



Chicago Fed Insights, July 2024

Health Insurance Dynamics Examined at Chicago Fed Web Event

By Chicago Fed Staff Writer

Health, Education, and Welfare

“What happens when insurance coverage is interrupted by job loss?” asked Anna Paulson, the Chicago Fed’s director of research, as she opened the May 9 Economic Mobility Project event titled Health Insurance Dynamics: Coverage, Gaps, and Financial Impacts. This web event explored insurance coverage transitions in the United States, which are often tied to employment transitions. A major point of discussion was the effect that expanded Medicaid access has had on people who’ve lost health insurance in states that chose to accept the expansion.

The event centered on research by Chicago Fed Senior Economists Bhash Mazumder and Shanthi Ramnath. Mazumder discussed several papers, including his 2019 article titled “How health insurance improves financial health,” while Ramnath drew from more recent work—namely, a 2024 policy brief titled “Medicaid expansion and its effects on the unemployed” and a 2023 working paper titled “Medicaid-ing Uninsurance? The impact of the Affordable Care Act’s Medicaid expansion on uninsurance spells.”

The conversation covered more than just the physical health of the populations studied. “One of the preeminent goals of insurance is ... about improving our financial security,” Mazumder said. “Insurance can improve the overall welfare of the population by allowing people to insure against shocks that can impact their standard of living.”

Passed in 2010, the Affordable Care Act (ACA) allowed more people to qualify for state-administered Medicaid programs by raising the maximum income levels.

To evaluate the ACA’s impact, Mazumder summarized research from several papers, including one published in the *Journal of the American Medical Association* that compared medical debt trends across time, state lines, and zip codes. Mazumder noted that the decrease in average medical debt held by Americans between 2008 and 2021 seemed to be linked to the full implementation of the ACA, which began in 2014.

The differences between expansion states and non-expansion states are visually evident when medical debt is mapped by county, marking those with higher debt levels in red, Mazumder said. He said that this exercise “foreshadows the effects of the Affordable Care Act ... because you can make out whole states by the color of their counties” and quickly identify “broad swaths [of the U.S.] where medical debt is \$1,000 or more.” States that illustrate this, he said, are Wyoming, which did not expand Medicaid and is almost entirely red, and Arkansas, which did expand Medicaid and has virtually no red counties, indicating low levels of medical debt.

Ramnath said her research comparing states that accepted the Medicaid expansion with those that did not found that the number of uninsured individuals within a population also appeared to be impacted by the implementation of the ACA. Periods of people being without insurance were almost two and a half months, or 50%, shorter in states that accepted the ACA’s Medicaid expansion than in states that did not, she and her co-authors wrote.

Following the researchers’ presentations, the event turned to a discussion among experts. Robin Rudowitz, vice president and director of the Program on Medicaid and the Uninsured at KFF (formerly the Kaiser Family Foundation), said that her review of over 600 studies showed findings similar to those in the research by Mazumder and Ramnath. “The effects of Medicaid expansion ... consistently show increases in coverage, reductions in uninsurance, increases in measures like access [and] utilization, as well as improvements in financial security,” said Rudowitz.

But Anthony LoSasso, professor and chair of the Economics Department at DePaul University, brought up a recent [study](#) published by Ray Kluender of Harvard Business School that showed a different result. LoSasso suggested Mazumder’s findings were to a degree “overtaken” by Kluender’s randomized control trial of what happens when you alleviate people’s medical debt. That study, LoSasso said, found that alleviating such debt “had no effect on debt balances, on past-due debts, on future debts, on bankruptcy, no effects on credit score or access to credit” and “it increased the probability of having other medical bills sent to collections in the future.”

More evidence of positive health outcomes came from panelist Angela Harper Mahome. Drawing from her professional experience as an adult and child psychiatrist at Montrose Behavioral Health Hospital in Chicago, Mahome said that “when people have been in between jobs, and they’ve been able to continue their insurance with Medicaid, they’ve been able to pay for medications” and continue treatments.

Without insurance, she said, health outcomes were less certain. If, Mahome said, “a person needs mental health care, and it gets delayed, or deferred, or they don’t receive it, they’re more likely to need hospitalization or things that are a bigger financial burden to the system.”

To close, panelists explored areas they feel need further study, including weighing the benefits of ACA against the public cost. Panelist James Capretta, who studies health care and entitlement programs at the American Enterprise Institute, emphasized the cost trade-off at the heart of the health insurance debate. “If you substitute public insurance for private insurance, somebody’s [still] paying,” Capretta said. “The question is, how much public money will be going in and then [what are] the benefits to society generally from building the safety net a certain way versus another way?”

Kristen Broady, director of the Economic Mobility Project at the Chicago Fed, introduced the panelists, and *New York Times* economy reporter Lydia DePillis moderated.

To learn more

Please see the [event page](#), with agenda, speaker bios, video replay, and transcript, and the papers—linked to in the second paragraph, above—that helped guide the discussion.

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