

The Effect of Framing on Health Insurance Uptake

Max Troeger
troegm@rpi.edu

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Agenda

Introduction & Motivation

Policy Description

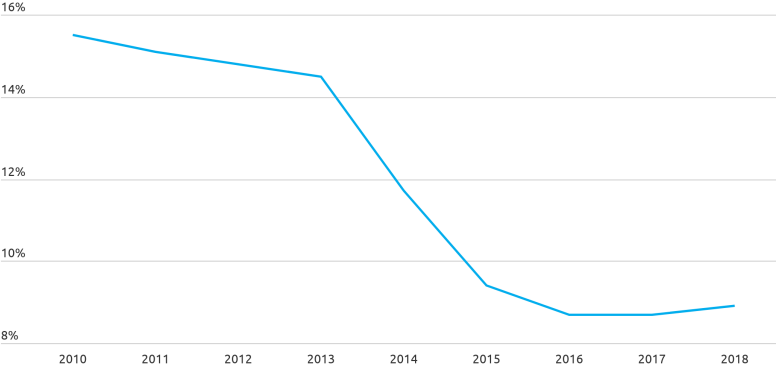
Efficacy

Conclusion & Caveats

Introduction & Motivation

The national uninsured rate is increasing after years of decline

Uninsured rate

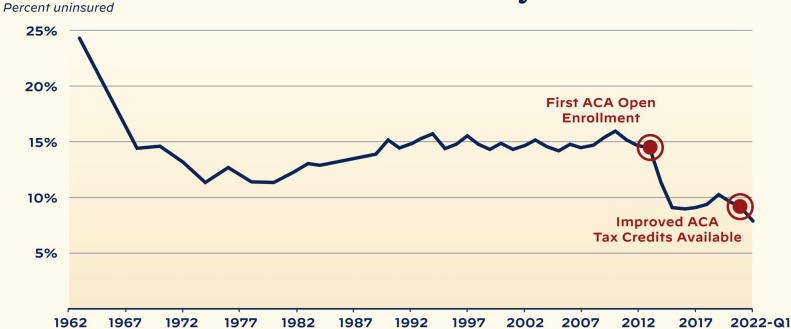


Source: U.S. Census Bureau's 2018 American Community Survey

Introduction & Motivation



Uninsured Rate Fell to All-Time Low in Early 2022



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

Introduction & Motivation

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- ▶ People evaluate the cost of carrying health insurance over expected expenditure

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- ▶ Employer mandates result in lower wages

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- ▶ Increase subsidies and introduce penalties on individuals for not carrying health insurance

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- ▶ “a penalty has a larger effect on demand for insurance than a subsidy of equal value” (Auerbach et al., 2010)
- ▶ Increase subsidies and introduce penalties on individuals for not carrying health insurance
- ▶ Using existing tax infrastructure (Pigouvian tax) is an attractive way of doing this — needs additional oversight

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- ▶ ACA subsidies have increased this year
- ▶ Reimplementing a federal penalty would not be politically feasible

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- ▶ **FRAMING**
- ▶ Advertising, wording of benefits, &c.

Epstein et al. (2022)

1. “Pay less for health plans due to the new Covid relief law.”
2. “You can pay less for health coverage.”
3. “For less than \$14 a month, I’m covered—doctors visits, meds, vision & dental.”
4. “Keep kids healthy throughout the school year with *free* or *low* cost health insurance.”

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- ▶ “Halo effect” and moral framing

Epstein et al. (2022)

“the insurer will do this even though that sicker insured will cost the insurance company significantly more to cover. In other words, your act of buying a policy not only insures you against future risk, but it is also charitable—an act of generosity. By buying a policy, you would be funding health insurance coverage for a sicker person.”

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- ▶ In the context of advertising:
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- ▶ “When you need healthcare, who do you expect to pay for it? Get covered.”
- ▶ See the same for **helping others** and **helping community** framing

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- ▶ The ACA already mandates that insurance policies are **subject to certain wording** that reduces complexity

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- ▶ The Department of Health & Human Services (HHS) requires insurance plans seeking certification to make cost information, “available to the individual through an internet website and through other means for individuals without access to the internet”
- ▶ QHP Certification = can be sold on an exchange

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- ▶ In particular, **“people will receive the summary when shopping for coverage, enrolling in coverage, at each new plan year, and within seven business days of requesting a copy from their health insurance issuer or group health plan.”**

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- ▶ Increase uptake in *those looking for insurance*

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- ▶ We can identify households from their state tax returns
- ▶ Delegate this responsibility to state governments

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Net effect

- ▶ People who were not looking for insurance may be nudged into looking
- ▶ Those shopping for insurance encounter moral framing
- ▶ **overall uptake in health insurance among the uninsured**

Efficacy

“Assuming that \$100 million in online advertisements targeting higher income consumers based on the Self-Oriented theme were instead switched to the Responsibility theme, the improved strategy could cause an additional 3.52 million users to click” (Epstein et al., 2022).

Efficacy

“Overall, the letters raised enrollment by 1.3 pp, or 16 percent, which is equivalent to offering this sample an additional \$25 to \$53 *per month* in subsidies” (Domurat et al., 2021).

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- ▶ Leveraging behavioral economics is more cost effective than direct subsidy
- ▶ Federal penalty is unfeasible, but several states have their own penalties
- ▶ Could leverage state penalties to fund the additional regulation cost
- ▶ **Nudges and framing do not replace subsidies**

Thank you!

Questions?