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RESEARCH CONSORTIUM**
Promoting Equity in Retirement,
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**Retirement and Disability
Research Center**
UNIVERSITY OF WISCONSIN-MADISON

26th Annual Retirement and Disability Research Consortium Meeting

August 7-9, 2024

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Poverty According to a Pilot Principal Poverty Measure

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26th Annual Meeting of the Retirement and Disability Research Consortium

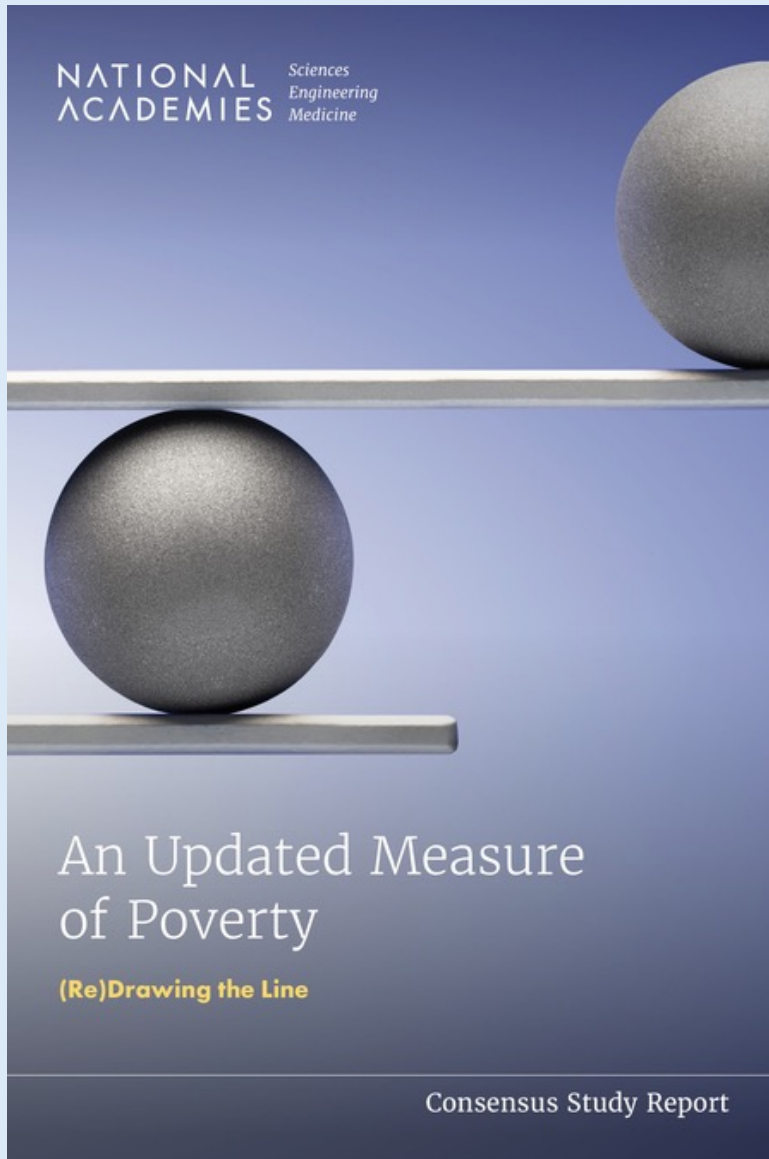
August 8, 2024

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2023 NAS Report



**Recommends
Principal Poverty Measure
(PPM)**

**Revises SPM
Replaces OPM**

OPM → SPM → PPM

| Measure | Poverty Threshold | Resources | Unit |
|---------|--|--|------------|
| OPM | 3*Food (1963) based on family size | Income (pre-tax) | Family |
| SPM | Food, Clothing, Shelter, Utilities, Phone, Internet, and “a little extra.” Housing varies by tenure and regional price adjustment | OPM Income + in-kind benefits (except health ins.) + tax credits – medical OOP – work expenses (includes childcare) – tax payments | SPM Family |
| PPM | Adds health insurance & <i>childcare</i> . Housing does not vary by tenure. | Adds to SPM: <i>childcare</i> & net health insurance benefits; housing assistance consistent with threshold; homeowners’ imputed rental income minus owner costs. Caps MOOP. | Household |

Pilot PPM Treatment of Food

No Recommendation beyond further research

Pilot PPM - replaces SPM food need with maximum SNAP benefit, linked to USDA's Thrifty Food Plan (TFP)

Why?

- Food-based economies of scale
- Threshold uses policy standard, as with housing & medical.
- TFPs revised/updated every 5 years (2021)
opportunity for study & conceptual discussion of policy-based needs

Pilot PPM

Main Data Sources

- Census/BLS: CPS ASEC
- RWJ HIX Compare: ACA Silver and Medicare Advantage plans
- HUD: Fair Market Rents
- USDA: SNAP Maximum Allocations
- Census/HUD: American Housing Survey PUFs (homeowner costs)

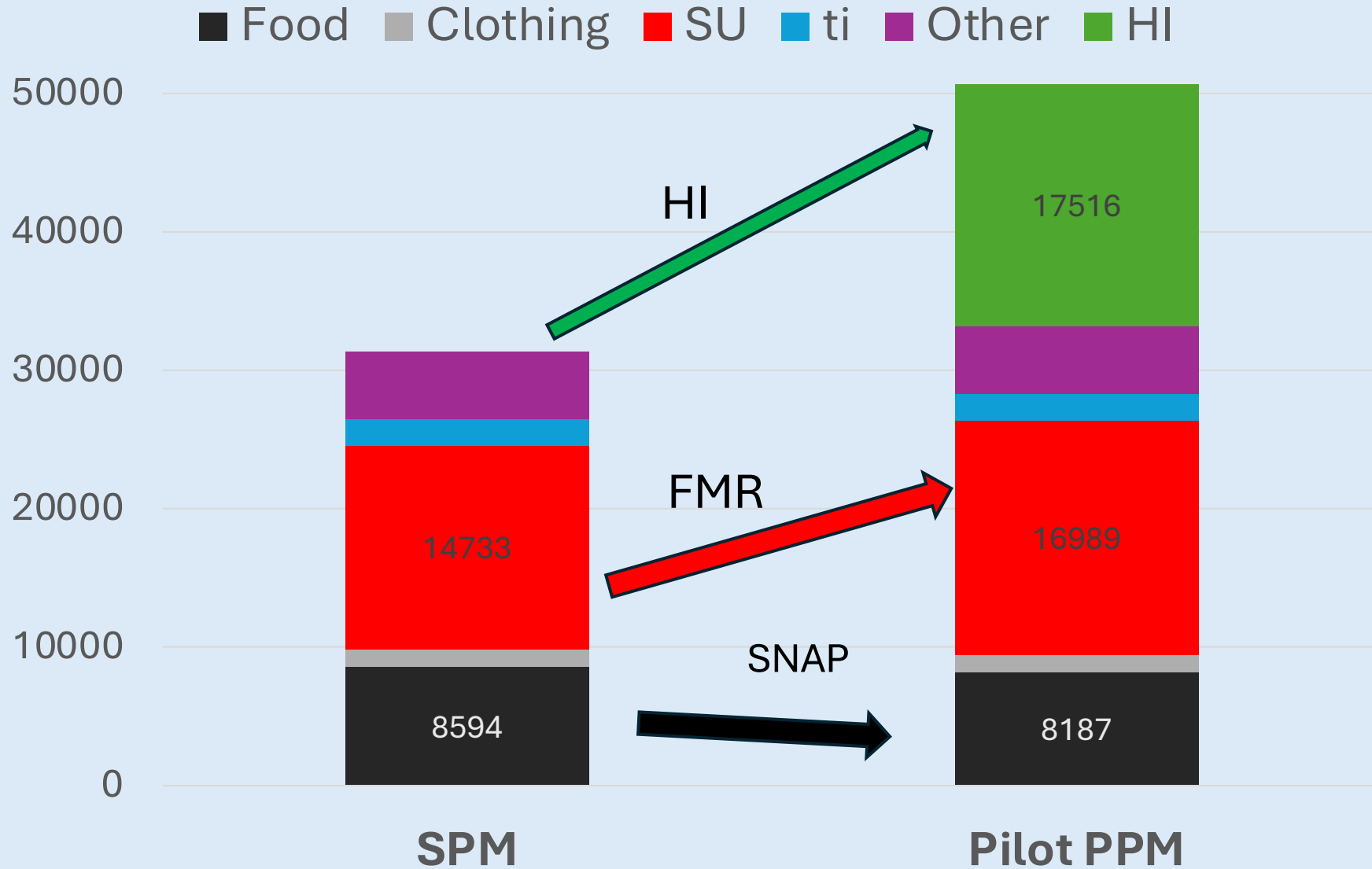
Pilot PPM Preliminary Results

PPM (FMR) Housing Need is Greater than SPM Need for Smaller Households, 2022

| Household size/ composition | PPM/SPM Ratio |
|-----------------------------|---------------|
| Two adults, two children | 0.98 |
| Two adults | 1.30 |
| One adult | 1.61 |

Mean of ratio: PPM to SPM housing need for single SPM-unit renter households.

Thresholds & Components 2022



Renters, Single-SPM-Unit Households

Major Differences in Poverty Rates: PPM - SPM

(percentage points)

| | Renters (SPM = 21%) | Owners (SPM = 7.6%) |
|-----------|-------------------------------|-------------------------------|
| Overall | +5.2 | -1.3 |
| Ages 65+ | +0.7 | -3.6 |
| Children | +7.8 | -0.3 |
| Uninsured | +22.1 | +8.6 |
| Hispanics | +9.9 | -0.8 |

Region (renters): PPM rate rises more in S, W & NE vs. MW

Selected Poverty Impacts, Renter Households, 2022 (percentage point change in poverty rate)

| | Children | | Ages 65+ | |
|-------------------------------------|----------|------|----------|------|
| | SPM | PPM | SPM | PPM |
| Social Security | 2.4 | 2.2 | 39.8 | 40.6 |
| Medicare | NA | 1.6 | NA | 36.8 |
| Medicaid | NA | 15.0 | NA | 1.6 |
| EITC & ACTC | 9.0 | 7.1 | 0.4 | 0.2 |
| SNAP | 4.2 | 3.9 | 2.8 | 1.6 |
| SSI | 0.8 | 0.8 | 3.1 | 3.2 |
| Housing subs./public housing | 3.2 | 4.1 | 6.6 | 11.6 |
| <i>Poverty rate</i> | 24.4 | 32.0 | 26.7 | 27.4 |

Conclusions & Research Needs

1. Like the HIPM, PPM shows large impacts of Health Insurance benefits
2. Unlike SPM, PPM shows homeownership helps meet housing needs.
3. SPM methods understate impact of housing assistance, especially 65+
 - understate housing needs of small households
 - imputes \$0 benefits too often
 - 65+ have relatively high rates of housing assistance
4. Continued research needed:
 - equivalence scales for threshold (FCTi or Cti) (NAS, 2023)
 - homeowner costs (separate principal & interest in ACS ?)

