



# The Effect of Health Insurance Coverage Expansion on Workers' Comp Claims

Philip Armour

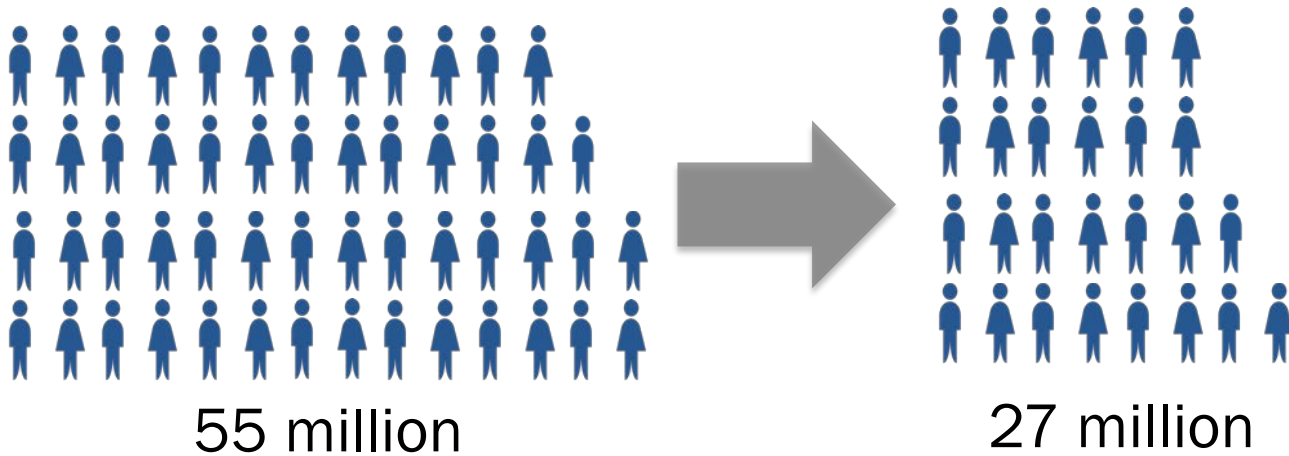
Prodyumna Goutam

Paul Heaton



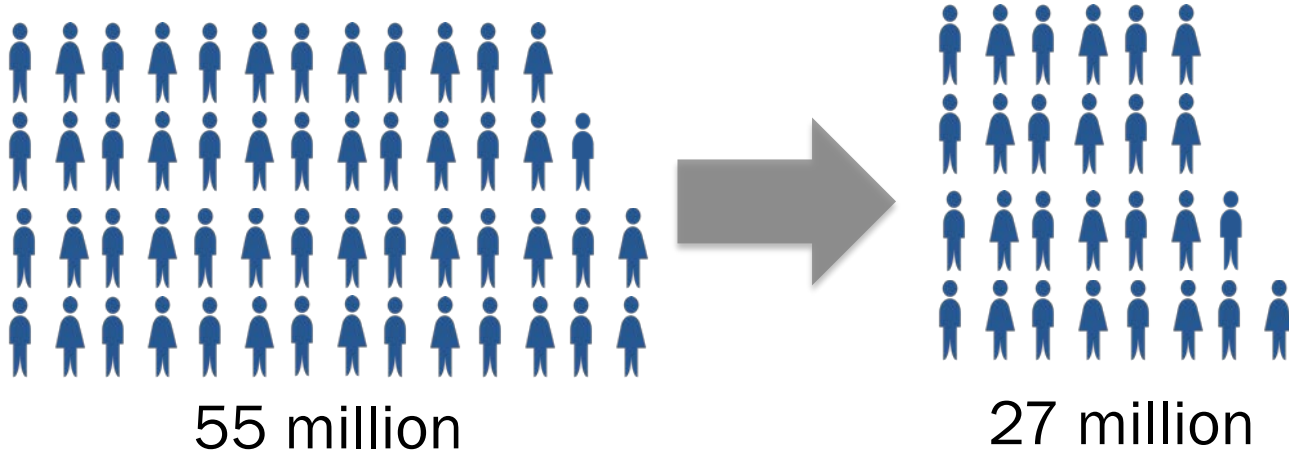
Institute for Civil Justice

# The Affordable Care Act has halved the number of uninsured

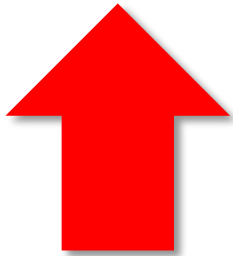


# The question

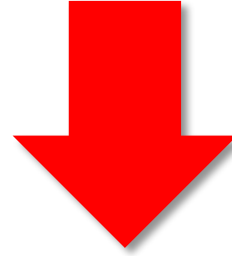
What will happen to workers' compensation?



# Our answer



Rise in insurance coverage



Decline in ER workers' comp

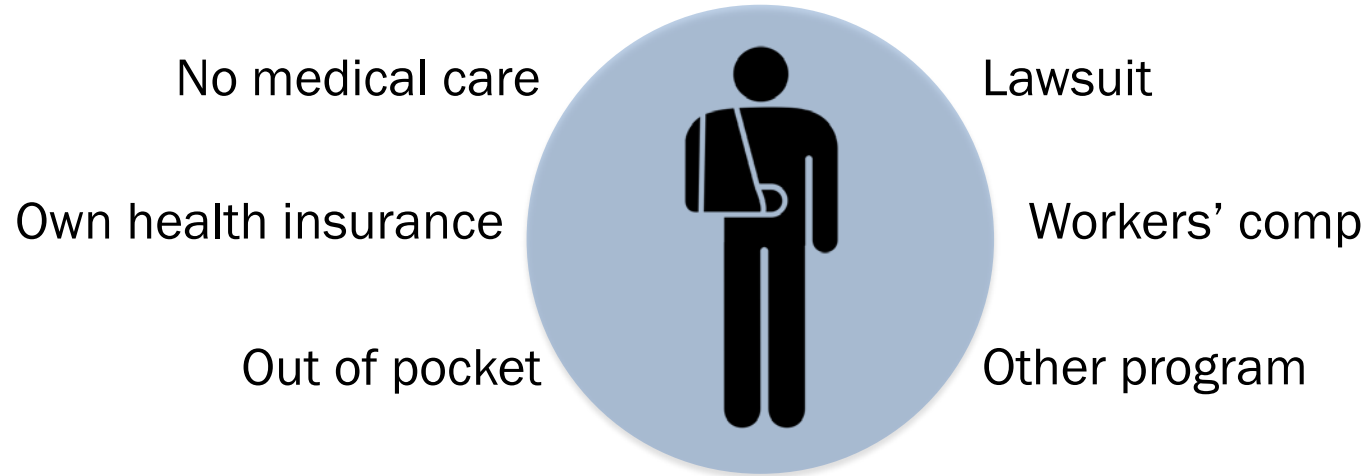
We examined claims by:

