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Introduction

- Mental health spending is an important component of total health care spending and the third most costly medical condition as ranked by the Agency for Healthcare Research and Quality
- A negative economic shocks may have two opposing influences on mental health spending:
 - pressure to ↓ spending due to liquidity constraints
 - pressure to ↑ spending due to worsening mental health status.
- Using two-year panel data from the Medical Expenditure Panel Survey (MEPS) for the period 2004 to 2012, we examine the effect of economic shocks on mental health spending by families with children.
- Specifically, we focus on the effect of changes in:
 - family income
 - employment status
 - health insurance status
 over the two-year observation period within each MEPS panel.

Sample and Methods

Sample

- 2004-2012 MEPS two-year panels
- Unit of observation: families with all members present in both panel years, no member ≥ age 65, & no child ≥ age 19
- 2,665 single-mother families & 5,194 two-parent families.
- Mental health spending for all services & prescription drugs were obtained from MEPS event files for events with mental health conditions.
- Family-level measures of mental health spending were created.

Statistical Approach

- **Two-part health expenditure regression models** with a probit equation in the first part and generalized linear model (GLM) with a log link and gamma variance function in the second part
- All regressions are estimated within the **correlated random effects** framework

Results

Chart 1. Employment gains are associated with a lower likelihood of mental health services utilization by

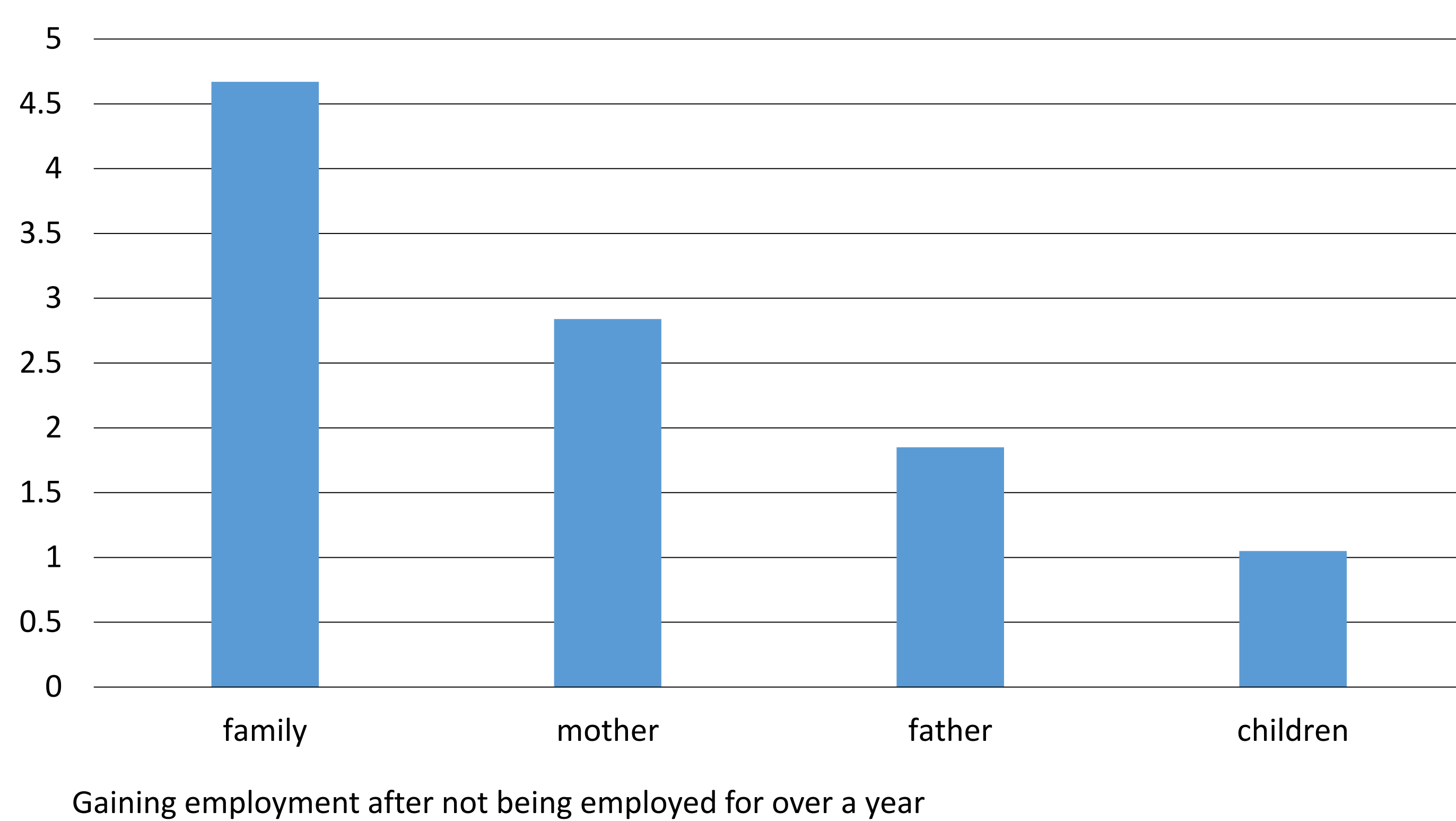
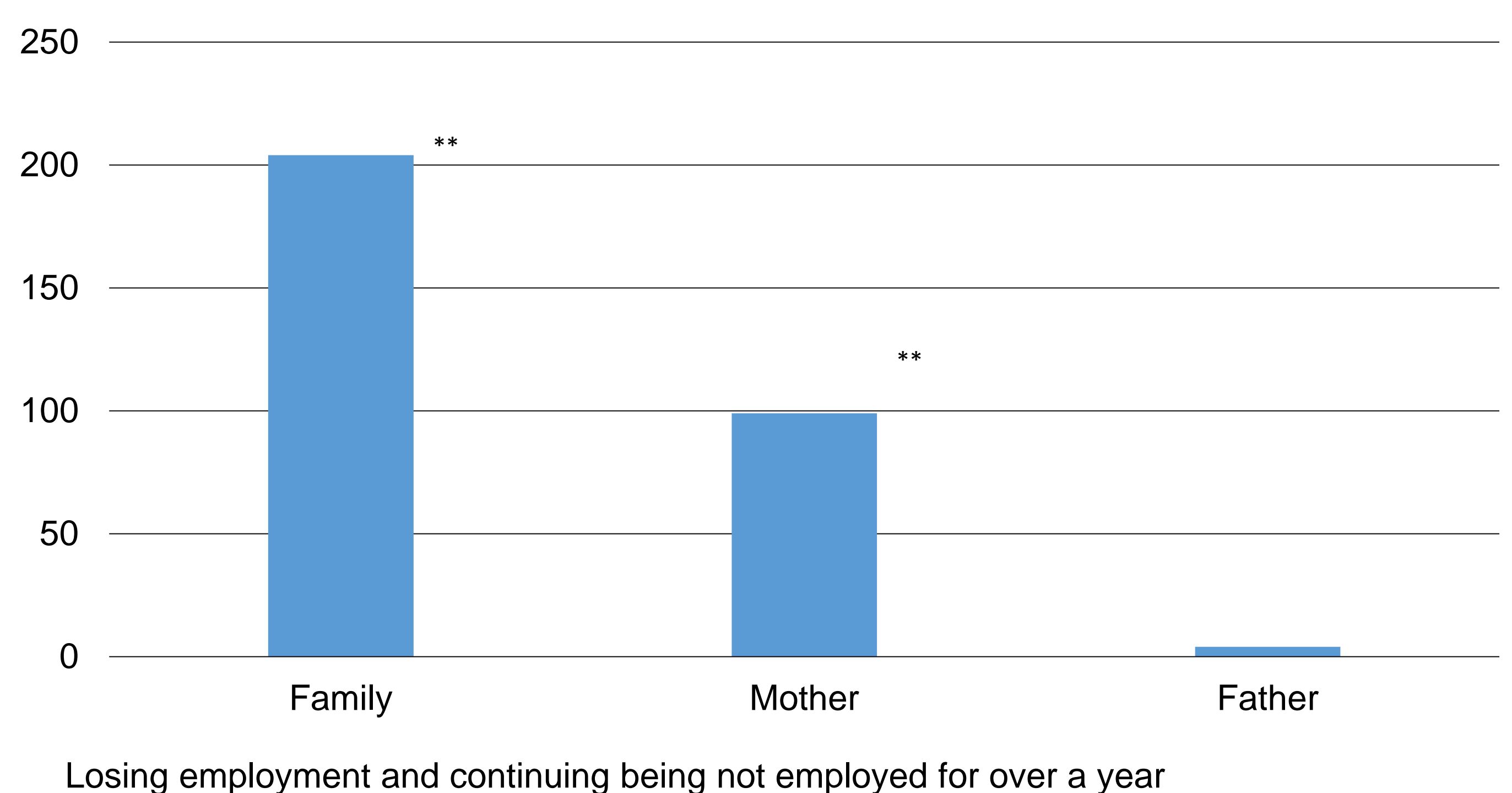


Chart 2. Employment losses are associated with an increase in expected mental health spending by...