Extra Slides

Major PPM Revisions to SPM: Medical Care *follows HIPM**

- **Threshold:** add basic HI to the SPM threshold (ACA Sliver or MA)
- **Resources:** for those w/HI benefits, add **net** health insurance benefit or subsidy value to resources

HI resource = threshold HI need minus capped premium

- **For care:** like SPM, subtract from resources OOP spending on care/cost-sharing, but cap subtraction

**Health-Inclusive Poverty Measure: Korenman & Remler 2016; Remler, Korenman, Hyson 2017; Korenman, Remler, Hyson 2019; Creamer 2024*

Major PPM Revisions to SPM: Housing

- **Housing need** one threshold need based on rents
 - Eliminates SPM's three-tier threshold according to housing tenure
 - Replaces SPM's housing need (SU) with HUD's Fair Market Rent (**FMR**)
- **Housing resources**
 - Renters: housing assistance**
 - FMR minus means-tested family contribution
 - Owners: implicit net rental income** (rental service flow from owned homes)
 - FMR minus average homeowner cost for "needed" unit (mortgage interest, property taxes, maintenance, insurance)

The Color of Wealth in Chicago



Institute on Race, Power
and Political Economy



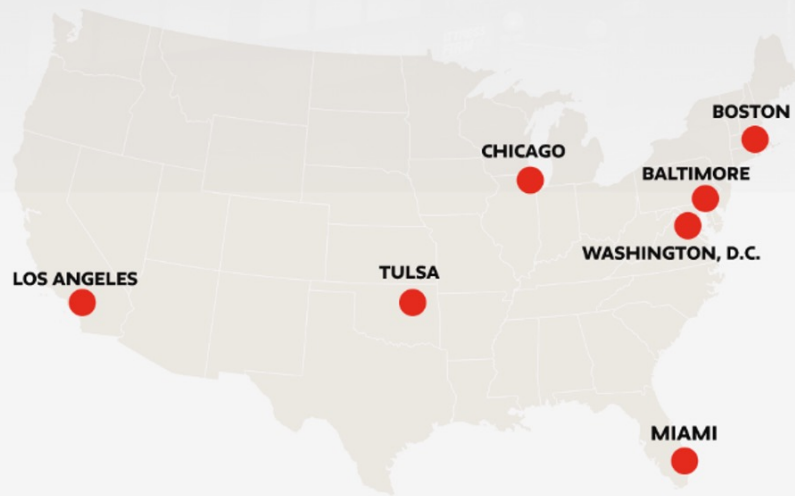
Suparna Bhaskaran, Fatimah Al-Khaldi,
Ofronama Bui, Elaine Chang, Chidera Ihejirika,
and Darrick Hamilton

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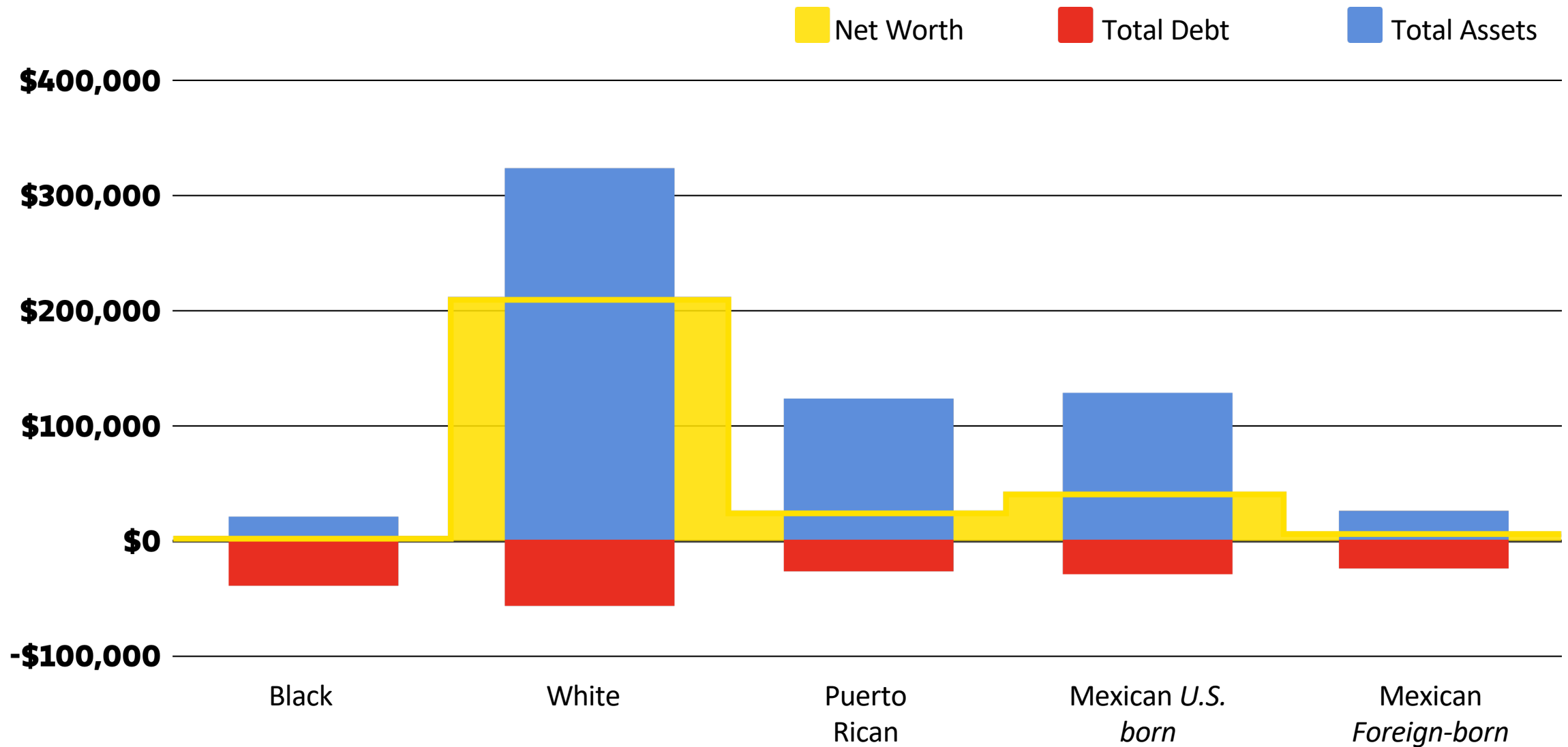
THE COLOR OF WEALTH PROJECT

The Color of Wealth studies examines wealth by race, ethnicity and national origin in the context of specific locations and histories. Color of Wealth studies have been conducted in seven metropolitan regions in the United States. Research in more locations is ongoing.



| | |
|----------------------|-------------------------|
| Baltimore → | Miami → |
| Boston → | Tulsa → |
| Chicago → | Washington, DC → |
| Los Angeles → | |

Net Worth Assets and Debts: Chicago Metro Area



Assets and **Wealth** by Race, Ethnicity, and Nativity in the Chicago Metropolitan Area

| | Median Total Assets | Median Net Worth |
|-----------------------------|---------------------|------------------|
| Black | \$20,000*** | \$0*** |
| Mexican <i>foreign born</i> | \$26,000*** | \$6,000*** |
| Mexican <i>U.S. born</i> | \$128,000*** | \$40,500*** |
| Puerto Rican | \$125,000* | \$24,000*** |
| White | \$325,500 | \$210,000 |

HOW DID WE
GET HERE?

APPETITE FOR
POLITICAL
CHANGE

Support for Policies by Wealth

| | Baby Bonds | Guaranteed Income | Medicare for All |
|-----------------------------|------------|-------------------|------------------|
| Black | 82%*** | 75%*** | 53% |
| High Wealth | 70%** | 59%* | 66%** |
| Low Wealth | 87%*** | 80%*** | 56% |
| Mexican <i>Foreign-born</i> | 90%*** | 71%*** | 66%** |
| High Wealth | 89%*** | 64%* | 72%** |
| Low Wealth | 95%*** | 73% | 67% |
| Mexican <i>U.S. Born</i> | 56% | 59%** | 48% |
| High Wealth | 46% | 52%* | 32% |
| Low Wealth | 63% | 63% | 54% |
| Puerto Rican | 70%** | 57% | 55% |
| High Wealth | N/A | N/A | N/A |
| Low Wealth | 68% | 60% | 56% |
| White | 49% | 44% | 45% |
| High Wealth | 38% | 34% | 41% |
| Low Wealth | 63% | 56% | 51% |

THANK YOU

The Color of Wealth in Chicago: Wealth Disparities Among Older Residents by Race and Ethnicity

26th Annual RDRC Meeting: New Perspectives on Poverty Panel



RAND and The New School
August 8, 2024

Motivation and Key Activities

Understanding of the barriers to wealth accumulation among people of color is an urgent policy concern.

The Color of Wealth in Chicago survey offers a unique combination of comprehensive and detailed economic measures

Our analyses aim to better understand wealth disparities by:

- Assessing barriers to wealth accumulation among older people of color;
- Studying potential drivers of wealth disparities throughout life; and
- Identifying factors that contribute to income inequality, considering a wide set of variables such as family structure, health, employment, etc).

Table 1: Projected and Actual Respondent Characteristics Relative to the Chicago Area Population

| | Chicago Area Population | Primary Sample | | Actual Respondents (Unweighted) | |
|------------------------|-------------------------|----------------|-------|---------------------------------|-------|
| | | N | % | N | % |
| All | — | 34004 | 100.0 | 1732 | 100.0 |
| Asian | 7.1% | 2007 | 5.9 | 92 | 5.31 |
| Black | 16.4% | 4040 | 11.9 | 298 | 17.21 |
| Other | 7.1% | 2007 | 5.9 | 134 | 7.74 |
| White | 51.8% | 14237 | 41.9 | 813 | 46.94 |
| Hispanic (all) | 22.6% | 13306 | 39.1 | 396 | 22.86 |
| Mexican (foreign born) | 6.8% | 3504 | 10.3 | 119 | 6.87 |
| Mexican (US born) | 11.0% | 5996 | 17.6 | 140 | 8.1 |
| Puerto Rican | 2.1% | 1930 | 5.7 | 61 | 3.52 |

Table 2: Respondents by Race, Ethnicity and Age

| | Non-Hispanic White | Non-Hispanic Black | Hispanic | All |
|-------|--------------------|--------------------|----------|-------|
| 18-49 | 39.24 | 43.41 | 62.62 | 42.8 |
| 50-64 | 32.75 | 38.1 | 31.01 | 33.34 |
| 65+ | 28 | 18.48 | 6.37 | 23.86 |
| All | 100 | 100 | 100 | 100 |

Weighted column percent. N: 1,477

Table 3: Median Assets of Chicago Residents by Race, Ethnicity, and Age (in thousands of \$)

| | Non-Hispanic White | Non-Hispanic Black | Hispanic | All |
|-------|--------------------|--------------------|----------|-------|
| 18-49 | 198.7 | 5.5 | 40.0 | 95.0 |
| 50-64 | 366.0 | 23.8 | 80.3 | 300.1 |
| 65+ | 430.0 | 182.0 | 253.0 | 380.0 |
| All | 325.5 | 20.0 | 45.0 | 272.5 |

Weighted Median Assets. Assets include: Checking and Savings Account Balance, CDs, Stocks, House Value, Real Estate Value, Car and Transportation Value, Farm/Business Value, and Other Assets. (Does not include IRAs, Pension Value, or Social Security Wealth)

Table 4: Median Net Worth of Chicago Residents by Race, Ethnicity, and Age (in thousands of \$)

| | Non-Hispanic White | Non-Hispanic Black | Hispanic | All |
|--------------|--------------------|--------------------|----------|-------|
| 18-49 | 60.0 | -2.2 | 9.0 | 30.0 |
| 50-64 | 227.0 | -3.0 | 0.8 | 135.9 |
| 65+ | 340.0 | 49.0 | 161.0 | 313.8 |
| All | 209.0 | 0.0 | 10.2 | 120.0 |

Weighted Median Net Worth. Assets include: Checking and Savings Account Balance, CDs, Stocks, House Value, Real Estate Value, Car and Transportation Value, Farm/Business Value, and Other Assets. (Does not include IRAs, Pension Value, or Social Security Wealth). Debts include: Primary Mortgage Amount, Secondary Mortgage Amount, Real Estate Debt, Car and Transportation Debt, Farm/Business Debt, CC Debt, Student Loans, Medical Debt, Legal Debt, Loans from Family, and other debts.

