



Measuring Income and Poverty in Federal Health-Related Surveys

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Committee on National Statistics

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BOTTOM LINE



Critical (but challenging) to include good income measures in federal health/health care surveys and to be able to approximate the new Supplemental Poverty Measure

Just as critical not to reinvent the wheel—interagency collaboration is key

My remarks are informed by my work at CNSTAT on measuring income and poverty

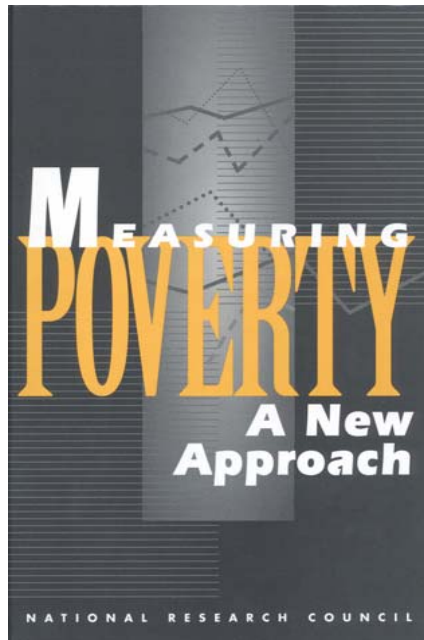
What is the Committee on National Statistics?



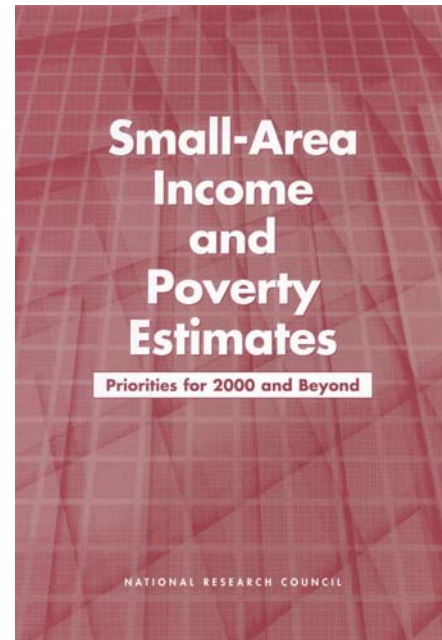
Established in 1972 at the National Academies to improve the statistical methods and information on which public policy decisions are based

Carries out studies to foster better measures of the economy, crime, poverty, and other domains, and serves as coordinating force in the highly decentralized U.S. federal statistical system

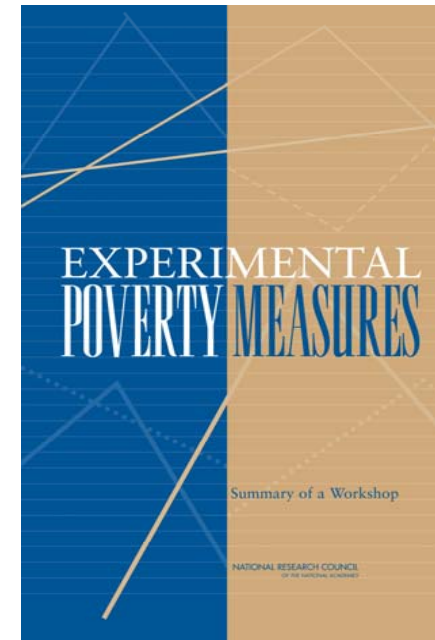
CNSTAT Reports on Measuring Income & Poverty



