Insurance, Spending, & Claim Denial

Max Troeger
troegm@rpi.edu

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Agenda

The national uninsured rate is increasing after years of decline
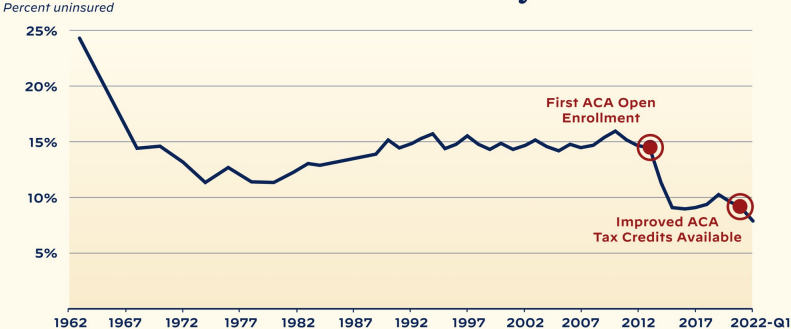

Uninsured rate
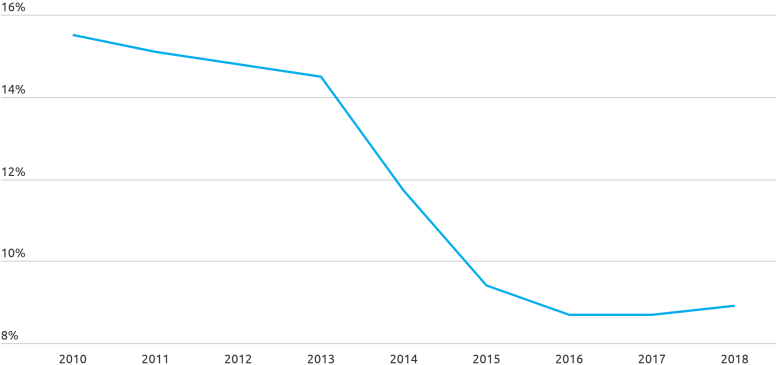
Source: U.S. Census Bureau's 2018 American Community Survey

Introduction & Motivation

Uninsured Rate Fell to All-Time Low in Early 2022

Percent uninsured

First ACA Open Enrollment

Improved ACA Tax Credits Available

Notes and Sources: National Health Interview Survey; CEA (2014); and HHS/ASPE. Data through 2022-Q1.

Everyone complains about denials!

Research Question

Q: Are people self selecting away from insurance
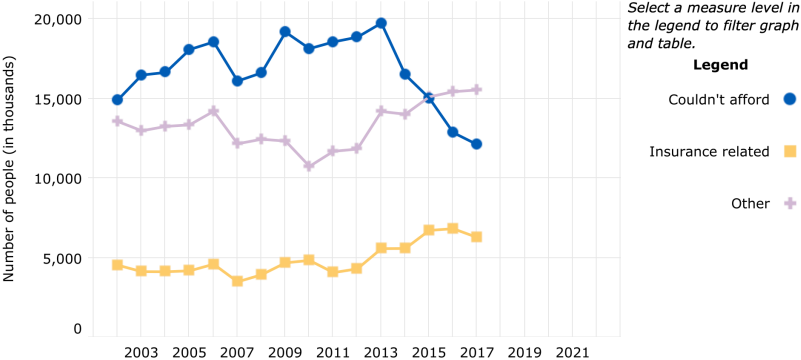because of increased denials?

Research Question

Q: Are people self selecting away from insurance because of increased denials?

H_0: ACA marketplace claim denials *are not* increasing.

Exploration

Reasons for difficulty among persons with difficulty receiving needed care, number of people in thousands, United States, 2002 to 2017

Select a measure level in the legend to filter graph and table.

Legend

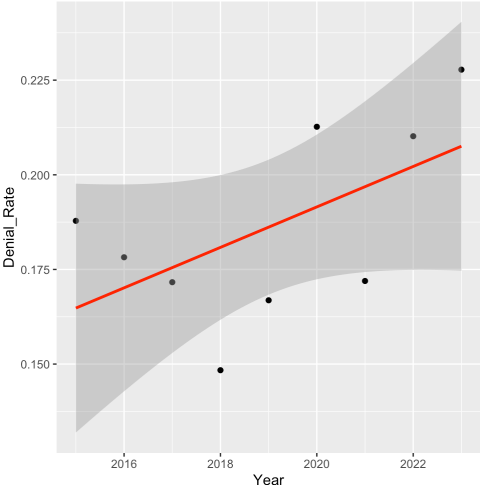Couldn't afford ●

Insurance related ■

Other ✚

Exploration

Kaiser Family Foundation ACA marketplace claim denial data (2017–2023)

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$$\widehat{Claims\_Denied} = \hat{\beta}_0 + \hat{\beta}_1 Claims\_Received$$
$$+ (\text{year dummies}) + \hat{u}$$

Findings

Heteroskedasticity robust errors:

	Estimate	Std. Error	t value	Pr($>$|t|)
(Intercept)	**50934.9762**	27368.4933	1.86	0.0630
Claims_Received	**0.1547**	0.0023	68.34	0.0000
2016	-23091.1756	38648.6327	-0.60	0.5503
2017	5956.9077	37428.7030	0.16	0.8736
2018	**-84860.9114**	39934.0102	-2.13	0.0338
2019	-14959.4755	38011.3673	-0.39	0.6940
2020	-5099.6237	36553.1325	-0.14	0.8891
2021	-31166.8221	35636.2603	-0.87	0.3820
2022	2893.7621	35188.1775	0.08	0.9345
2023	**60007.3440**	35131.2196	1.71	0.0879

$\bar{R}^2 = 0.79$. $\alpha = 0.1$ is standard in economics literature

Findings

$$\log \widehat{Claims\_Denied} = \hat{\beta}_0 + \hat{\beta}_1 \log Claims\_Received$$
$$+ \text{(year dummies)}$$
$$+ \text{(state dummies)} + \hat{u}$$

Findings
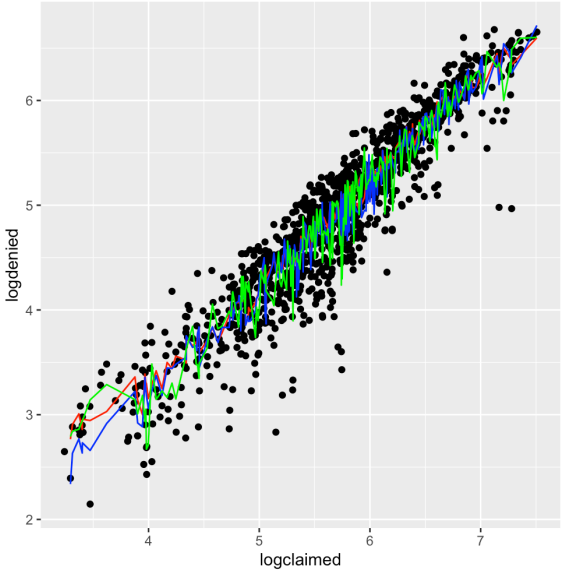
$$\bar{R}^2 = 0.89$$

Conclusions & Caveats

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- ▶ The size of an insurance company dictates the number of denials

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▶ Piece out state-heterogeneous effects (*strengthens 2018 and 2023 significance*)

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▶ Look at more flexible models (ridge regression & friends)

Thank you!

Questions?