Table 5: Fraction of Chicago Residents Holding Specific Types of Debt by Race, Ethnicity and Age

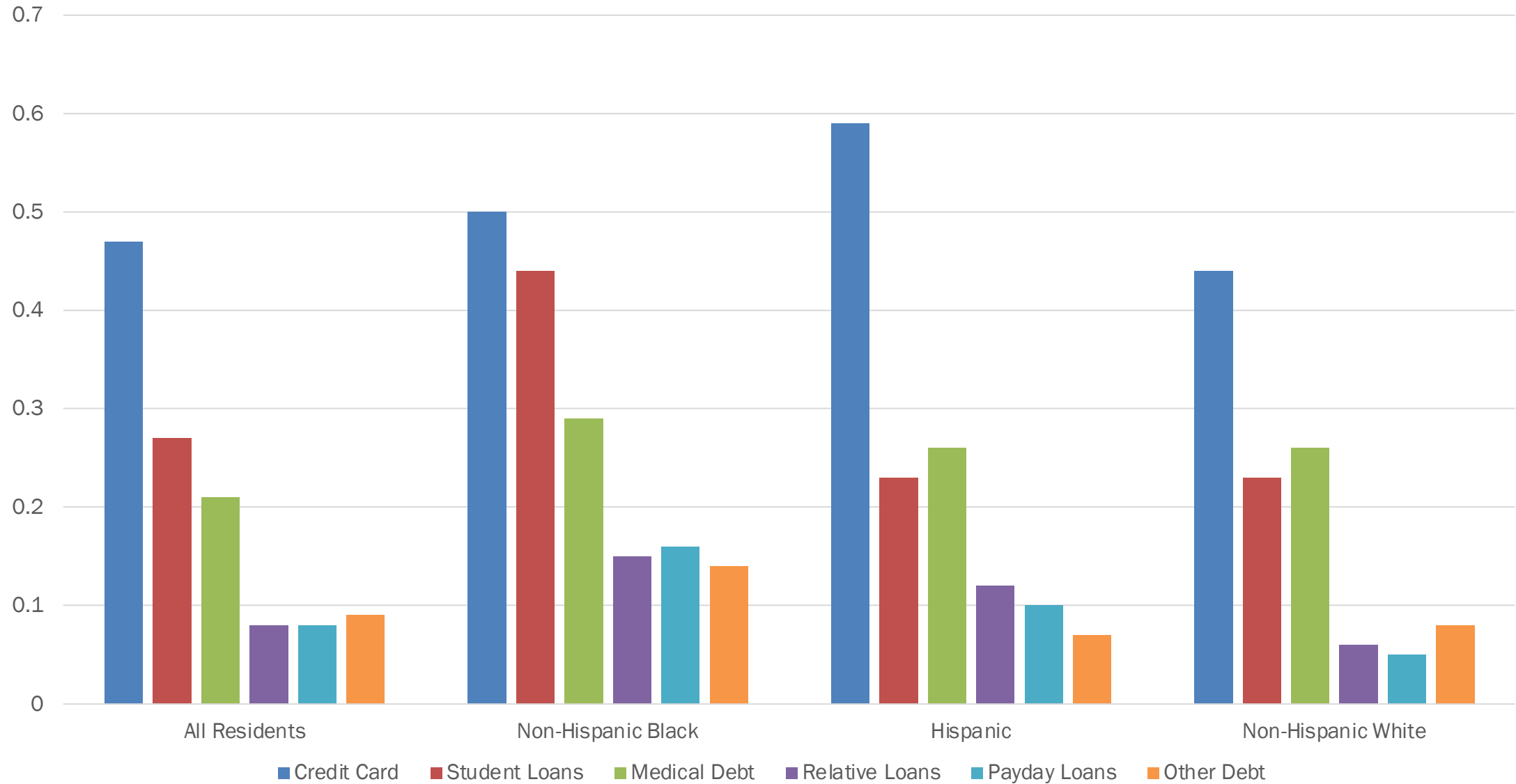


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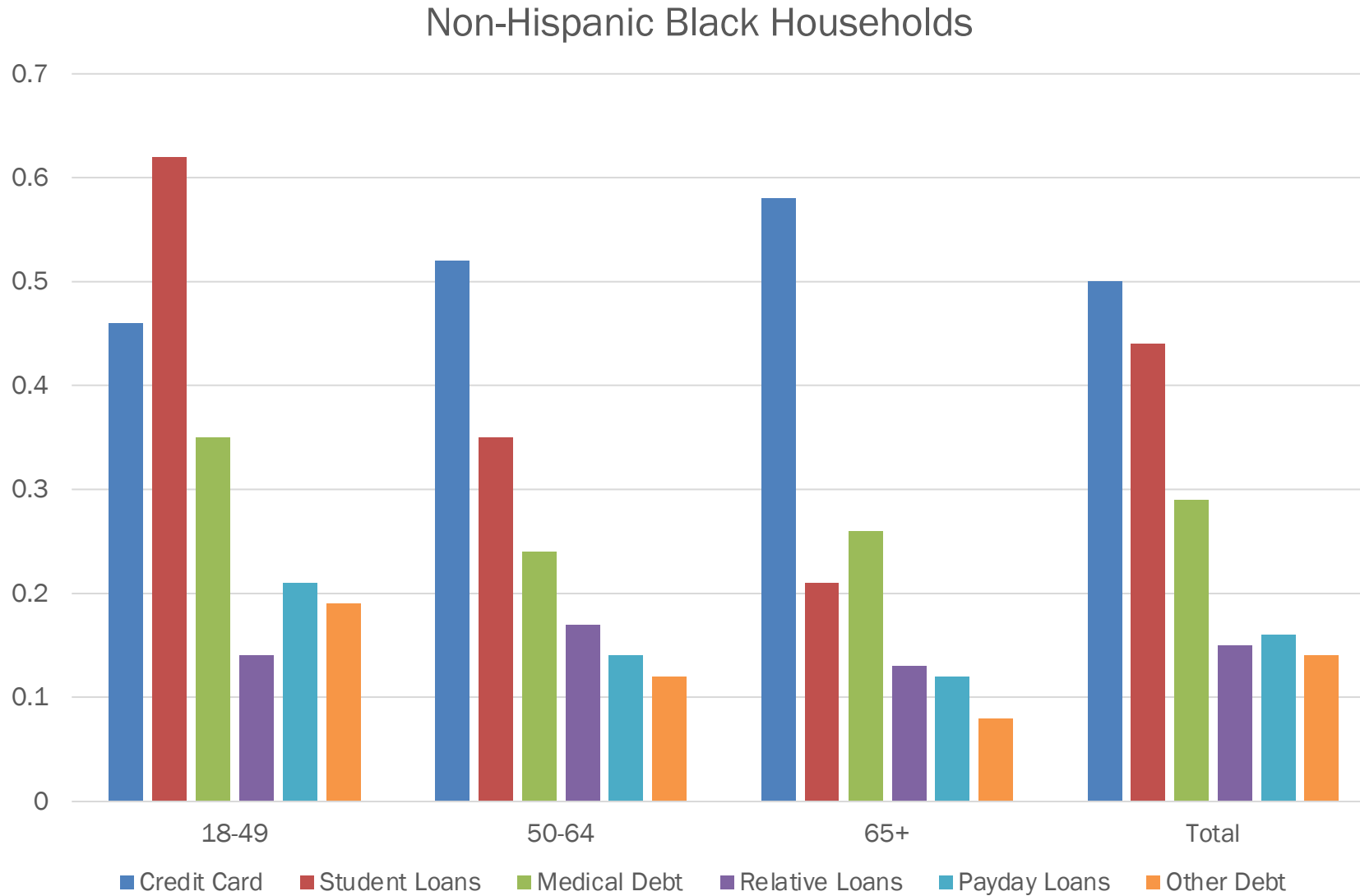