- Charge size: expensive WC visits fall most
- Type of injury: strains/sprains most affected

# Potential implications

- Less fraud
- Lower workers' compensation premiums
- Variation by industry, state

# Choices for injured workers



- Each choice has costs and implications
- Incentives for workers change with new coverage

# Provider incentives

- Hospitals/doctors can get reimbursed differently depending on payer
- States' WC systems have different levels of generosity through reimbursement rates
- More generous WC may lead to less shifting

# Which Mechanism?

- Can't untangle the mechanisms driving our results
- Could be decreases in fraud, or decreases in complex or marginal cases
- Appears to be driven by both providers and patients



# A difficult question

- But first, how to even estimate the effect of health insurance coverage on WC claiming?
- People with and without health insurance differ
  - For example, employees at firms that provide health insurance are *more likely* to claim WC

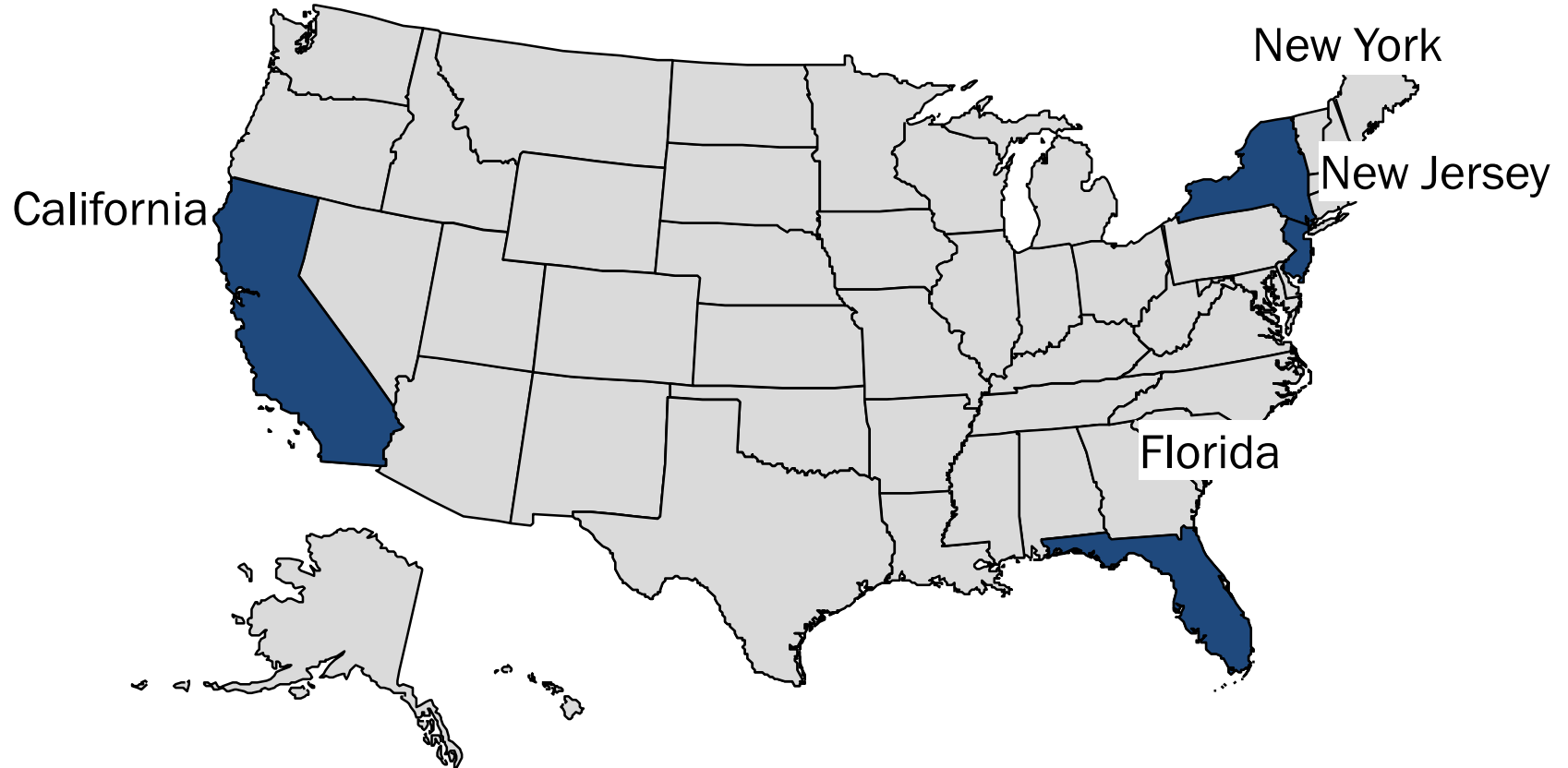
# Our Approach

- ACA expanded coverage for young adults in 2010
- We compare emergency room (ER) billings to workers' compensation for 23- to 28-year-olds
- Caveat: ACA's broader impacts on the health insurance/provision landscape will lead to different insurer-provider interactions, but our affected population here is small

