

# Keeping people out of poverty—do health insurance benefits make a difference?

October 19 2017, by Suzanne Bronski

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Do Medicaid and other health insurance programs help keep families out of poverty?

Researchers have been unable to answer that question, because they struggled, without success, for decades to find a valid method for including health needs and benefits in [poverty](#) measures.

Now, two professors from Baruch College's Marxe School of Public and International Affairs have developed the first U.S. poverty measure to count [health insurance](#) benefits as a resource to meet health needs. For those who believe that health [insurance](#) is a need, the findings demonstrate that these benefits are a powerful poverty fighting tool.

The study, "Estimating The Effects Of Health Insurance And Other Social Programs On Poverty Under The Affordable Care Act," was published in the October 2017 issue of *Health Affairs*. The measure was developed by Dahlia K. Remler and Sanders D. Korenman, both professors at Baruch College's Marxe School, faculty affiliates of the City University of New York Institute for Demographic Research (CIDR) and faculty research fellows at the National Bureau of Economic Research. The team also included Rosemary T. Hyson, a research scientist at the Marxe School and CIDR.

"U.S. poverty measures have never incorporated both health needs and benefits," said Professor Remler. "While the Affordable Care Act (ACA)—the largest expansion of U.S. social insurance programs since

President Lyndon Johnson's War on Poverty initiatives—increased health insurance coverage for millions of lower-income Americans, it has been difficult to determine the effect of this insurance expansion, or of any health insurance benefits, on poverty."

## **Study's findings: Medicaid and premium subsidies are among the most important antipoverty programs**

According to Remler, the study has shown the significant impact that health insurance benefits have in efforts to reduce poverty among people under the age of 65. Highlights of the study include:

- Public health insurance benefits (from Medicare, Medicaid, Children's Health Insurance Program (CHIP) and Affordable Care Act premium subsidies) accounted for nearly one-third of the overall poverty reduction from public benefits.
- Medicaid and CHIP had a larger effect on [child poverty](#) than all non-health means-tested benefits combined.
- For people in households with at least one disability recipient, public nonhealth benefits reduced poverty by 35.4 percentage points, and [public health insurance](#) benefits reduced it by another 9.9 percentage points.
- Poor adults with neither children nor a disability experienced little poverty relief from public programs, and what relief they did receive came largely from premium subsidies and Medicaid.
- Medicaid and CHIP reduced poverty among recipients by a remarkable 17.1 percentage points.
- Employer-sponsored insurance reduced the poverty rate of those it covered by 5.0 percentage point.
- Premium subsidies reduced the poverty of the individually insured by 6.6 percentage points

## Looking at poverty: Health insurance coverage must be counted

"Given today's debate about the ACA and health insurance, it's important not to have only separate measures of [health insurance coverage](#) and non-health poverty," said Remler. "That misses how people do without health care or insurance to keep up paying for food and housing. And the official poverty measure misses how paying for [health care](#) or insurance can hurt people's ability to meet food and housing needs."

Remler added, "We can now show how those big cuts to Medicaid that just barely keep not passing would thrust many Americans into poverty."

**More information:** Dahlia K. Remler et al. Estimating The Effects Of Health Insurance And Other Social Programs On Poverty Under The Affordable Care Act, *Health Affairs* (2017). [DOI: 10.1377/hlthaff.2017.0331](#)

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