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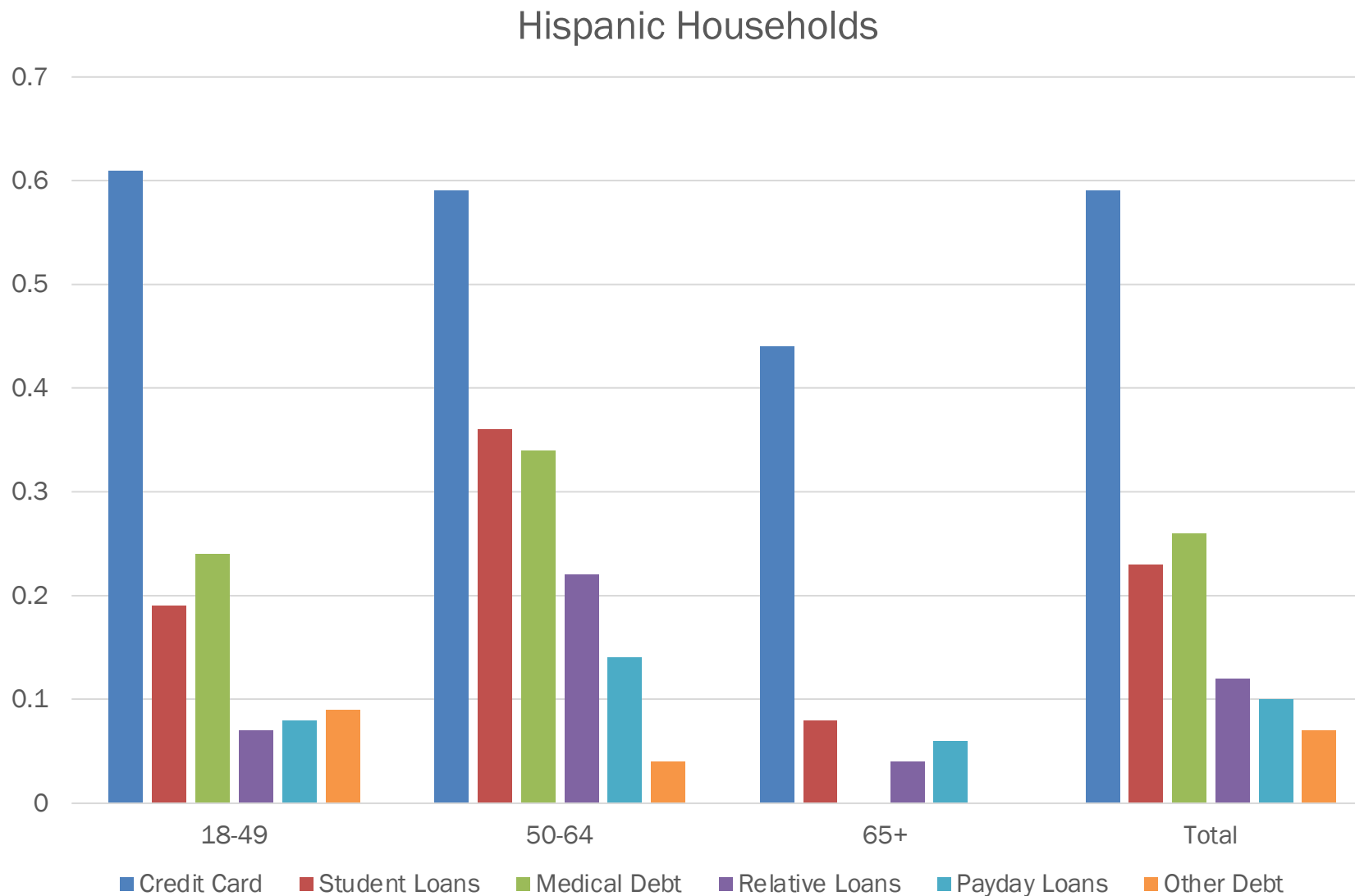
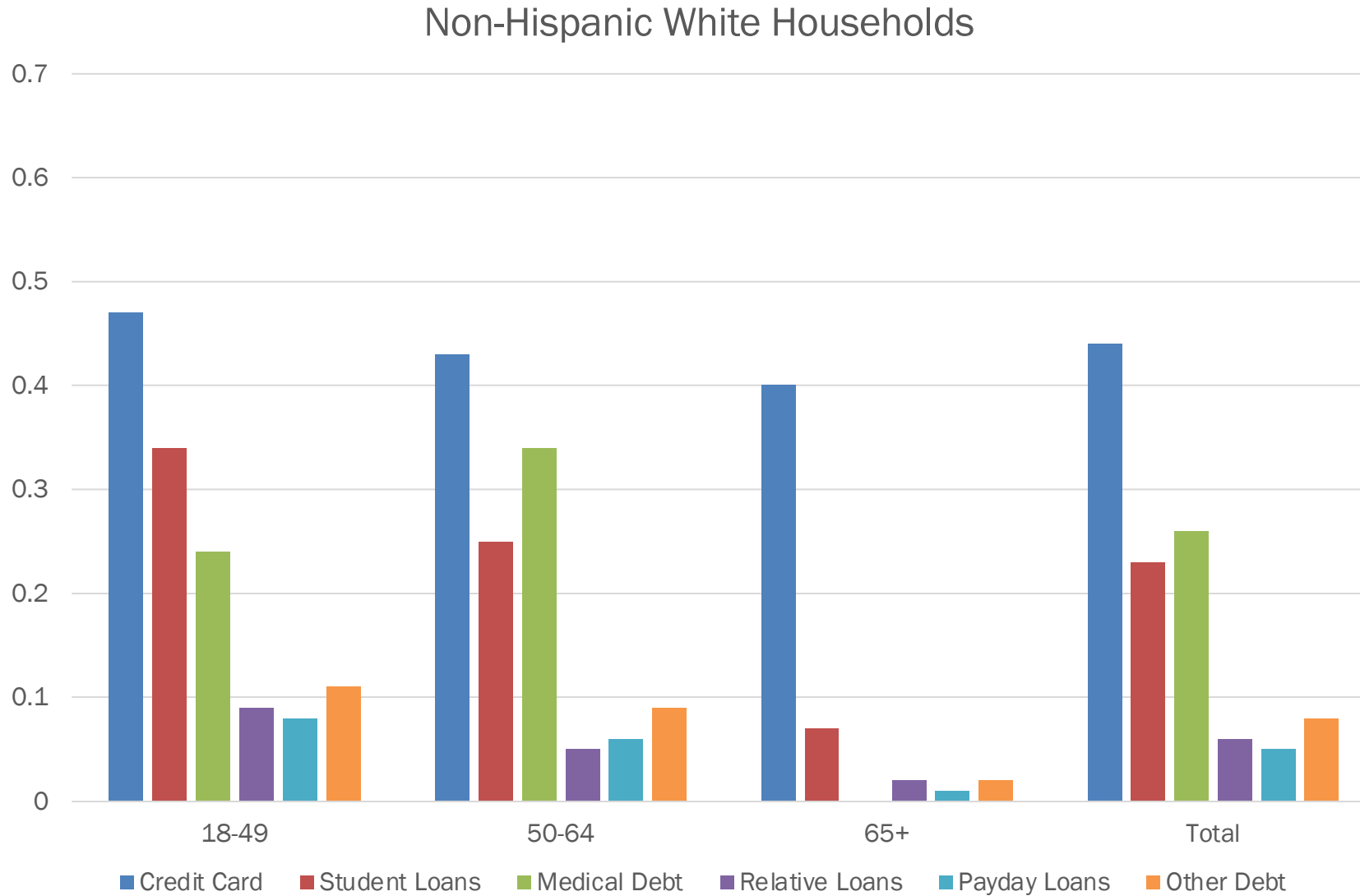


Table 5: Fraction of Chicago Residents Holding Specific Types of Debt by Race, Ethnicity and Age



Next Steps

- Explore additional ways to use the full richness of the data:
 - Refine income measures
 - Refine imputation methods
- Study role of household structure/family ties (e.g., transfers to and from family members)

**Racial Disparities in Older Adults' Economic Security When
Experiencing Chronic Health Conditions: Insights from Electronic
Health Records, Wage Earnings, and Credit Data**

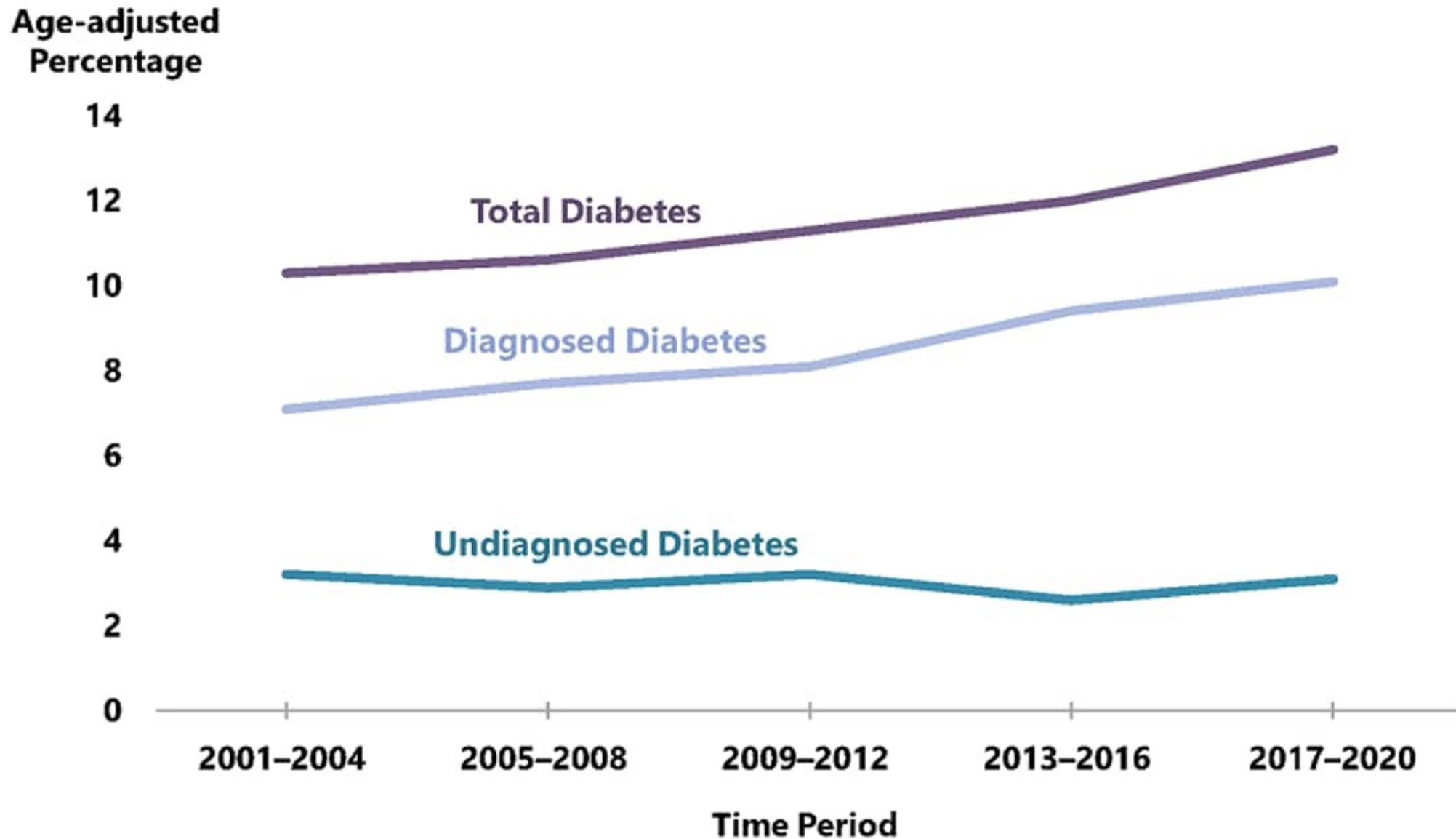
Presenter: Matthew Pesavento

Authors: Căzilia Loibl, Stephanie Moulton, Donald Haurin, Joshua Joseph, Madison Hyer,
Kendall Moody, Adam Perzynski, Douglas Einstadter, Stephania Miller-Hughes

26th Annual Meeting of the Retirement and Disability Research Consortium
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Washington D.C., USA