# Why focus on ER?

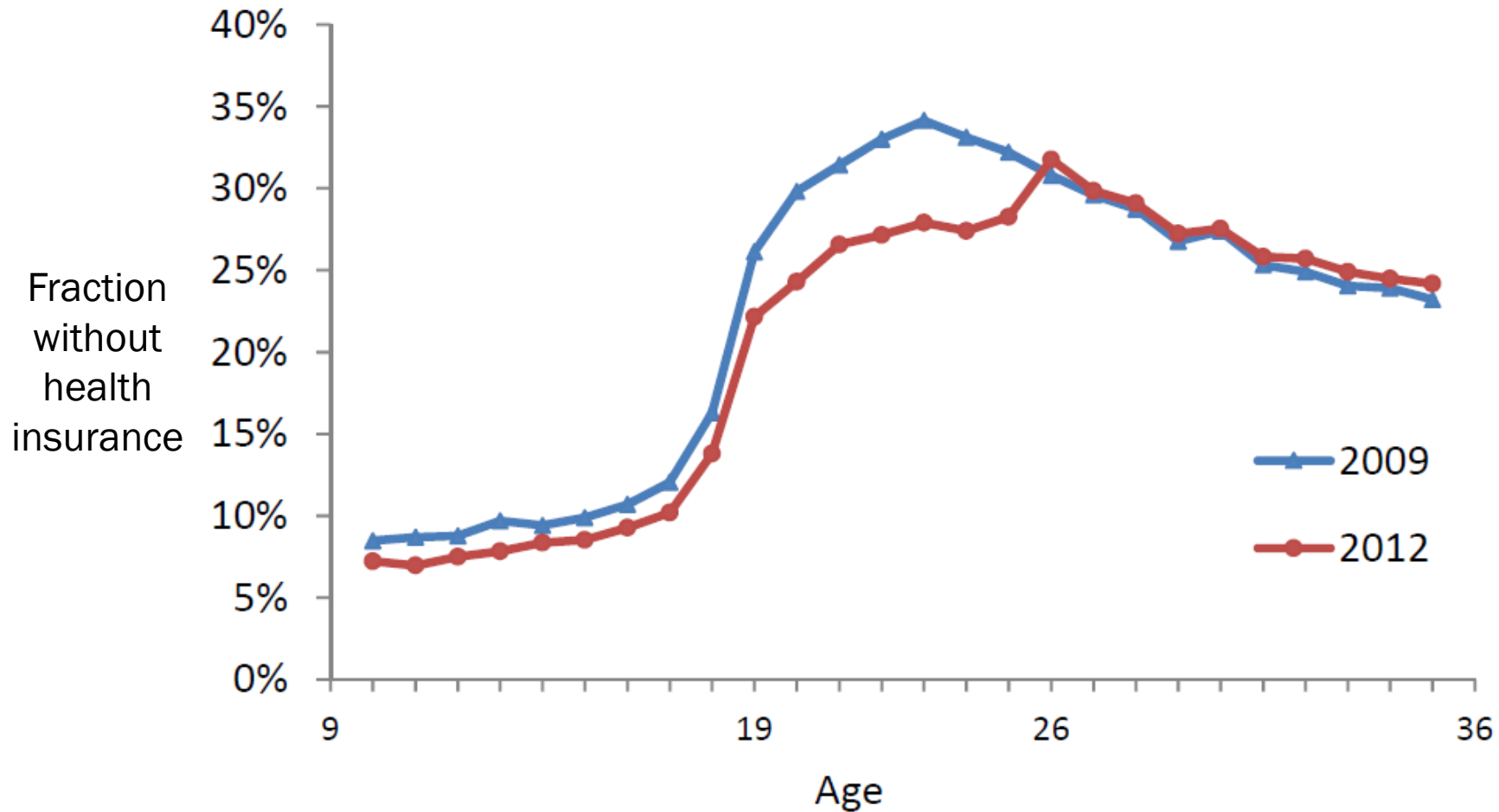
- Data show entire mix of health coverage billing
- Most WC claims include hospital care
- Effects on ER visits are likely strongest margin and “cleanest” estimate

