

Session title: Public Policy and Economics

Presenters:

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Melayne McInnes

Discussants:

Edgar Olsen

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Title: The Impact of School Choice on Enrollment and Achievement: Evidence from over 1,000 Randomized Lotteries

Presenting Author: Julie Berry Cullen, University of Michigan

Coauthors: Brian A. Jacob, Harvard University and NBER

Steven Levitt, University of Chicago and American Bar Foundation

School choice programs are an increasingly popular strategy employed by urban school districts seeking to attract and retain high ability and middle class students in the public school system. To test the effectiveness of this strategy, we utilize detailed administrative data from the Chicago Public Schools (CPS) that includes over 1,000 lotteries determining admission to magnet programs and schools. Those who win a lottery are on average six percentage points more likely to enroll in CPS the following year. The impact of winning a lottery is increasing in the competitiveness of the lottery and average achievement at the school. The effects are much larger for White students and those not admitted to any other sought after schools. Importantly, whether students who are already attending a CPS school at the time of application choose to remain in the system is not sensitive to lottery outcomes. For this subgroup of students, we can analyze future outcomes without worrying about selection bias since lottery winners and losers are equally likely to have non-missing outcome data. Instrumental variables estimates of the impact of attending lottery schools suggest that there are no associated gains in achievement or attainment.

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Title: Nursing Home Quality as a Public Good

Presenting Author: David C. Grabowski, University of Alabama at Birmingham

Coauthors: Joseph Angelelli, Brown University; and Jonathan Gruber, Massachusetts Institute of Technology

Despite the fact that the Medicaid payment rate for nursing home care is on average about 70% of the private-pay price, most economic models of the industry assume facilities provide common quality across different payer types; that is, quality is a “public good.” However, there is no direct empirical evidence in support of this assumption and there is substantial evidence from the physician and hospital settings that patients with different payer sources are treated differently. Using the 1998-2002 Minimum Data Set (MDS), we test whether quality is uniformly provided across Medicaid and private-pay residents. Due to the potential for unobservable health-related factors across different payer types, we identify differences in payer status based on spend-down from private-pay to Medicaid status. Controlling for facility-level fixed effects along with a series of individual and facility level covariates, we estimate the effect of a change in payer status on multiple quality measures including pressure sores, pain and physical restraint use. We also examine a fuller dynamic model to ensure that there are no pre-existing trends that accompany changes in payer status. In preliminary analyses, we have found mixed evidence regarding whether quality is uniform across Medicaid and private-pay residents. The policy implications of this research are straightforward. State policymakers have several mechanisms – both direct and indirect – to ensure increased “joint care” for Medicaid and private-pay residents. Clearly, the effectiveness of these policies hinges on the degree to which nursing home quality is a public good.

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Title: What Mean Impacts Miss: Distributional Effects of Welfare Reform Experiments

Presenting Author: Jonah Gelbach, University of Maryland

Coauthors: Hilary Hoynes, UC Davis, Marianne Bitler, RAND

In this paper, we use experimental data from three state waiver demonstrations to examine impacts of welfare reform across the income and earnings distributions. Existing literature focuses on estimating mean impacts---for the whole population and for important subgroups. Our results show that there is substantial heterogeneity in welfare reform impacts, even within disadvantaged subgroups. Interestingly, overall income gains are greater at higher quantiles of the income distribution. Effects on welfare income are positive at lower quantiles of the welfare income distribution and negative at higher quantiles. For the earnings distribution, effects are small at the bottom and large in the middle. Intriguingly, we find compelling evidence that some welfare participants reduced earnings as a result of the reforms, most likely to become eligible for welfare because of generous disregards of earnings-on-welfare. All in all, some people lost income as a result of the reforms we study, while others gained considerably. Many of our findings would have been impossible to uncover using mean-impact estimates.

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Title: How much does obesity cost the government?

Presenting Author: Melayne Morgan McInnes, University of South Carolina

Coauthors: Eric Johnson and Judith A. Shinogle, University of South Carolina

Obesity rates are on the rise both for children and adults in the United States. Obesity rates for children have doubled in the past three decades, and currently over 20% of children are considered obese. For adults the increase in obesity is even more dramatic: by the end of the 90's well over half of all adults are now considered obese. The consequences of this epidemic in terms of health outcomes are not well understood, but an emerging clinical literature is finding links between obesity and a variety of diseases and chronic conditions for both adults and children. Yet little research has examined the full impact of obesity on health care expenditures. This paper pools data from the 1997 -1999 Medical Expenditure Panel Survey linked to the National Health Interview Survey to develop separate models of the impact of obesity and overweight on Medicare and Medicaid expenditures for adults and for children, ages 4 to 17. We report the obesity attributable fraction of expenditures for adults and children (with bootstrapped confidence intervals) based on two-part medical expenditure models as well as GLM models. Pediatric obesity has previously been overlooked, but our preliminary estimates show that obesity in children significantly increases Medicaid expenditures by over \$250 million annually. A separate model for nursing home utilization will be estimated using data from the National Nursing Home Survey.

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