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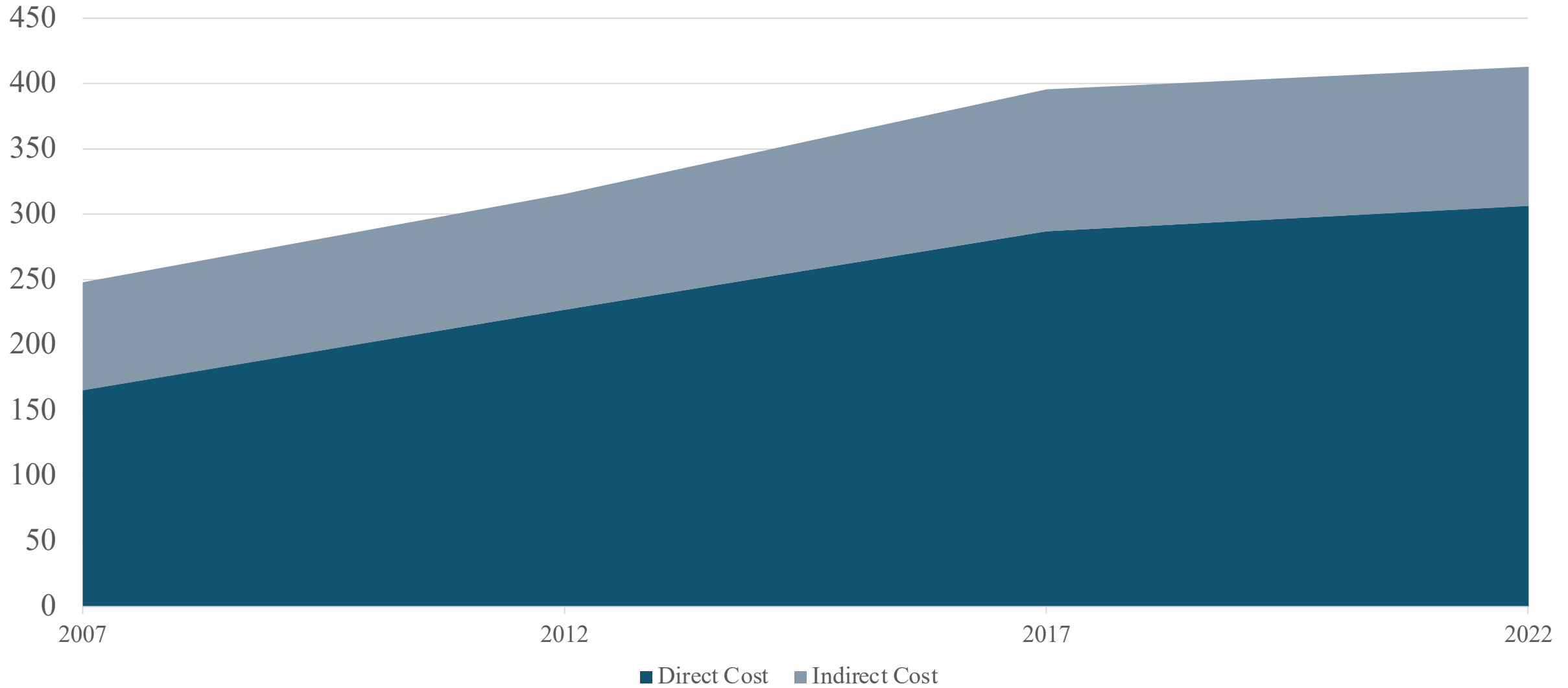
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Trends in age-adjusted prevalence of diagnosed diabetes, undiagnosed diabetes, and total diabetes among adults aged 18 years or older, United States, 2001–2020

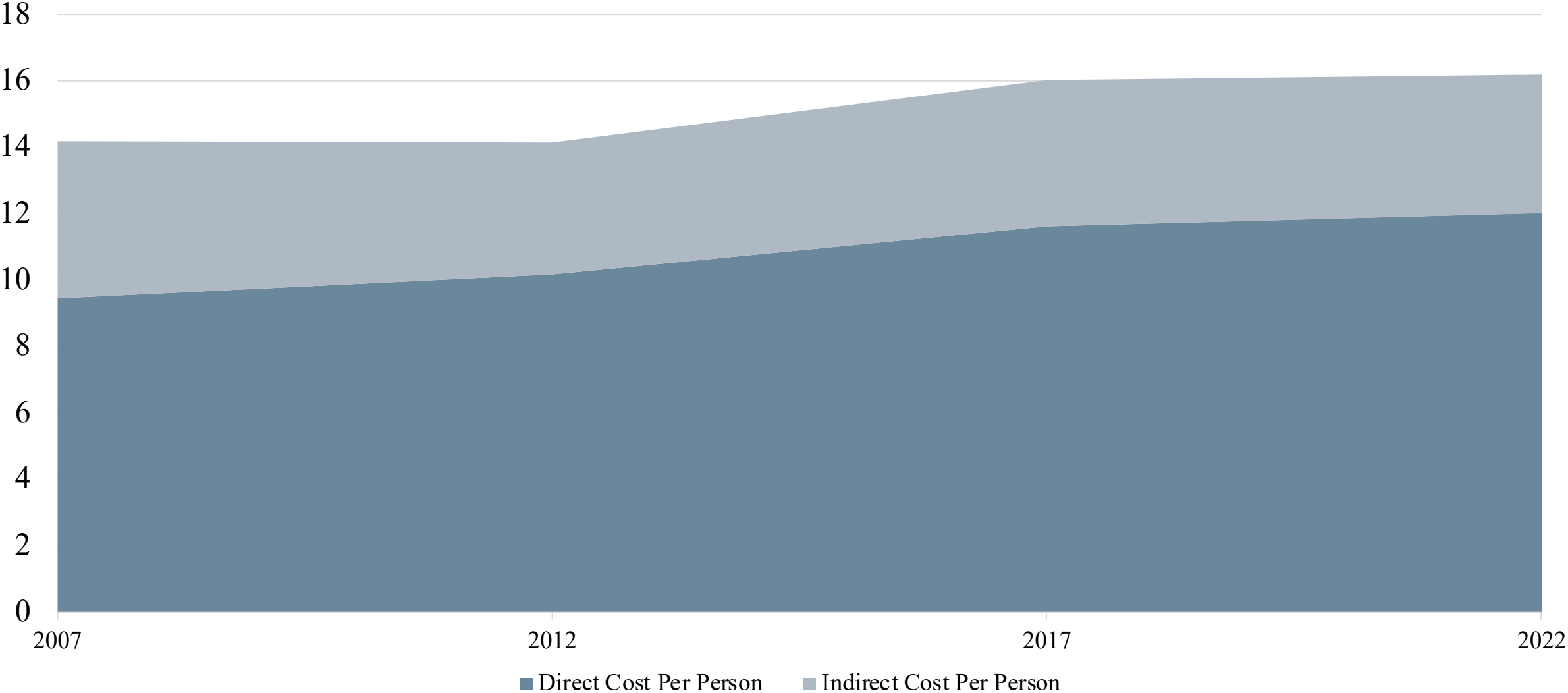
Source: CDC & National Health and Nutrition Examination Survey

Total Cost of Diabetes (in Billions of 2022 USD)



Source: Parker et al. (2024). Economic costs of diabetes in the US in 2022. *Diabetes Care*, 47(1), 26-43.

Cost per Capita of Diabetes (in Thousands of 2022 USD)



Source: Parker et al. (2024). Economic costs of diabetes in the US in 2022. *Diabetes Care*, 47(1), 26-43.

HEALTH NEWS

Nearly 1 in 5 U.S. adults with diabetes ration insulin to save money, study finds

Young adults and the uninsured – those who will be left out of the Inflation Reduction Act's monthly insulin cap – were the most likely to ration their medication.



New Harvard study in the “Annals of Internal Medicine” November 2022

Gaffney, A., D. U. Himmelstein, and S. Woolhandler. 2022. “Prevalence and Correlates of Patient Rationing of Insulin in the United States: A National Survey” Annals of Internal Medicine, 175(11): 1623-1626



16.5% of people who use insulin report rationing

Gaffney and his co-authors analyzed the US Centers for Disease Control and Prevention’s 2021 National Health Interview Survey, which included 982 people with diabetes who use insulin. They looked at how commonly these people rationed insulin because of how much it cost.

Research Question

How does access to financial resources associate with diabetes control and complications? To what extent do differences in financial resources associate with heterogeneity in diabetes control by race?

Aims of Study:

1. Construct a new panel data set that links individual level clinical diabetes patient data with consumer credit data and wage earnings.

2. Describe association of financial resources with diabetes control and complications.

1. Estimated at 40% of health outcomes is driven by non-medical factors.
2. Economic stability is a key factor in ensuring that diabetes can be managed appropriately.

3. Examine heterogeneity in the relationship between financial resources and diabetes control **by race, gender, and income groups.**

1. Past research shows Black patients more likely to report financial hardship from medical bills.
2. Black individuals have less access to credit, financial resources, wealth from assets compared to non-Hispanic White individuals.

Data:

3-part data collection process...

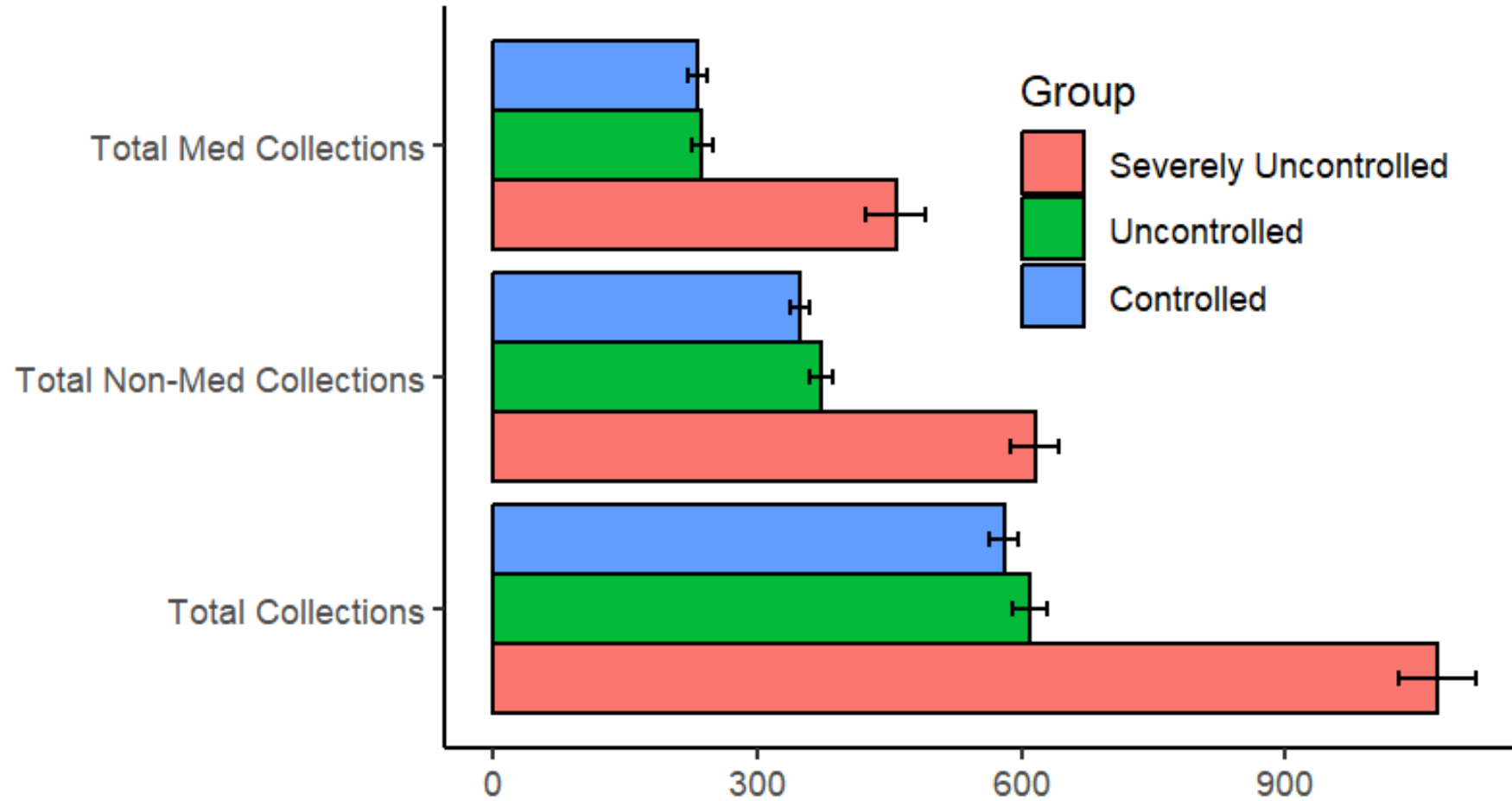
1. Construct a new panel of data that matches EHR from Ohio State University Wexner Medical Center (largely Columbus, Ohio) with **(a)** consumer credit data from Experian Credit Bureau and **(b)** with employment records and from Ohio Department of Job and Family Services.
2. Integrate additional patients from MetroHealth System in Cleveland, Ohio.
3. Record qualitative data from black Ohioans living with diabetes via interviews, allowing us to probe how different types of financial resources, and access to resources, may contribute to diabetes management.