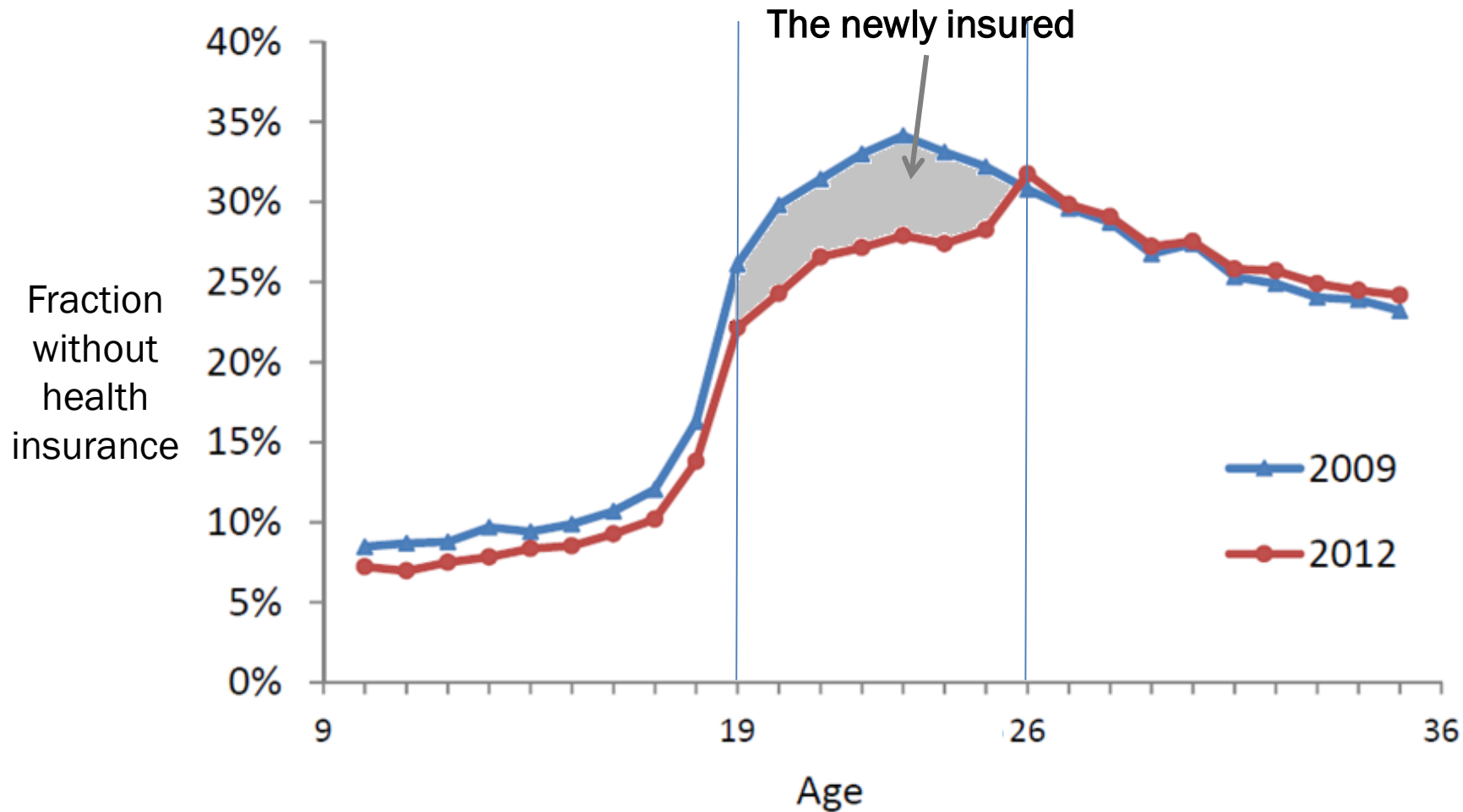
# Our focus is ER visits in four states

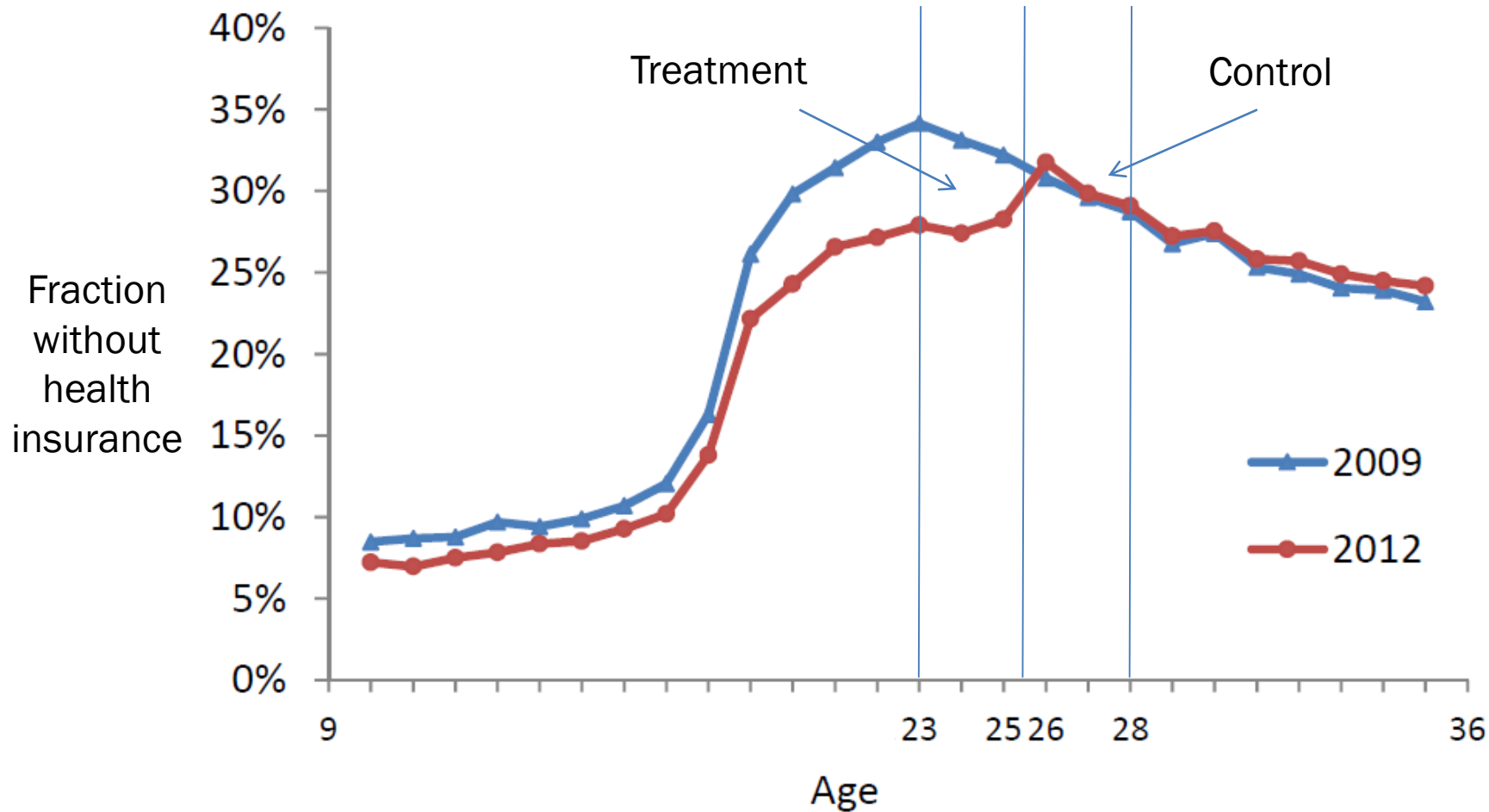


# Our data

- **18 million** ER visits of 23-28 year-olds, 2007 to 2012
- Treatment group:
  - Under 26 in 2011/2012
- Control group:
  - 26 and over in 2011/2012
  - 23-28 before 2011









Likelihood of Being Uninsured, Young Adults Age 23-28, by State and Post-Dependent Coverage Expansion, from American Community Survey

	Likelihood Uninsured			
	CA	FL	NJ	NY
Under 26, After 2011	-0.0628*** (0.000478)	-0.0104*** (0.000750)	-0.0604*** (0.00103)	-0.0632*** (0.000623)
Uninsured Pre-2011	0.328	0.376	0.257	0.236
Implied % Change	-18.9%	-2.8%	-23.5%	-26.8%
Frequency-Weighted Observations	16,396,960	7,106,620	3,246,521	8,191,548
R-squared	0.002	0.002	0.003	0.003

# Are People Changing *Whether* They Visit an ER?

- If so, we'll need to account for it, but we can observe any gross changes in ER visits
- In our data: no
- Short time horizon, mid-20s individuals
- Vast majority of visits for this group are “non-discretionary”; limiting analysis to just this group doesn't change anything