Results

Chart 3: Income loss may have two opposing influences on mental health spending

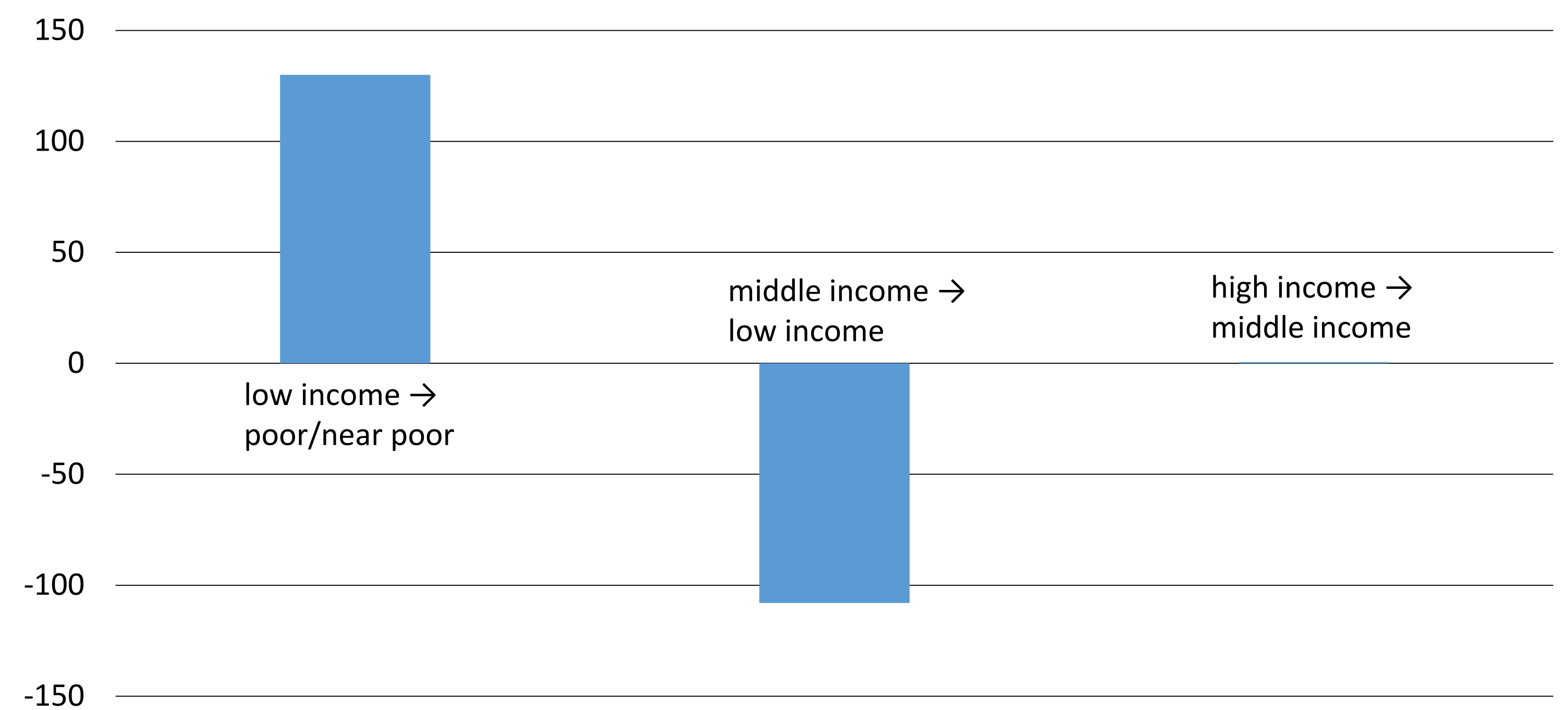
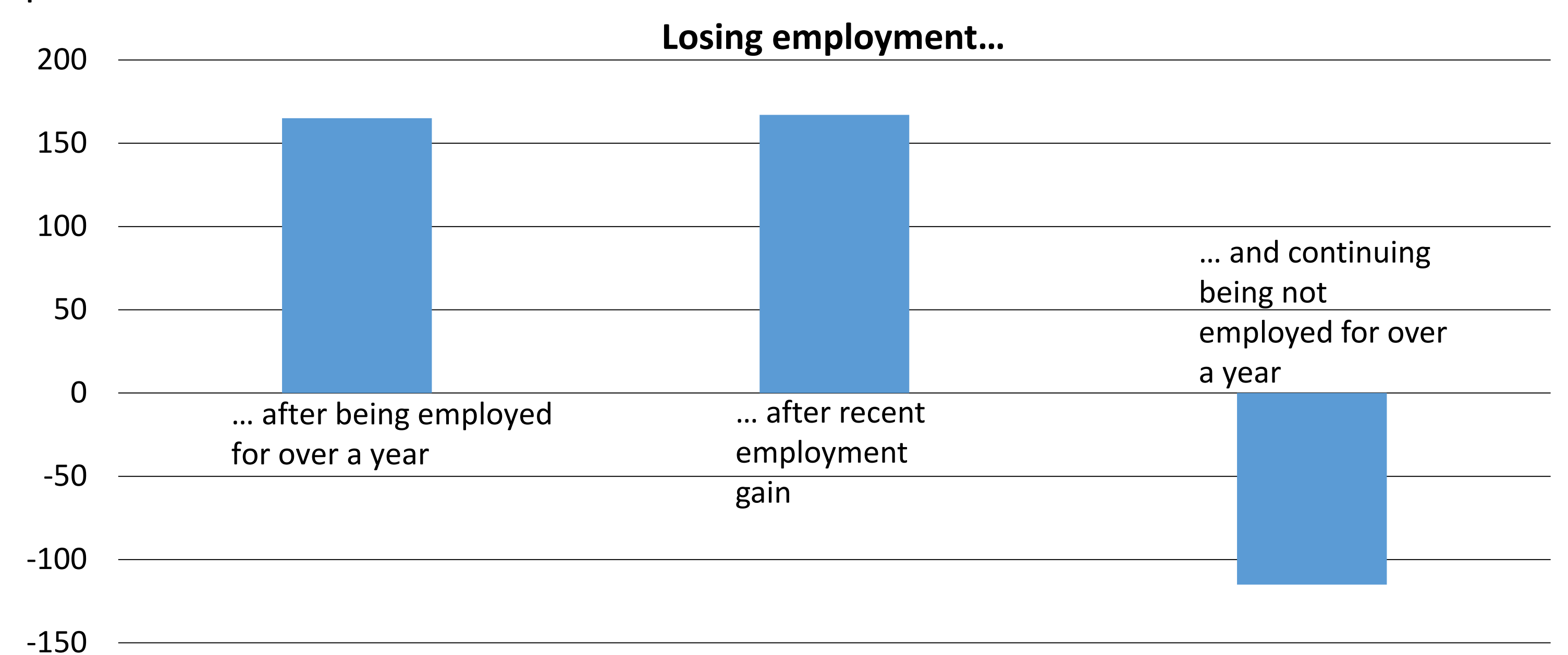


Chart 4: Employment loss and expected ambulatory mental health spending in two-parent families



Discussion

Negative Economic Shocks and Mental Health Spending:

- Pressure to increase spending due to worsening mental health status
 - **Changes in employment**
 - **Changes in income**
- Pressure to decrease mental health spending due to liquidity constraints
 - **Changes in income**
 - **Changes in health insurance** (moms in two parent families only)
 - **Changes in employment** (ambulatory spending)

Conclusions

- Family mental health spending is more sensitive to employment shocks than to income or health insurance shocks, particularly among two-parent families.
- Our findings indicate that mental health spending in single-mother families may be more sensitive to income losses than in two-parent families.
- We find that gaining employment may lead to a decline in the likelihood of family mental health spending.
- Economic shocks appear to have a much larger effect on ambulatory mental health spending than on mental health prescription medication spending.
- Our results also indicate that mother's mental health spending is affected by economic shocks to a greater degree than father's mental health spending.

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