Methods [Aim 2]:

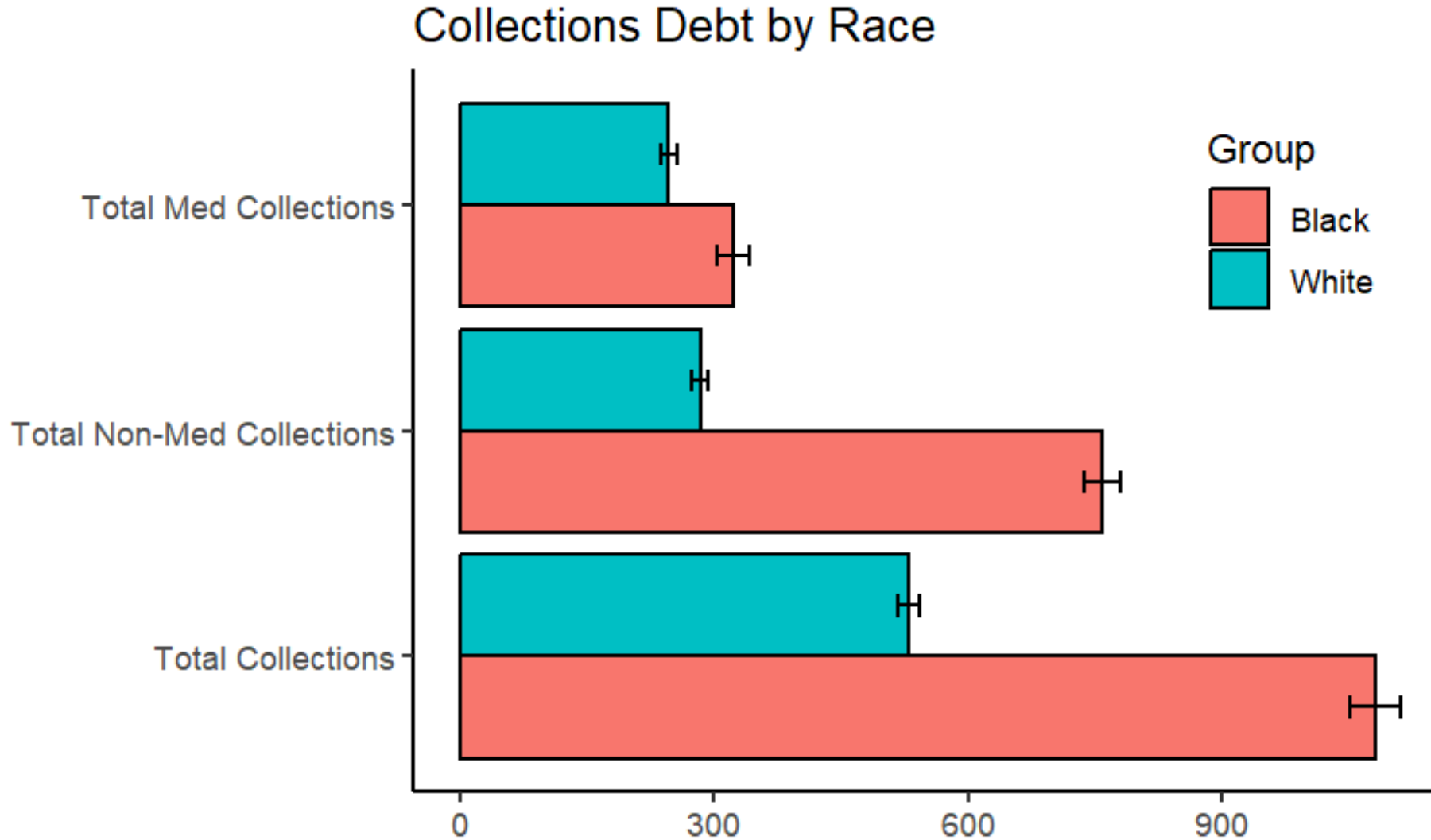
- Analytical sample (Q4 2017 – Q4 2021):
 - Adults aged 50+ from OSUWMC matched to Experian credit data (93%; N=133K)
 - Diabetes status is defined by ICD-10 code and/or diabetes medication from EHR
 - “Controlled” --- HbA1C measure < 7.0% (53% of sample)
 - “Uncontrolled” --- HbA1C measure [7.0% , 9.0%) (35% of sample)
 - “Severely Uncontrolled” --- HbA1C measure 9.0%+ (12% of sample)
- Empirical specification:
 - Multinomial logistic regression by diabetes status, conditional on baseline credit variables.
 - Baseline defined by first observed diabetes quarter on/after Q4 2017.
 - Focal variable right now is credit score. Future models will consider levels of and access to financial resources.

Financial Resources by Diabetes Control:

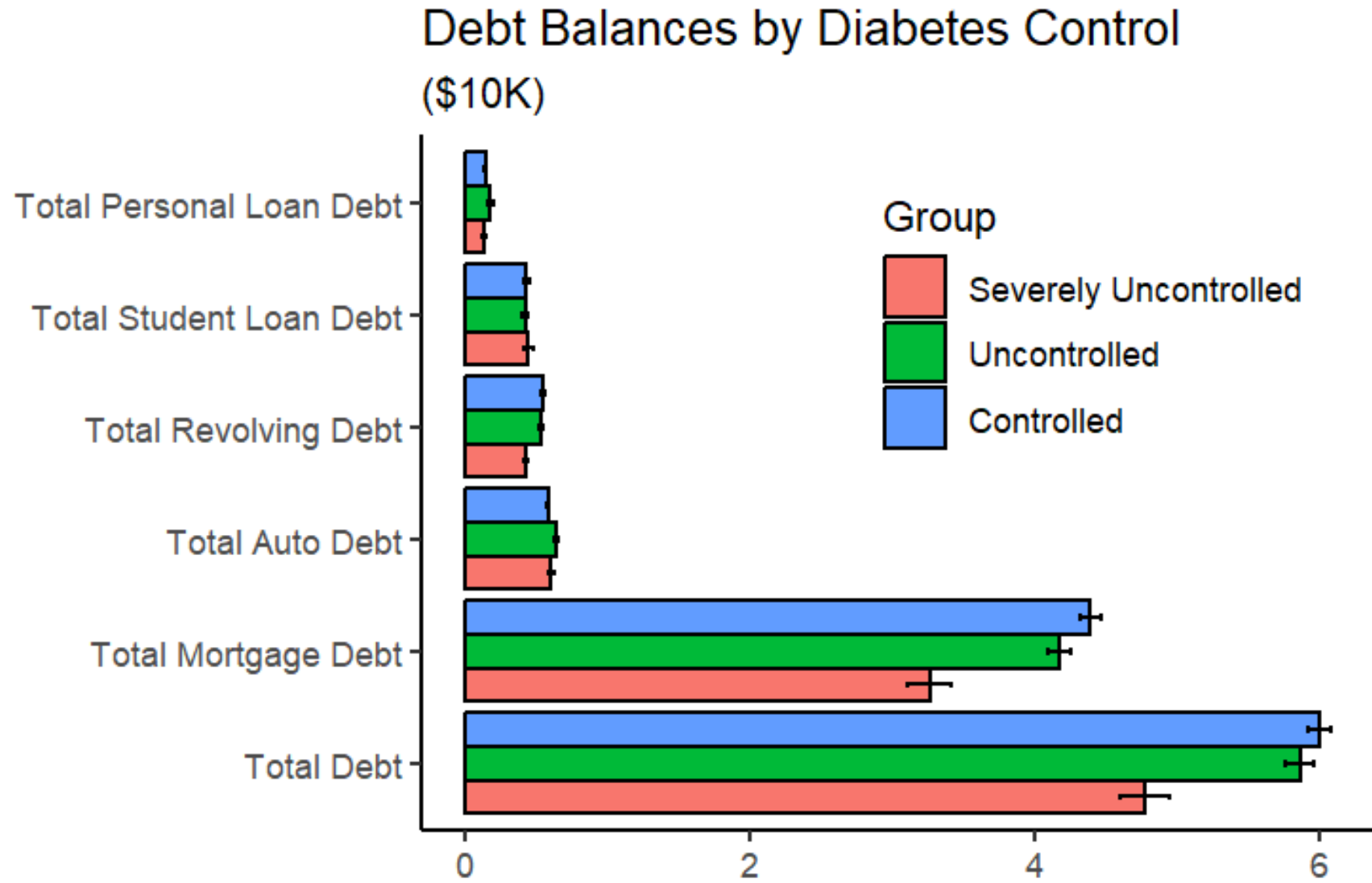
Collections Debt by Diabetes Control



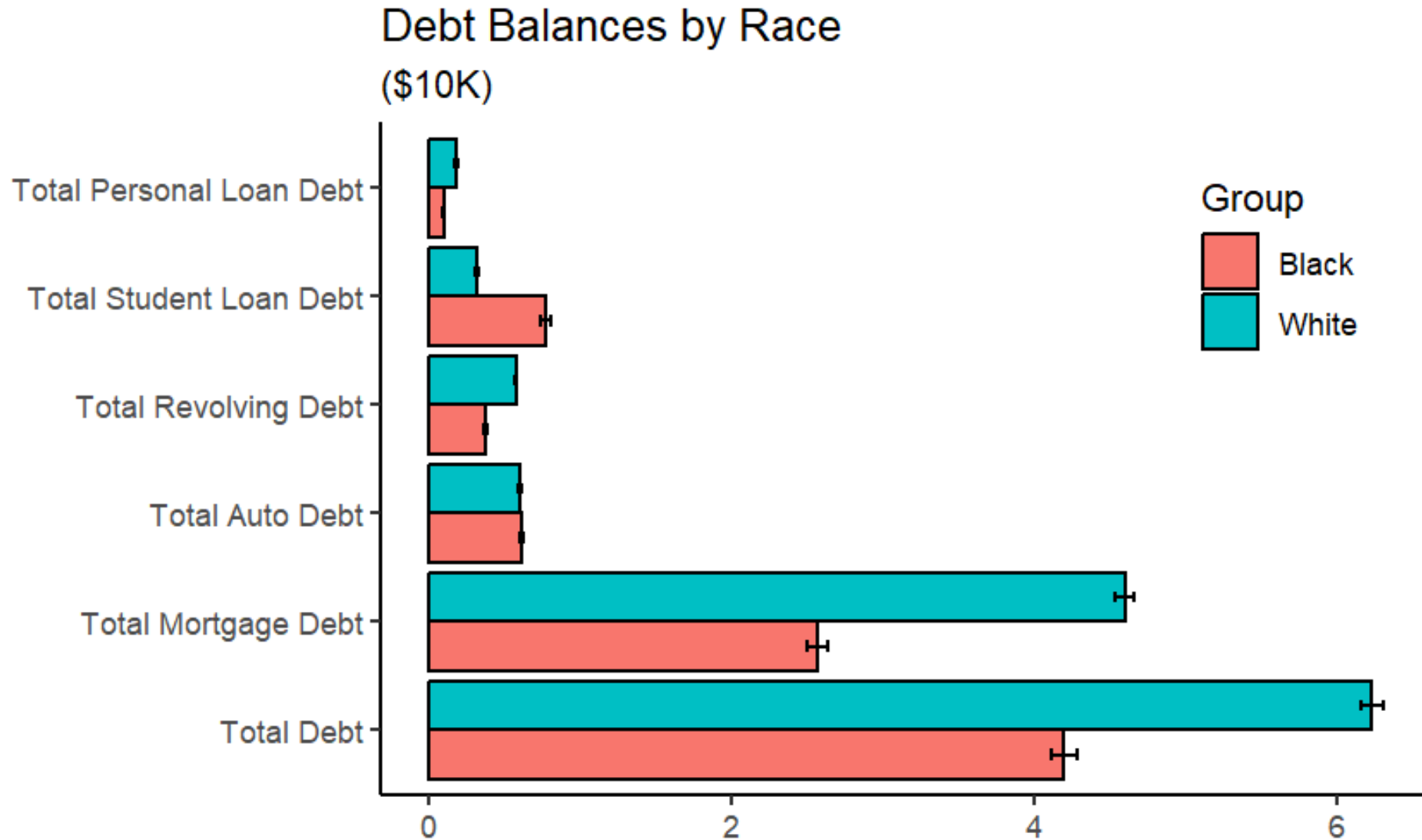
Financial Resources by Race:



