

# **Income Support Policies and Disparities in Health**

Hilary Hoynes

Professor of Economics

University of California, Davis

NIH Conference on Understanding and

Reducing Disparities in Health

October 23-24, 2006

# Introduction

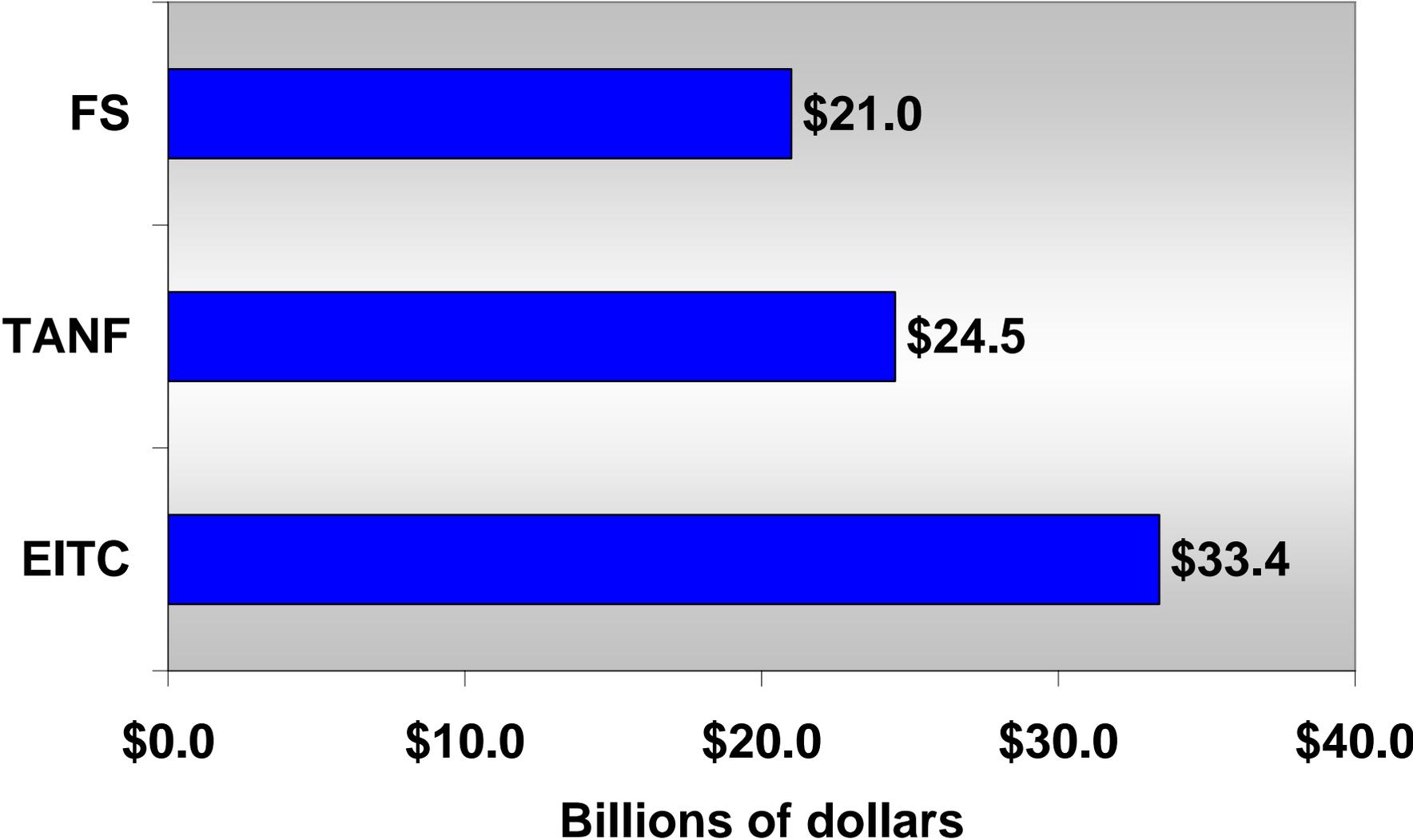
- Income support policies are core elements in government support for low income families
- Analyzing the efficacy of these programs typically focuses on estimating their impact on *family economic outcomes* such as labor supply, education, and poverty
- Our rich understanding of the impacts of income support programs highlights the strength and possibilities of social science research
- More recently, researchers have begun to examine the impact of income support policies on *health outcomes*
- In this talk, I will summarize what we know about the impact of income support policies on health outcomes among low income families with children

Note: My comments are focused on examining the impacts on low income families with children. I focus on this group because they represent that largest segment of the U.S. poor population and consequently have the highest rates of receipt of income support. The other important group (who I will discuss if time permits) is the elderly.