# Context for our findings

- **2-3%** of ER visits are billed to WC
- WC visits are less expensive, mostly male, and weekday
- Florida had a strong existing dependent coverage law
- NJ and NY have much more generous ER reimbursements for WC

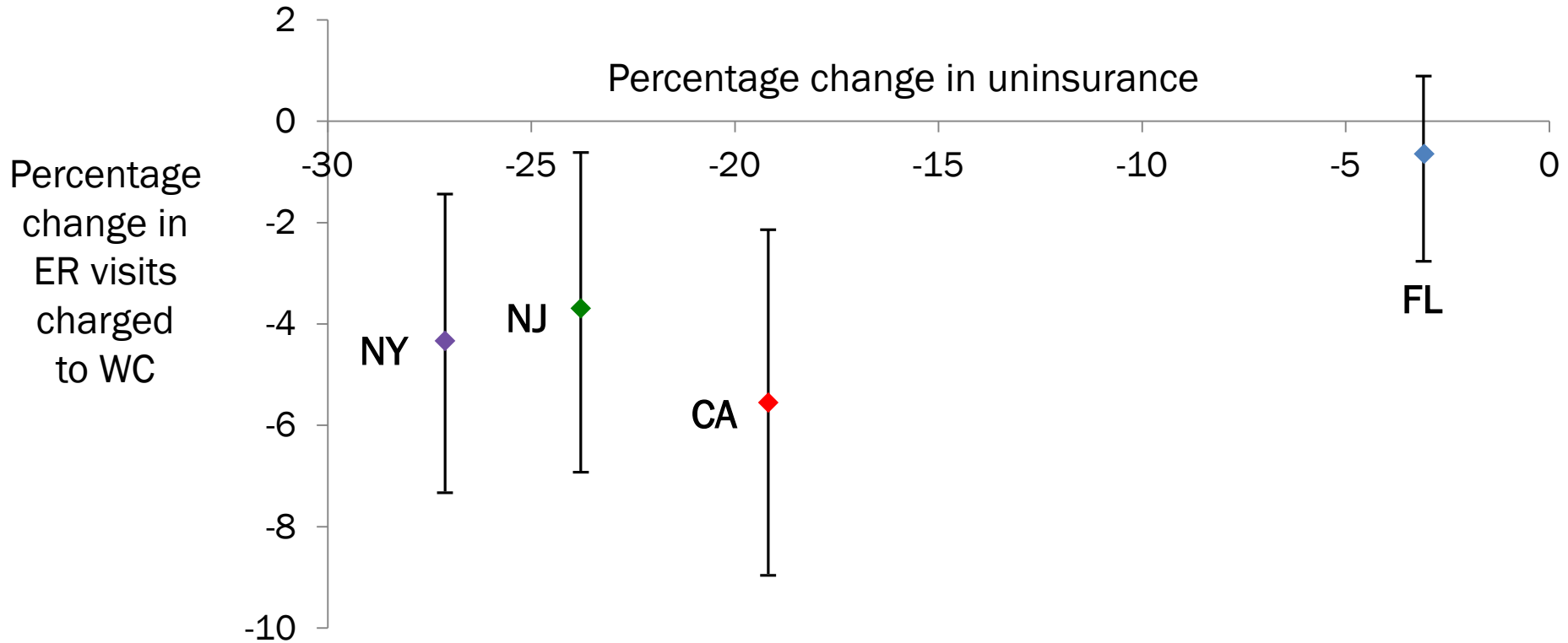
## Workers' Compensation Fee Schedule Premium (Percentage Greater Than Medicare Fee Schedule)

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	December, 2009		July, 2011	
	Overall	ER Services	Overall	ER Services
California	15%	26%	-1%	24%
Florida	9%	4%	2%	3%
New Jersey	n/a	n/a	n/a	n/a
New York	24%	46%	15%	86%