Financial Resources by Diabetes Control:



Financial Resources by Race:



Next Steps:

1. Link MetroHealth medical system EHR.
 1. More than doubles patient pool, and include more diverse patient population (by race, income, and geographic distribution).
2. Link to Ohio Department of Job and Family Services for employment and unemployment claims data.
 1. This novel linkage will give tremendous insight into economic activity and additional sources of financial resources of diabetes patients.
3. Conduct empirical analysis, following Aims 2 and 3.
4. Use qualitative interviews with Black patients to better understand mechanisms whereby financial resources (access to, or lack of access to) may affect a patient's ability to manage disease.

Conclusion

- Disparities in baseline financial resources between groups of diabetes control is mirrored by the disparities that are observed by race.
- Next steps seek to understand how levels of (and changes in) financial resources associate with diabetes control; and the extent to which race is a significant moderator in this relationship.
 - Qualitative work will help inform mechanisms and channels.

August 8, 2024

Why Does Old-Age Poverty Persist?

Barbara A. Butrica, Richard W. Johnson, and Christopher R. Tamborini
Urban Institute Urban Institute Social Security Administration

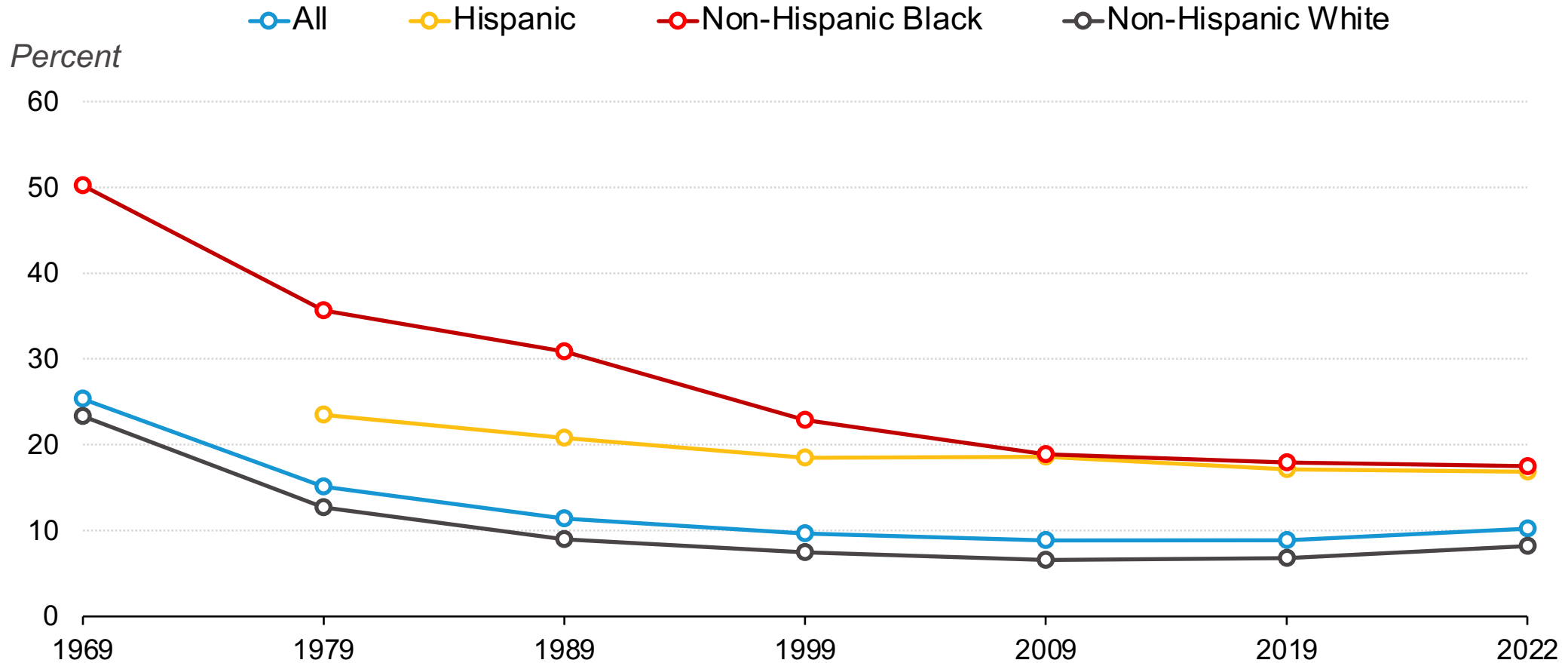


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Old-age poverty rates have fallen sharply since 1969

Poverty rates for adults 65 and older, 1969 to 2022 (%)

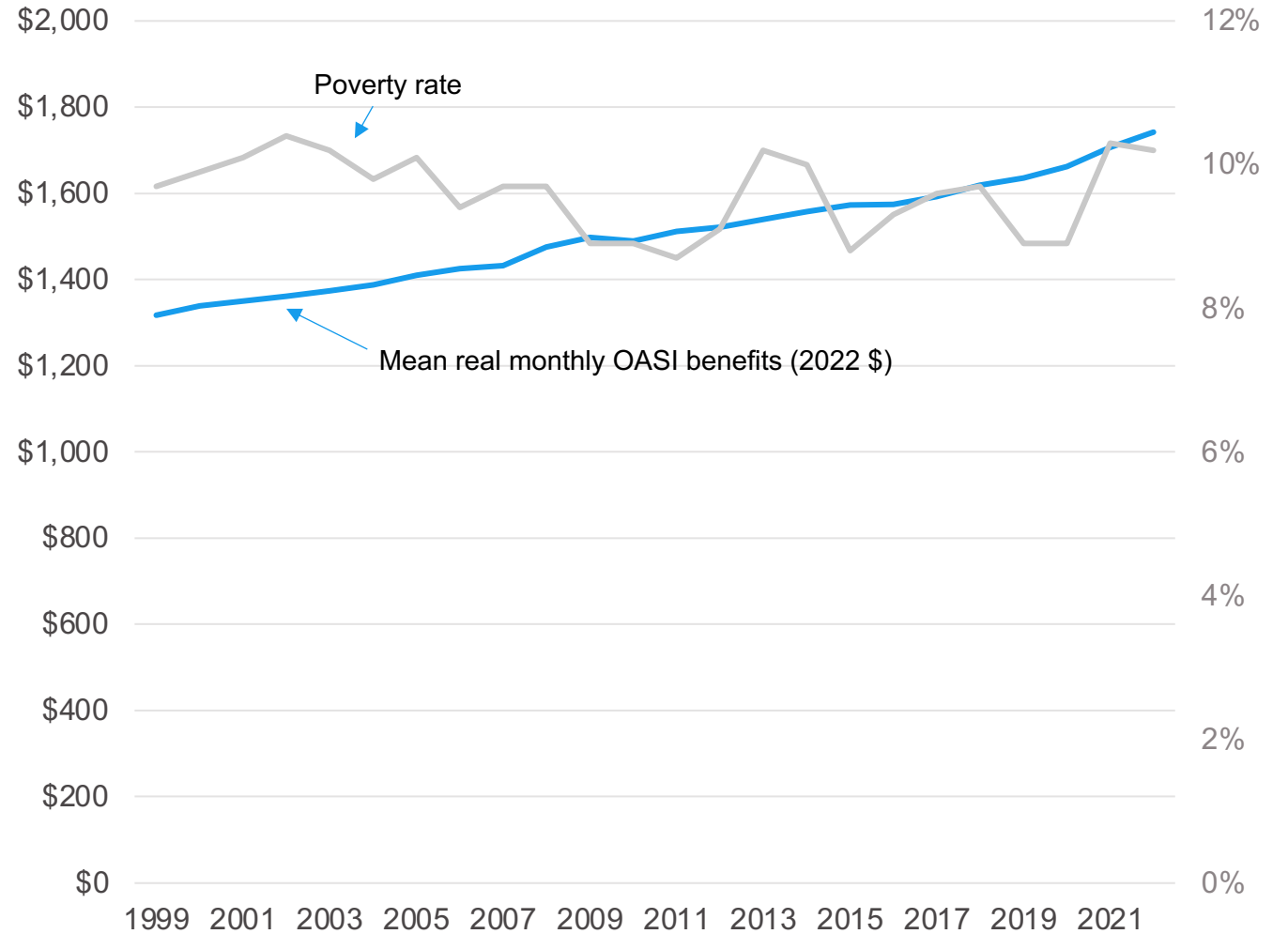


Source: Authors' estimates from the Current Population Survey, Annual Social and Economic Supplement

But the decline in old-age poverty rates stopped by about 2000

- Even though mean OASI benefits increased 32% in constant dollars between 1999 and 2022