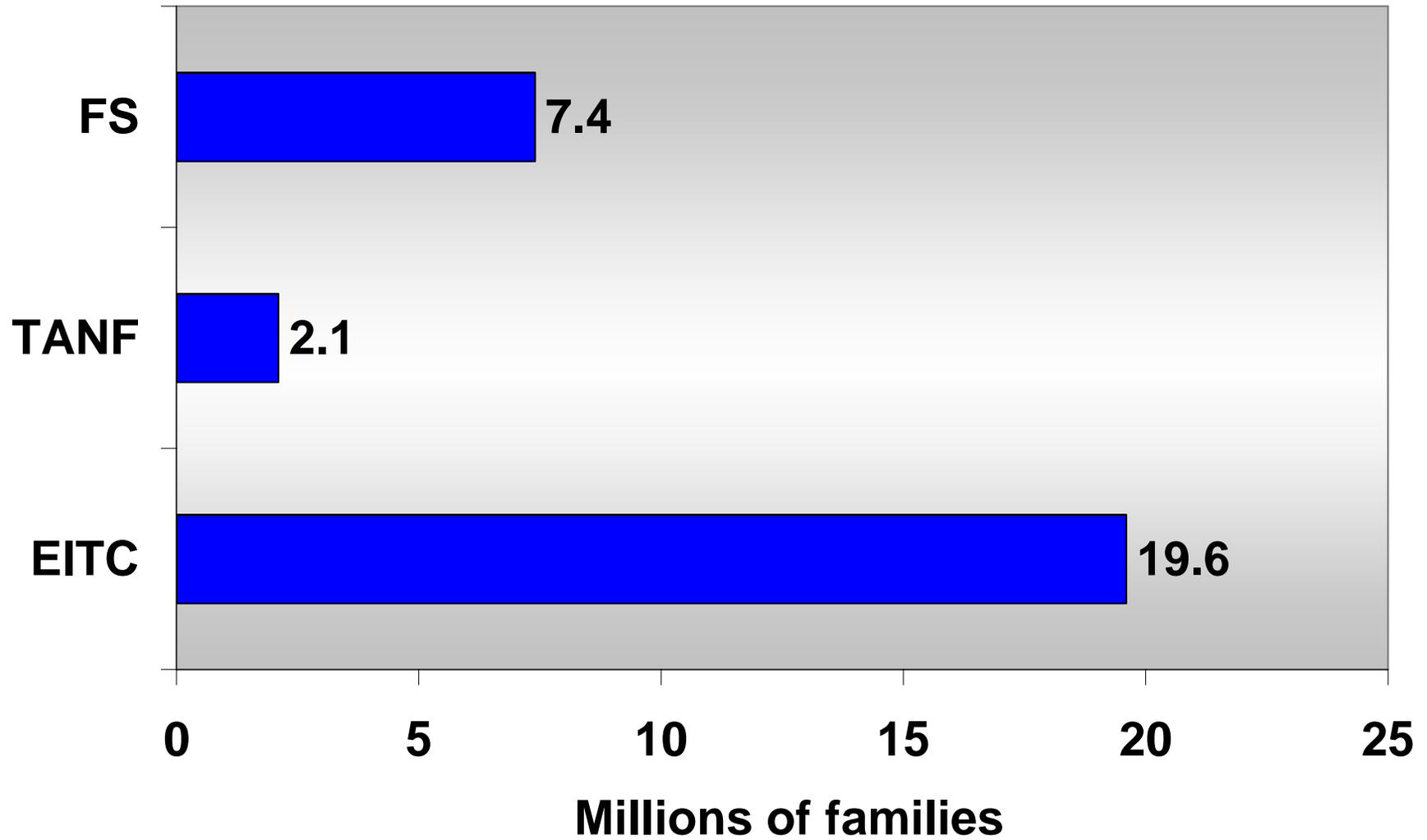
# Income Support Policies

- Provide cash (or near cash) assistance for needy families
- Eligibility for programs is limited to those with low income and low assets
- The most important programs for low income families with children include:
  - Temporary Assistance for Needy Families (TANF)
  - Earned Income Tax Credit (EITC)
  - Food Stamps (FS)
- The goal of these programs is to increase income and (in some cases) increase employment. In the case of food stamps, the goal is to increase nutrition.

# Expenditures on Income Support, 2003



# Families Receiving Income Support, 2003



# How do social scientists estimate the impacts of these programs?

- The fundamental challenge of social science research is to identify *causal* impacts
- When studying the impact of income support policies, the difficulty is that families *select* into the programs
- Those participating may be more disadvantaged than nonparticipants and it can be hard to disentangle the impacts of the program from the impacts of poverty
- For example, 9 percent of children born to income support recipients are low birth weight (<2,500 gms) compared to 7 percent of children born to nonrecipients (Currie and Cole 1993) . Is this an adverse impact of income support or is it due to some other factor?

# Solutions used in social science research

- Identify exogenous variation in policies
- Experimental Methods: Randomized experiments are used in social science
  - Examples include welfare reform experiments
- Nonexperimental Methods:
  - Examine policy changes
  - Look for discontinuities in policies (e.g. compare those with income just above and below the income cutoff)
  - Use control groups who are not impacted by the policy yet look similar
- These are powerful methods for identifying causal impacts of policies

# Income Support Policies and Health: Pathways

- Income
  - Strong positive correlation between income and health; may not be causal; larger impacts at low income levels
  - Work disincentives in the program may work against income increases
- Employment
- Time
- Stress
- Self esteem
- Family structure and living arrangements
- Neighborhood quality
- Access to health care (indirectly through changes in insurance)

# Outcomes

- Health outcomes: birth weight, mortality, general health status, disability, obesity, depression
- Health behaviors: smoking, drinking, exercise
- Access to health care and health insurance

