

## Health Insurance in a Comprehensive Consumption Measure

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This research builds on the Bureau of Labor Statistics (BLS) initiative to produce a consumption measure of well-being at the consumer unit level, and recommendations from the Interagency Technical Working Group (ITWG) on Evaluating Alternative Measures of Poverty. Initial versions of the comprehensive consumption measure begin to implement the ITWG recommendations by producing a consumption measure that includes the flow of services from owner occupied housing and the stock of vehicles owned, as well as public in-kind transfers. The primary data source is the Consumer Expenditure Survey (CE) Interview component. One area where additional research is needed to incorporate into the comprehensive consumption measure is medical expenditures and health insurance. The ITWG recommended creating versions with and without healthcare, where the version with healthcare could reflect something less than the full value for some households. In this work, we discuss the options for including health care in the measure of consumption, the data sources, and preliminary results.

There are both theoretical and practical challenges to including healthcare and health insurance in a measure of consumption. One issue is assigning a value to health insurance. Particularly for the study of poverty, the full value of government provided health benefits can single-handedly move a given household out of poverty. The practical issue is that the CE only includes out of pocket spending on medical goods and services (including out of pocket spending on health insurance). This only captures a relatively small share of medical spending. Not included is the value of the employer contribution for employer provided health insurance, Medicaid, or government subsidies for individual coverage. The value of Medicare is only partially captured in the CE, as some components of Medicare coverage have an out of pocket premium.

In this paper, we will discuss the various data sources that can be used to incorporate the value of health insurance not captured in the CE and the methods for matching the alternative data sources with the CE. Then, we will produce measures of consumption including the full value of health insurance. These preliminary full consumption measures including healthcare will be used to produce poverty measures. We will evaluate the impact of including healthcare on the measures of consumption and measures of poverty.