Mean real monthly OASI benefits and poverty rates for adults ages 65+, 1999-2022

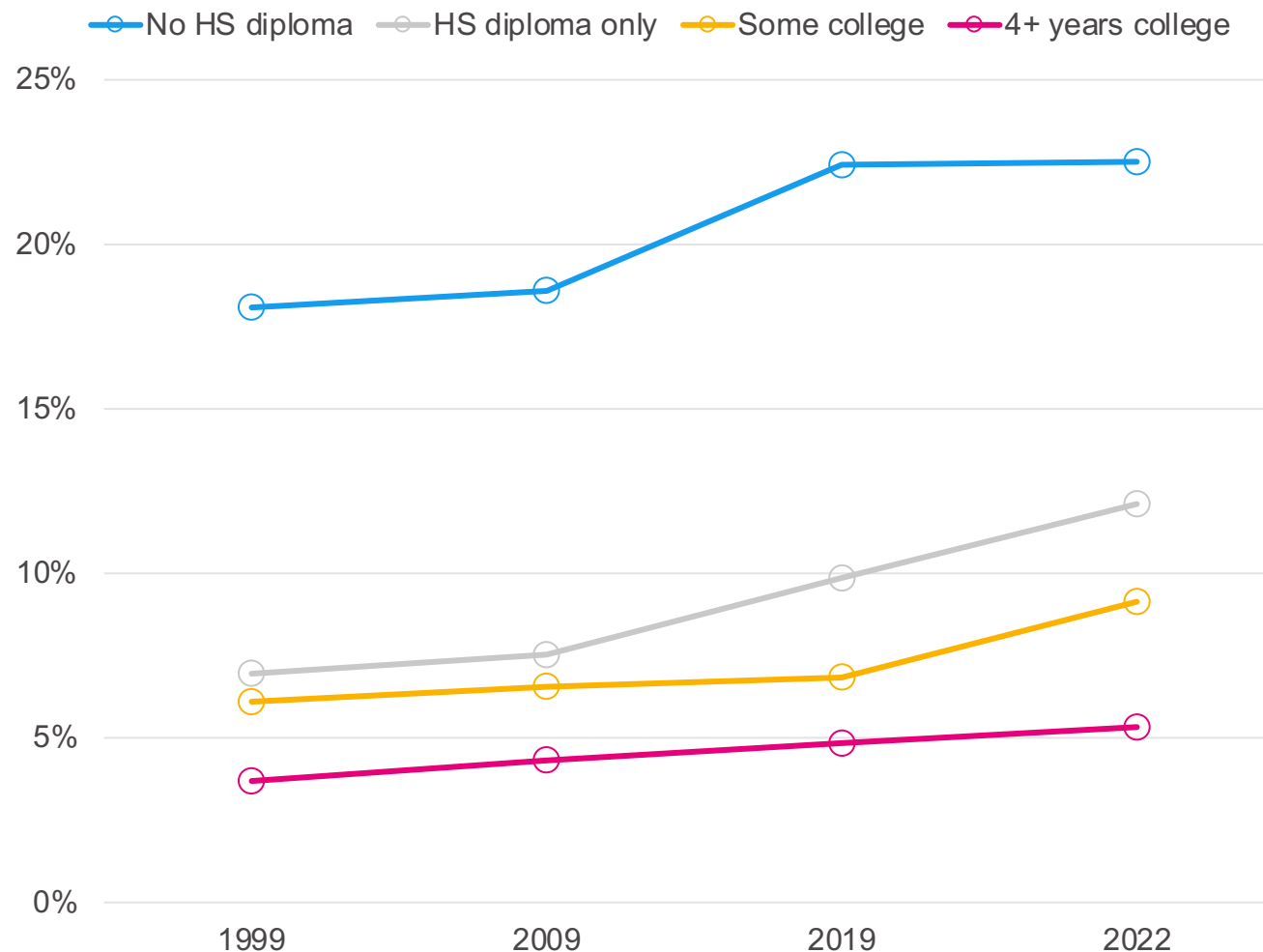


Source: SSA and US Census Bureau.

Between 1999 and 2022, old-age poverty rates increased across all educational groups

- Educational attainment increased sharply for the 65+ population
- Share with a bachelor's degree increased from 16% to 33%
- Share without a high school diploma fell from 31% to 10%

Poverty rates by education, adults ages 65+, 1999-2022

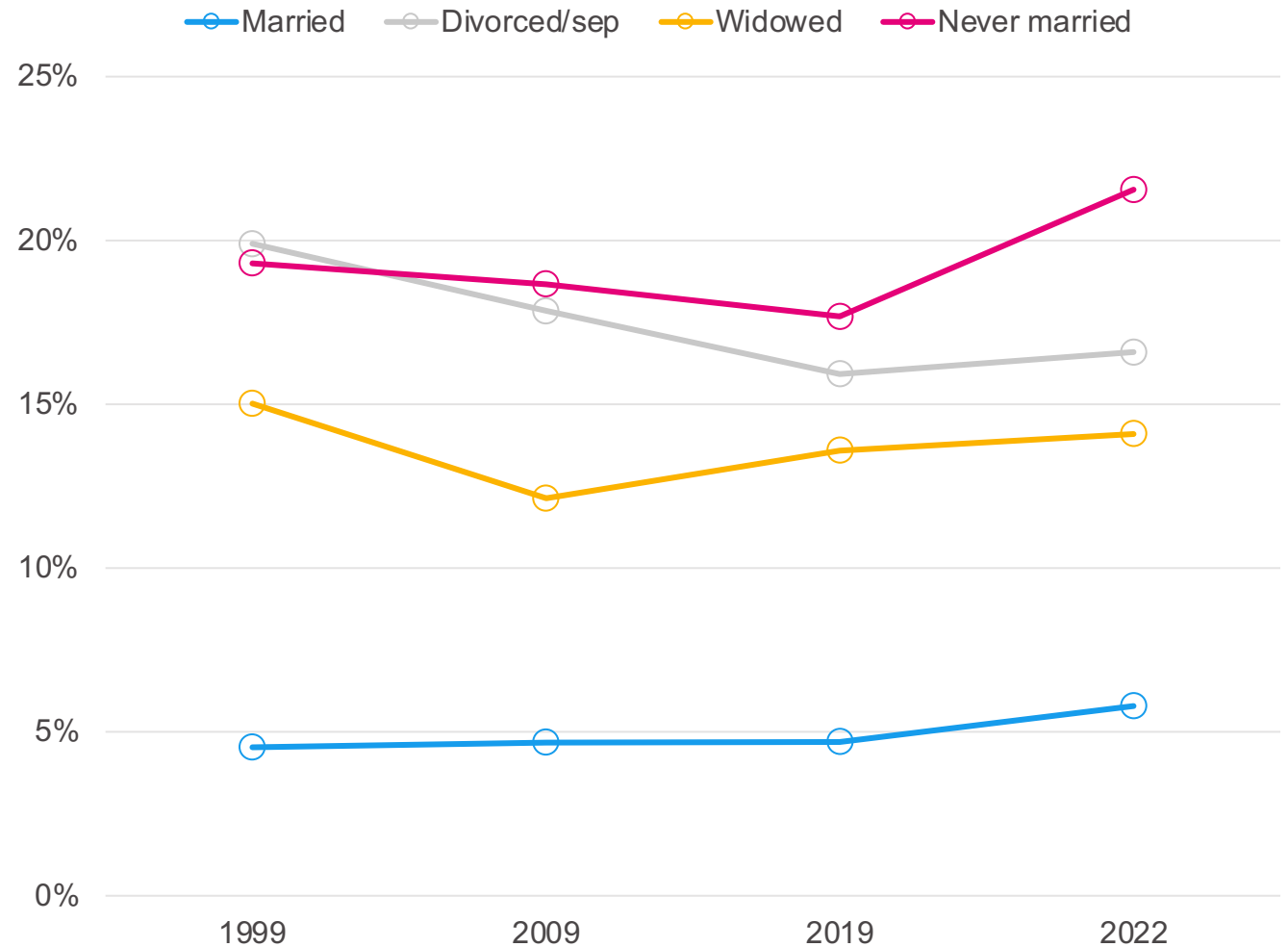


Source: Authors' estimates from the CPS ASEC.

Between 1999 and 2022, old-age poverty rates fell for divorced or separated adults and increased for never married adults

- Over the period, the share divorced/separated increased from 8% to 15%
- Share never married increased from 4% to 7%
- Share widowed fell from 32% to 21%

Poverty rates by marital status, adults ages 65+, 1999-2022



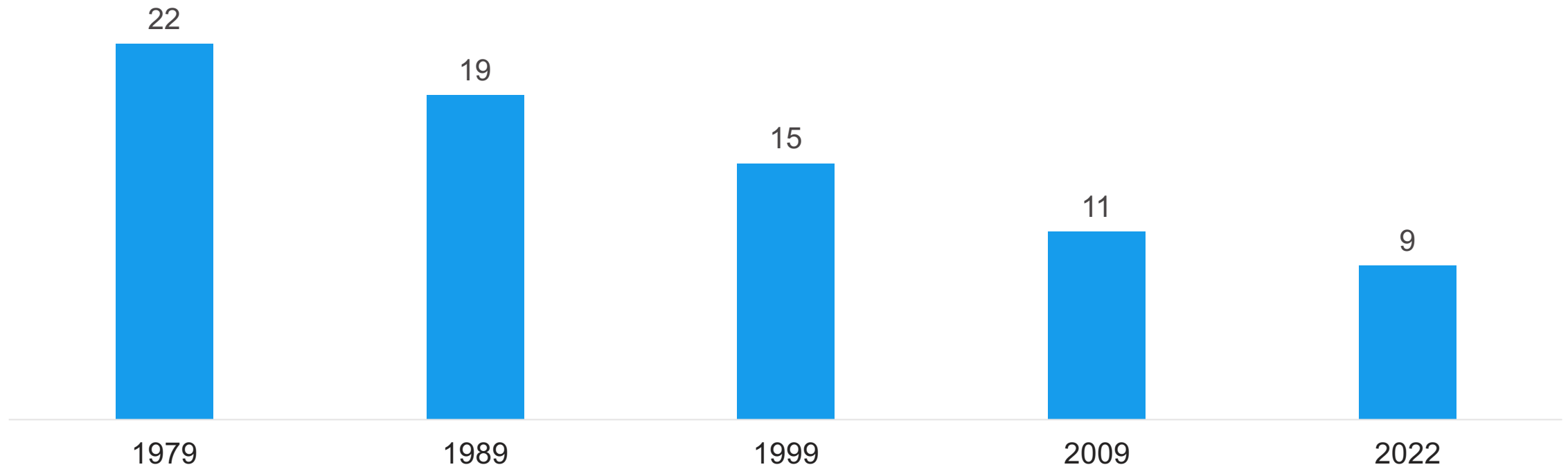
Source: Authors' estimates from the CPS ASEC.

Research Question: Why Has Old-Age Poverty Persisted?

- Focus on understanding the prevalence of sub-poverty-level Social Security benefits
- What are the drivers?
 - A lifetime of low-wage work?
 - Short careers?
 - Early benefit take-up?

What is the role of declining SSI receipt?

*Receipt of SSI,
adults ages 65+ with income below 125% of the federal poverty level (%)*



Source: Authors' estimates from the Current Population Survey, Annual Social and Economic Supplement

Data

- Administrative earnings and benefit records matched to the CPS Annual Social and Economic Supplement
- Earnings have been matched to the 1994 to 2021 CPS interviews
- Summary Earnings Records run from 1951 to 2021
- We are assembling a database of adults born between 1931 and 1951
 - Track lifetime earnings from ages 20 to 70
 - Track timing of Social Security claiming through age 70

Methods

- Show how receipt of limited OASI benefits varies by work years, claiming age, immigrant status
- Estimate probit models of the probability that older adults experience poverty, as a function of:
 - Years of covered employment
 - AIME when employed
 - Benefit claiming age
 - Receipt of auxiliary benefits and DI benefits
 - Immigrant status
 - Demographics