

Health insurance and retirement behavior: evidence from the health and retirement survey

Jeannette Rogowski^{*}, Lynn Karoly

Senior Economist, RAND, 1333 H Street, N.W., Suite 800, Washington, DC 20005, USA

Received 30 December 1999; accepted 28 January 2000

Abstract

This paper studies the role of health insurance in the retirement decisions of older workers. As policymakers consider mechanisms for how to increase access to affordable health insurance for the near elderly, considerations of the potential labor force implications of such policies will be important to consider — potentially inducing retirements just at a time when the labor force is shrinking. Using data from the 1992 and 1996 waves of the Health and Retirement Survey, this study demonstrates that access to post-retirement health insurance has a large effect on retirement. Among older male workers, those with retiree health benefit offers are 68% more likely to retire (and those with non-employment based insurance are 44% more likely to retire) than their counterparts who would lose employment-based health insurance upon retirement. In addition, the study demonstrated that in retirement models, when retiree health benefits are controlled for, the effects of pension coverage are reduced, suggesting that these effects may have been overestimated in the prior literature. © 2000 Elsevier Science B.V. All rights reserved.

Keywords: Health insurance; Retirement; Elderly

1. Introduction

With the aging of the baby boom generation, the number of near elderly Americans will rise dramatically in coming years. By 2020, it is estimated that

^{*} Corresponding author. Tel.: +1-202-296-5000 ext. 5356; fax: +1-202-296-7960.
E-mail address: jar@rand.org (J. Rogowski).

there will be twice as many near elderly Americans as today. This is a population group for whom access to affordable health insurance can be problematic, particularly if the employment relation is severed. Employers are the primary source of health insurance for Americans aged 55 to 64. Recently, however, there has been a strong downward trend in the generosity of retiree health benefit offers by employers. Yet few other routes to insurance exist for persons in this age group. Unless blind or disabled, persons under age 65 cannot qualify for Medicare or Medicaid. Options for purchase of health insurance in the private individual markets are equally restricted. Due to insurance underwriting practices, preexisting conditions may be excluded, and some persons in poor health are not insurable at all. For those who are insurable, premium costs in individual markets may be prohibitively high. While continuation and portability mandates (under COBRA and HIPAA) provide for continuing health insurance after leaving an employer, the premiums for this insurance can also be very high for older Americans. Yet, the near elderly are a vulnerable population group. Because the prevalence of poor health and chronic disease rises with age, they have higher expected medical expenses than younger cohorts. For instance, average health care expenditures for persons aged 55–64 are US\$5000 compared to US\$2200 for persons aged 35–44 (General Accounting Office, 1998).

These concerns have led policymakers to consider various options for increasing access to affordable health insurance for near elderly Americans. These include such recent proposals as allowing persons aged 62 and older to buy into Medicare, and for displaced workers to buy in as early as age 55. One of the most common criticisms of such proposals are the potential adverse labor force outcomes associated with access to post-retirement health insurance — potentially inducing early retirement just at a time when the labor force will already be shrinking due to the retirement of the baby boom generation. An understanding of the retirement effects associated with health insurance access and cost will be critical to understanding the effects on the labor market of public policies aimed at increasing access to affordable health insurance among the near elderly.

2. Literature

The literature on retirement has focused primarily on the role of financial factors such as pensions and social security in retirement decisions. More recently, a number of studies have begun to explore the role of health insurance in the retirement decisions of older workers. All the existing studies except for Lumsdaine et al. (1992) find that health insurance is an important determinant of retirement. However, the magnitude of the effect is still a matter of debate. This is largely due to methodological differences across existing studies. For instance, Rust and Phelan (1997), using the 1969–1979 panels of the RHS, found a large effect of health insurance availability on labor force behavior of older workers. In

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات