

## The Intensive Margin of Private Health Insurance

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According to the U.S. Census 2010, 9.8% (30.1 million) people purchased insurance directly from the market. These numbers have been increasing under the individual mandate provision of the Affordable Care Act (CBO, 2015). Non-group insurance plans are similar to employer-sponsored insurance, but often have higher deductibles, co-payments, and cost-sharing provisions (Bertko, Yoo, & Lemieux, 2009). A relationship exists between health insurance, health status, and healthcare utilization (Dong, 2013). However, previous research has focused on the extensive margin of health insurance demand (Krueger & Kuziemko 2013; Schansberg, 2014). Unlike the extensive margin which is the decision to carry insurance, the intensive margin of health insurance demand is plan selection driven by consumer preferences which may change between enrolment periods. This may be due to changes in health status, access to health care providers, financial situations, or social changes, for instance. Finance-related worries along with involvement in unhealthy lifestyle choices such as smoking, drinking, and lack of exercise can exacerbate health conditions (Scott, 2011). The role of such influences on the intensive margin of private non-group health insurance is yet to be fully explored.

Therefore, the purpose of this study was to examine the influence of current health status, health status change, healthcare utilization, financial worry, and behavioral risk factors on the intensive margin of health insurance. We used data from the 2013 wave of National Health Interview Survey where the intensive margin is a self-rated measure of whether present coverage was better, about the same, or worse than the previous year. Andersen's healthcare utilization model and Prospect Theory were frameworks used for the study. The final sample consisted only of 2,796 adults who had purchased health insurance directly from the market.

More than 75% of respondents reported having the same level of coverage in their plans as the previous year. About 89% of respondents were in excellent/very good/good health status, while 11% were in fair/poor health status. About 74% respondents reported that they had the same health status compared to a year ago, while 17% reported their health was better than in the previous year, and 8% reported being in worse health compared to a year ago.

Health change, physician visits, and financial worry had direct positive effects on the intensive margin. Those whose health status had improved from the previous year, those who had more physician visits during the year, and those who were less financially worried were more likely to have better health insurance coverage than a year ago. Physician visits, financial worry, drinking, smoking, and physical activities also had indirect influences on the margin mediating through the likelihood of health status change between years. Age, education, family income, and ethnicity were found to be important controls.

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