# Research Findings: Welfare Reform and Health

- 1990s reforms restricted cash assistance; implemented time limits; created TANF program
- Research Findings:
  - Reduction in health insurance coverage (Medicaid)
  - Modest declines in health care utilization
  - No evidence of declines in health status or health behaviors
- Reforms that combined welfare reform with increases in income were more likely to show health improvements such as decreases in maternal depression
- See Bitler and Hoynes (2006) for a summary of this research

## Research Findings: Welfare participation and health

- Simple comparisons show that birth outcomes are worse among welfare recipients
- Once you identify exogenous variation in program participation, the disparities disappear (Currie and Cole 1993)

# Research Findings: Food Stamps and Health

- Recent work uses geographic variation in the introduction of the food stamp program (1964-1975) to examine the impacts on health
- Almond, Chay, Hoynes and Schanzenbach (2006) find that food stamps leads to improvements in infant health: higher birth weight, lower risk of low birth weight, and lower infant mortality. Magnitudes modest size.
- These results do not hold when examining food stamp introduction in California (Currie and Moretti 2006)

# Research Findings: EITC and Health

- No studies examining the link between EITC and health
- However, there is evidence that increases in the EITC lead to improvements in children's academic performance (Dahl and Locher 2006, Hoynes and Huckfeldt 2006)

# Research Findings: Other Programs

- Social Security– Despite strong time series correlation, no study has documented health improving impact of social security
- SSI– Recent evidence suggesting SSI leads to improvements in health
- Developing countries: Mexico's Progressa and South Africa's pension program found to improve health

# Conclusions and future directions for research

- Social science research has developed powerful tools for identifying the casual impact of policies on outcomes
- These tools have been widely used to evaluate the impacts of income support programs on economic wellbeing and labor market outcomes
- We have only recently begun to apply our methods to examine the impacts of income support programs on health
- The research to date suggests small impacts of income support programs on health
- Future research should further examine the connections between income support policies and health, and identify the important pathways for the impacts