Source: Workers Compensation Research Institute

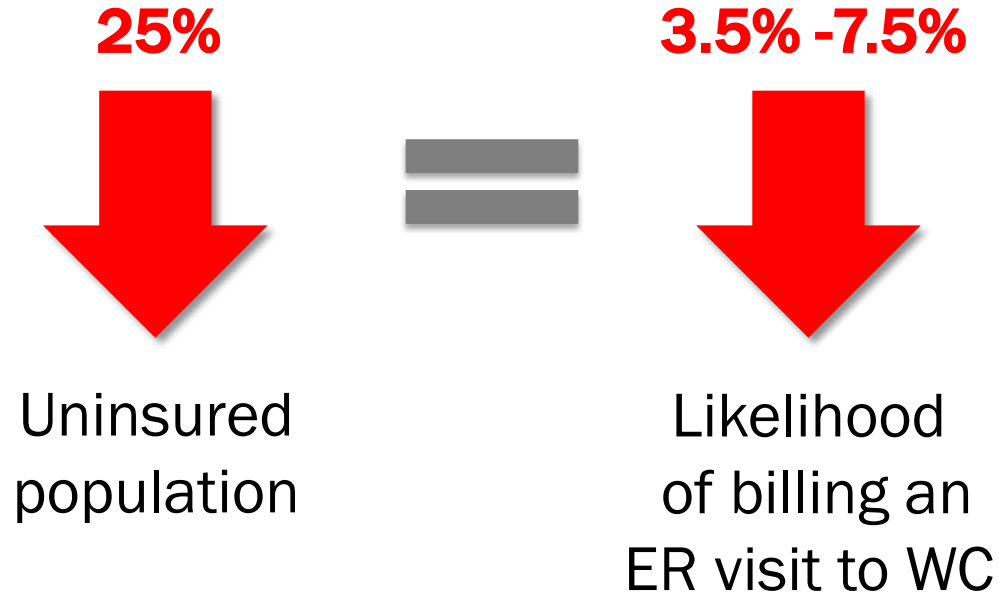
# Fewer uninsured, fewer WC charges



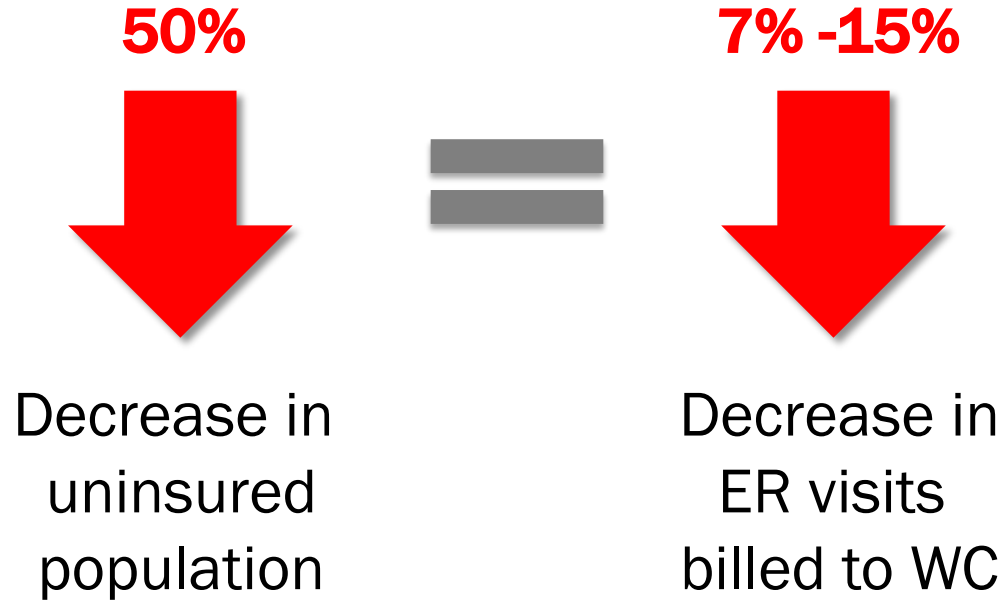
# Highly Robust Findings

- These results control for demographics, age- and year-fixed-effects, hospital fixed effects, diagnostic fixed effects, time of day, day of week, and month of year
- Results start only in first year of policy (not before!)
- Robust to sample definition, placebo tests, and changing controls

# Overall results



# ACA projection





# Type of injury may matter

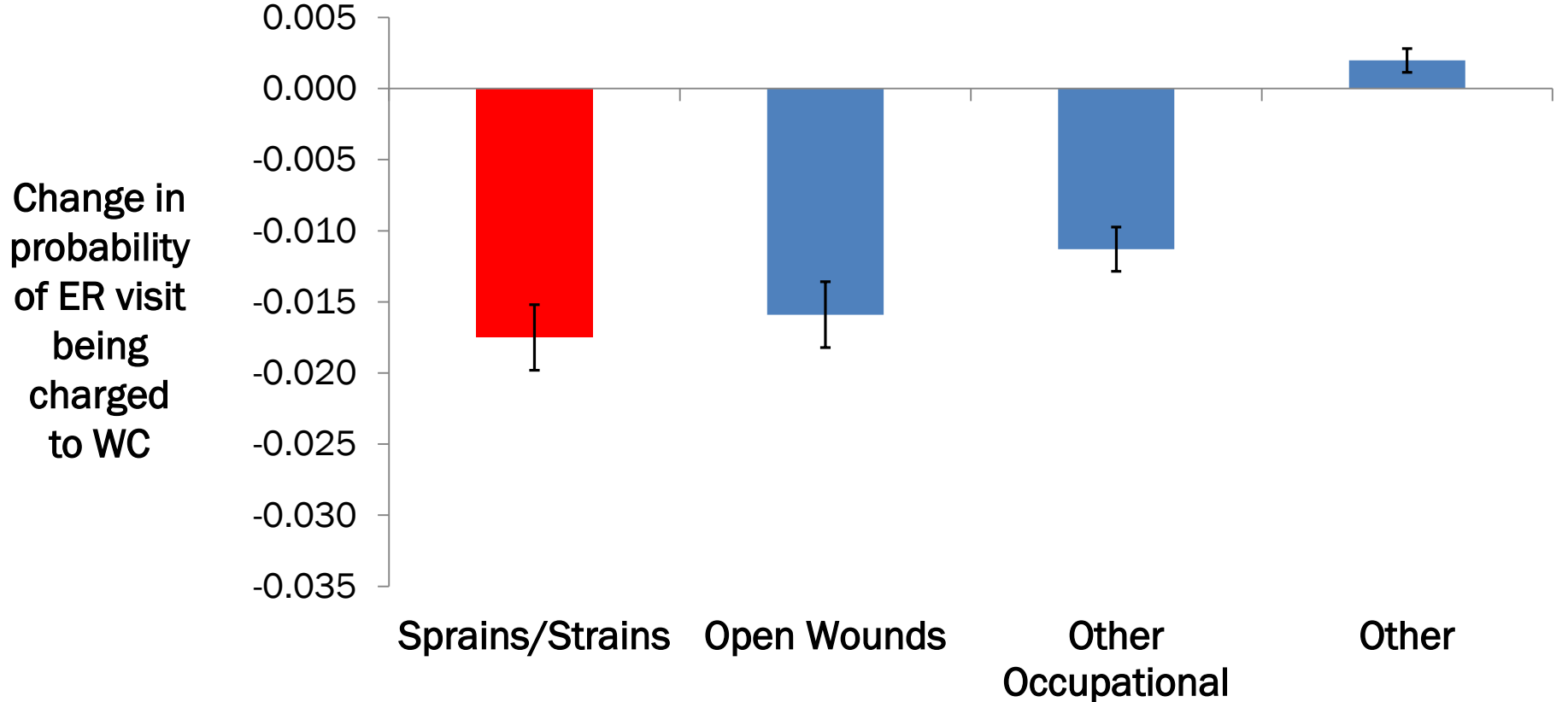
- Some without health insurance may bill non-work injuries to WC
- With health insurance, they are less likely to do so
- If true, our effect would be strongest for difficult-to-verify conditions, such as strains and sprains

