

## **Income, Poverty, and Health Insurance in the Current Population Survey's Annual Social and Economic Supplement**

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The Current Population Survey's Annual Social and Economic Supplement (CPS ASEC) has detailed questions on income sources and is the source of the official poverty rates. The survey also has questions on health insurance. Both the income and the health insurance questions refer to the previous calendar year. The purpose of collecting both income and health insurance information in the CPS is to obtain an overall measure on economic well-being.

In the 2014 CPS ASEC, the Census Bureau introduced both redesigned income and redesigned health insurance questions. The redesigned questions are the result of years of research. For income, we wanted to reduce the growing non-response and to improve certain questions, particularly those on asset income and pension withdrawals. For health insurance, research demonstrated that the CPS was overestimating the uninsured. We redesigned the health insurance questions to help address this issue. In addition, we knew that the Affordable Care Act would change how some people may obtain health insurance coverage and so we needed to address this in our health insurance questions.

After researching and testing new questions, we introduced them into the 2014 CPS ASEC. We implemented the new income questions and new health insurance questions in two different ways.

For income, we used a split sample approach. In 2014, we had about 98,000 addresses in the full CPS ASEC sample. We asked the new income questions of about 30,000 of those addresses. The remaining 68,000 addresses received the standard income questions.

We used the split-panel design for income because it preserves the time series. The split panel can also serve as a bridge between the old and new series. Because the CPS ASEC is the source of the official U.S. poverty estimates, we considered it important to maintain a consistent time series.

The time series for health insurance is also important but because alternative data sources on health insurance exist, specifically the American Community Survey, and because we needed a solid baseline for 2013 with the new health insurance questions, we decided to ask the redesigned health insurance questions for the full sample. We wanted this baseline before the major effects of the affordable care act take effect. In addition, the full ASEC sample will provide reliable estimates for small groups, some of which may be most affected by the Affordable Care Act.

For the reports on income and poverty and health insurance that we are released in September 2014, we chose to use the sample based on the 68,000 addresses. The health insurance edits rely on the income questions so we wanted to have a consistent set of income questions for the health insurance estimates. Currently, we are evaluating the redesigned income questions, so we took a conservative approach and used the sample based on the 68,000 addresses for both reports. This sample is nationally representative of the total U.S. population.

Although we introduced new questions into the 2014 CPS, we continued to use the old edits for both income and health insurance. The old edits seemed an appropriate path to take in order to produce our customary estimates we release each fall. With the more comprehensive questionnaire for both income and health insurance, we need to build a more comprehensive processing system. The new health insurance questions provide expanded content and an opportunity for more in-depth analysis of health insurance coverage.

For the 2015 CPS, we plan to introduce new edits for both the redesigned income questions and the redesigned health insurance questions. We plan to reprocess the 2014 CPS (reference year 2013) through the new health insurance edits so that we have consistent edits between both years. We will do this with the full sample of addresses so we will have a 2013 baseline for comparison with the 2014 data.

We are considering hosting a technical meeting where we will discuss the logic of our new edits with external experts. If we cannot introduce the new edits for income and health insurance for the 2015 CPS, the contingency plan is to use the current edits.

#### Discussion Questions

What do you think of the idea of an expert group meeting focusing on the logic of the new edits for income and health insurance?

Do you have any thoughts on how we communicate the change in health insurance for next fall's release?

Do you have advice on our fallback plan of using old edits?