1995

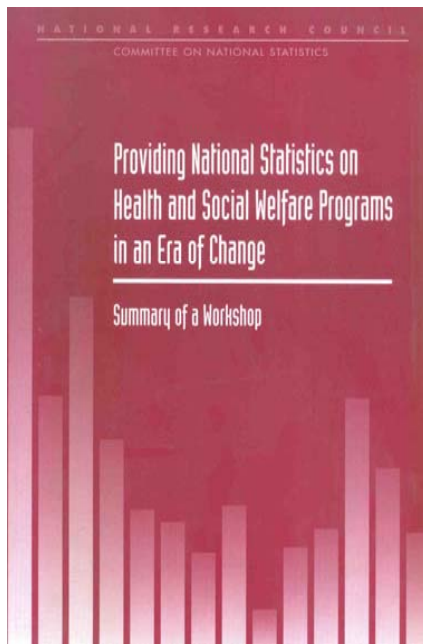


2000

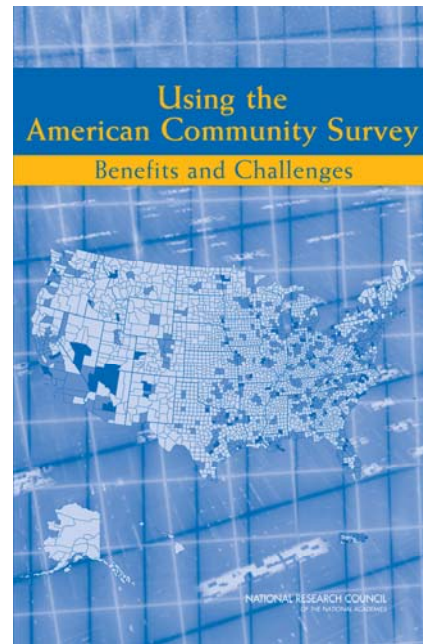


2005

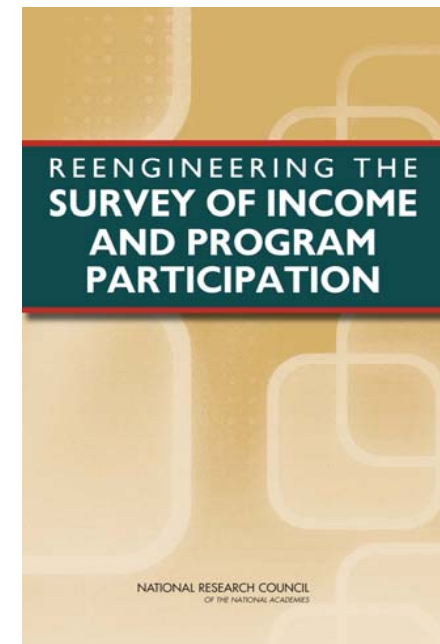
CNSTAT Reports on Relevant Surveys



1998



2007



2009

Uses of Income Statistics— To describe the population



Annual income is one of the most commonly used measures of the economic condition of the population nationwide and for geographic areas and subgroups

Descriptions often focus on median household or family income and/or on multiples of the poverty threshold (<100%, <200%, etc.)

The Gini coefficient is another, although not as often cited, statistic on income inequality

Uses of Income Statistics— To understand relationships



A mixed bag: Jim Smith et al. have addressed complex relationships of health with current income and with income when growing up

Key findings:

- >health shocks in later life reduce income
- >*education* and *childhood* poverty status (not current income or wealth) positively affect health over the life course

Income Is Difficult to Collect



Unfortunately, income is hard to measure in surveys—

- >Income is underreported for many income types, sometimes by substantial amounts
- >Income amounts are often left blank
- >Poverty measurement using the new Supplemental Poverty Measure is complicated by the need for additional information

Underreporting, cont'd



Earnings is well reported in surveys , BUT in SIPP and CPS/ASEC (our best income surveys):

- >TANF benefits are underreported by 40-50%
- >Social Security (OASI) is well reported, but Soc Sec Disability is underreported by 15-20%
- >Unemployment insurance is underreported by 25-30%

And on it goes (from Meyer, Mok, and Sullivan, 2009)

Imputation for Missing Data



Substantial fractions of the income amounts in major surveys are imputed—as much as 32-34% in CPS, SIPP, and NHIS, and 43% in MEPS

In the CPS, three sources contribute to such high imputation rates: nonresponse to the main CPS questionnaire; nonresponse to the income supplement; and item nonresponse (from Czajka and Denmead, 2009)

SPM Complications



The new Supplemental Poverty Measure (SPM) is a much better tool for policy analysis and research than the official measure, but it needs lots of input, not just cash income—

- Family relationships, employment status of parent(s), in-kind benefits, taxes, medical out-of-pocket expenses (MOOP), child care and child support payments

Income Is Essential— So What Do We Do?



Implementation—

- >Interagency group (including Census and BLS) should develop minimum set of questions that research shows produce reasonably accurate amounts—for instance, the ACS has 8 questions (plus total income) that have worked well (see Czajka and Denmead, 2009)
- >Income should be obtained for the entire family and not just an individual respondent

Approximating the SPM Is Essential—So What Do We Do?



Go after KEY information—

- >Family size and composition (include cohabitators and their kids as part of family, also foster children)
- >Employment status of parent(s)
- >Participation in major in-kind programs
- >MOOP (two new questions in CPS on premiums and other out-of-pocket work well)

Approximating the SPM, cont'd



Ask the Census Bureau to develop an easy-to-use calculator for estimating the SPM with information on family size and composition, cash income, in-kind benefit participation, employment status of parent(s), and MOOP

From this info, the calculator should be able to estimate the other components of the SPM—child care, other work expenses, and net taxes