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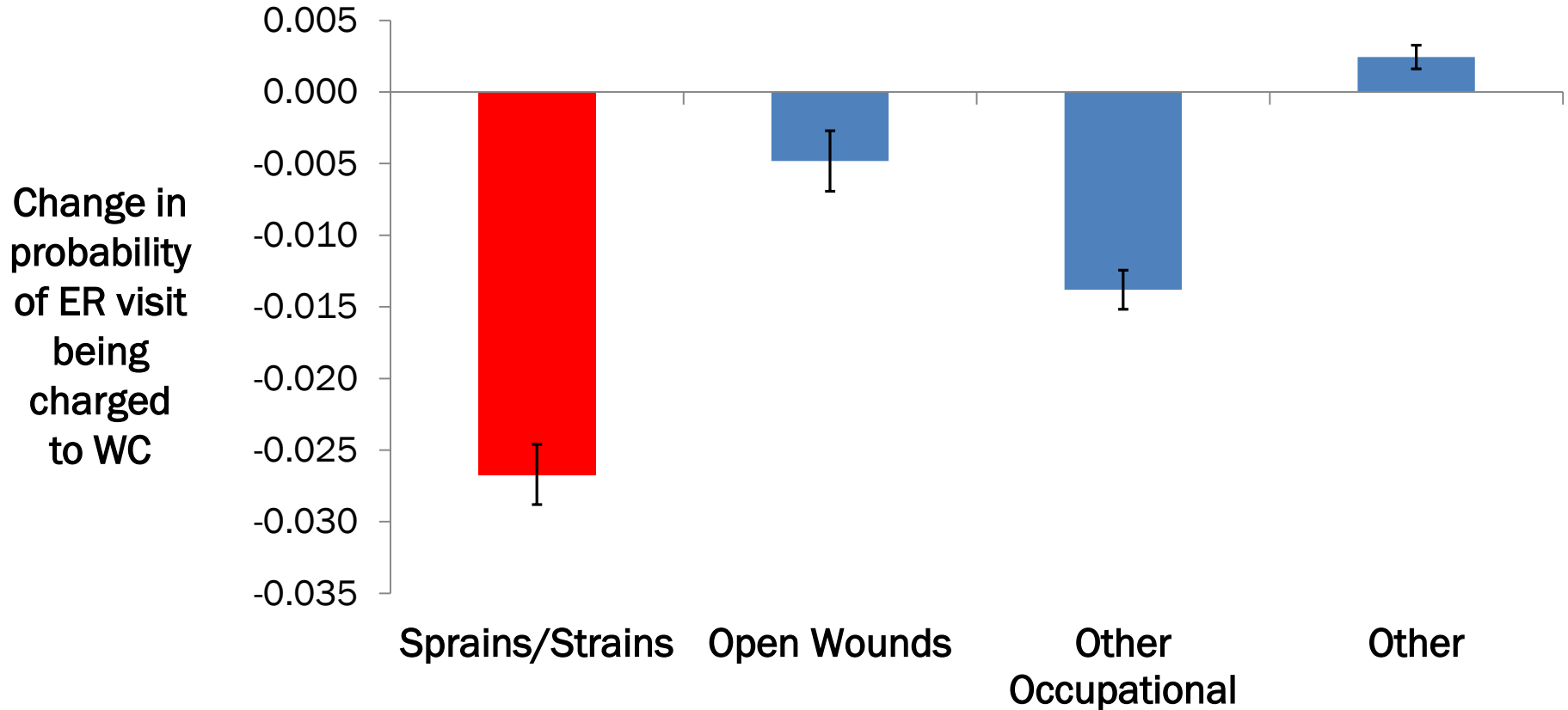
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*So we estimated the effect by type of injury*

