFORD UNIVERSITY REVALUED CALIFORNIA'S THREE LARGEST PUBLIC PENSION PLANS USING RECOMMENDATIONS BY ECONOMISTS AT NORTHWESTERN UNIVERSITY AND THE UNIVERSITY OF CHICAGO.

Basically, the economists argue that public pensions are "constitutionally guaranteed" and that a risk-free rate of return should replace the 7.5- to 8-percent currently used. Substituting a 10-year treasury rate of 4.14 percent, the shortfall ballooned from a reported \$55 billion to \$425 billion.

The report is available at <http://SIEPR.STANFORD.edu/publicationsprofile/2123>

Observant readers will note that this is the mirror image of a Worth A Look abstract in the January issue, where a risk rate of return was applied to Social Security, reducing the value of accrued benefits by 20 percent - Ed.

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## 3. CONTRIBUTIONS OR TAXES? TWO SOCIAL SECURITY FUNDING PARADIGMS

By Benjamin Veghte, Income Security Research Associate, NASI

In discussions of Social Security, many disagreements stem from the fact that we view its funding from within different paradigms, namely some of us see these payments as insurance contributions, others as just another form of income tax.

<http://www.nasi.org/discuss/2010/04/contributions-taxes-two-social-security-funding-paradigms>