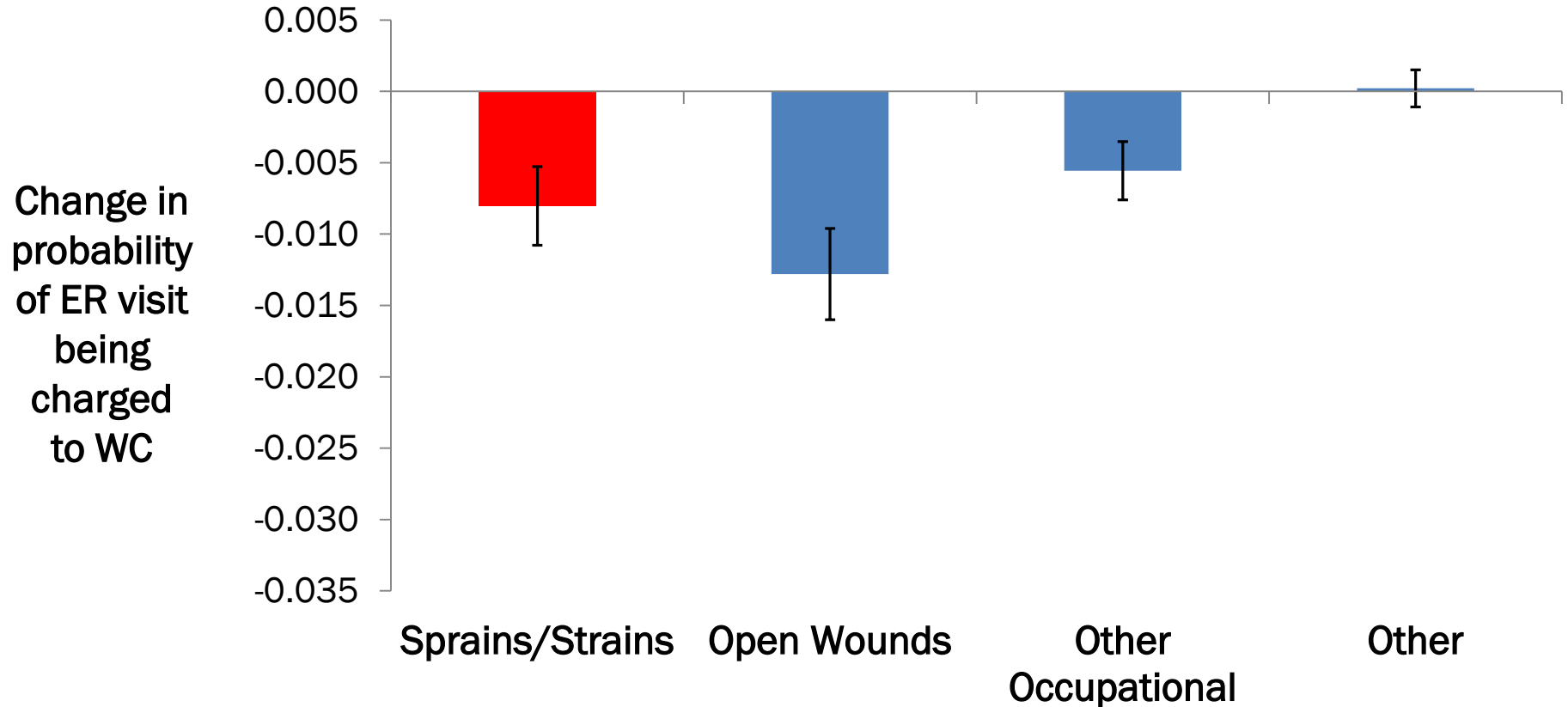
# California



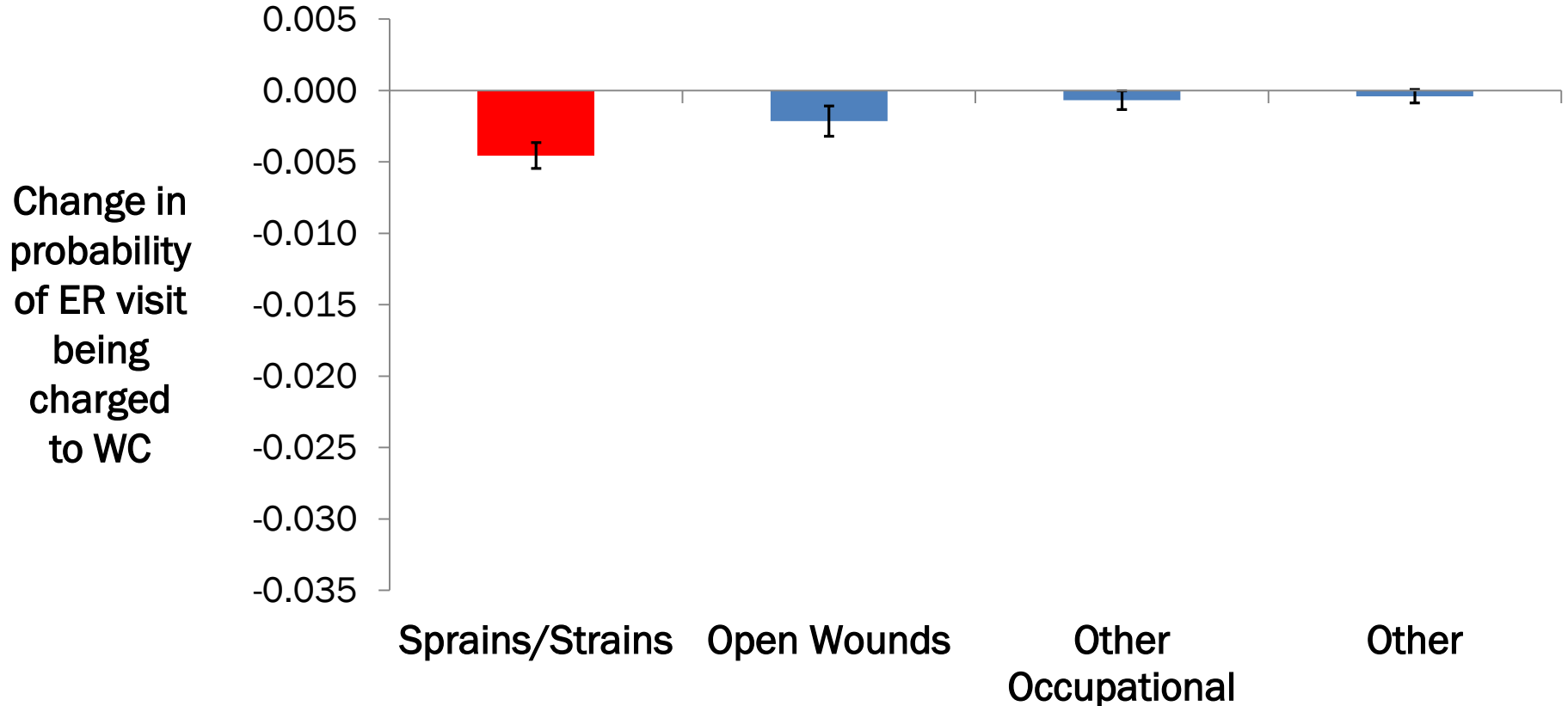
# New York



# New Jersey



# Florida



# Size of the ER charge matters, too

- Those with no insurance may bill WC for small charges but they won't gain much for the risk
- Larger charges may draw more suspicion but will also save more money

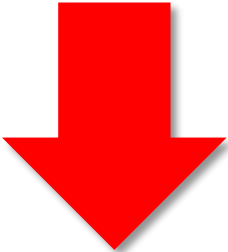
# Drop in more expensive WC charges

- WC ER visits tend to be smaller than average ER visit
- Medium-sized charges in the overall charge distribution are most likely to shift away from WC
- So these tend to be larger-than-average WC charges
- Surprisingly consistently charge “premium” across states: additional 33% in savings



# Savings are large

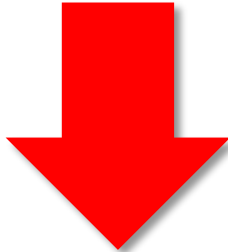
**50%**



Decrease in  
uninsured  
population



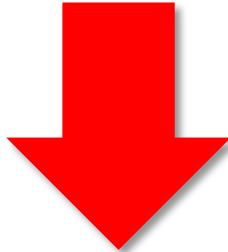
**7% - 15%**



Decrease in  
ER visits billed  
To WC



**9% - 20%**



Decrease in  
ER bills  
to WC

# Some Limitations

- We're focused on ER visits: office-based visits, indemnity payments, etc. could vary
- Short-term analysis: ACA will have far reaching impacts on individual, provider, and insurer decision-making
- Difficult to determine whether this is “good news”: improvements in continuity of care? Health?

# Variations on this theme

- Nevertheless, overall estimates are robust and not limited to a single state
- Focused on clean and clear margin of WC claims
- Also, sub-analyses predict impact will be greater if:
  - Previously uninsured population is larger
  - State's WC system is less generous
  - Disproportionately high number of strains/sprains or open wounds
  - Disproportionately more expensive WC claims

**Thank You!**