Director’s Perspective

2016 Election Demonstrates Relevance of Research

When I began my tenure as director of the La Follette School nearly one year ago, I knew that our faculty conducted tremendous research and was proud to serve them. The aftermath of the 2016 election made clearer to me just how relevant that research is.

Our faculty affiliate Kathy Cramer has written persuasively that many voters, especially in rural America, feel left behind and no longer see government as working for them. This issue of the Policy Report offers an evidence-based glimpse at the challenges and possible solutions that motivated voters during this historic election.

A key issue in the election was lack of economic opportunity. Assistant Professor Rourke O’Brien and two Harvard University physicians present evidence that lack of economic mobility helps to explain the recent and striking rise in mortality among middle-aged white people in the United States. These findings motivate further inquiry into whether and how future expectations and changes in living standards may create despair and compromise health.

Economic insecurity also is a common experience for many older people in the United States. Professors Pam Herd and Tim Smeeding are working with the Urban Institute to identify how a minimum benefit plan (MBP) would reduce poverty among the elderly. Unlike other proposals, the MBP would not count toward income eligibility thresholds for other programs, including Medicaid.

This is especially important in light of research by faculty members Geoffrey Wallace, Robert Haveman, and Barbara Wolfe – who report that an estimated one-third of the population experiences a shock to their physical or cognitive health by the 10th year post-retirement. Their findings raise the question of whether retirees should self-insure to a greater extent than they currently do and/or whether society should provide more insurance on their behalf.

The cost of health care also is central to Professor Dave Weimer’s study about the difficulty people face when they or a loved one needs nursing home care. An innovative mobile application from Weimer and colleagues helps patients decide which facility meets their personal preferences and unique health characteristics.

The election also featured fierce debate about election laws. Along with colleagues from political science, I offer evidence that political parties are not always right about which laws benefit them. Challenging conventional wisdom, we found that policy changes designed to increase voter turnout – even those widely assumed to benefit Democrats – produce complicated and sometimes unexpected results.

Our attention to encouraging prosperity goes beyond the United States, with Assistant Professor Emilia Tjernström and colleagues studying the effectiveness of a rural business development program in Nicaragua.

These research summaries offer a snapshot of what evidence-based analysis says about the challenges voters identified in 2016. La Follette School faculty, students, staff, and alumni share a passion for making the world a better place for everyone – no matter their party affiliation, economic status, heritage, or religious beliefs – and I encourage you to visit our website to learn more about this commitment.
When Patients Customize Nursing Home Ratings, Choices and Ranking Differ from the Government’s Version

The large number of quality measures included in the various report cards published by the Centers for Medicare and Medicaid Services (CMS) limits comprehension and consumers’ ability to act on the information.

Current CMS report cards offer composite (summary) quality measures based on a five-star ratings system, such as the one on the Nursing Home Compare website. The five-star ranking is a “one size fits all patients” measure with a fixed subset of quality measures, each with a fixed importance weight determined by the designers.

This set of quality measures and importance weights might not reflect the medical needs and preferences of every patient. Therefore, allowing patients to personalize the composite measure has the potential to improve their choices. Report card data show that quality measures tend to be uncorrelated, because quality embodies multiple aspects of care that vary across and within providers.

And because patients’ medical needs and preferences vary, choosing a provider is a matter of matching to those needs and preferences. Instead of looking for the “best” provider along all measures, which probably does not exist, patients should be looking for the best provider for them.

Nursing Home Compare Plus is an alternative that allows patients and their families to create composite scores based on their own preferences and medical needs. Dave Weimer and colleagues present data from 146 patients who were discharged from the hospital to nursing homes who used Nursing Home Compare Plus.

To facilitate comprehension, Nursing Home Compare Plus was developed using principles for multimedia design and for e-learning systems. It leads users through an educational module about the performance measures, including explanations and examples (short stories) for each measure.

This enabled users to develop a “mental model” and familiarity, thus ensuring that choices were informed, and it likely contributed to the stability of preferences.

When comparing Nursing Home Compare Plus to Medicare’s five-star ratings, the authors found only minimal agreement on ranking of nursing homes. They also found that patients differed from each other and from CMS in the number of performance measures they included in their composite and in their weighting of each performance measure.

The researchers found only minimal agreement between the rankings from Nursing Home Compare Plus and Medicare’s five-star ratings. Because Nursing Home Compare Plus incorporates patients’ preferences, it potentially offers patients more relevant information about nursing home quality.

The Authors

Dave Weimer is the Edwin E. Witte Professor of Political Economy at the La Follette School of Public Affairs, University of Wisconsin–Madison. Four other authors are from the University of California, Irvine: Professor Dana B. Mukamel, Professor Alpesh Amin, Senior Statistician Heather Ladd, and Associate Professor Dara H. Sorkin. Joseph Sharit is a research professor at the University of Miami in Florida.

Impact and Implications

The variation in preferences among users and the divergence in nursing home rankings suggest that “one size fits all” might not be the best approach to quality reporting and that patients should be offered alternatives. The authors also believe that other types of CMS report cards could be improved by offering the personalized composition option side by side with the expert-designed composite.

Read More

Health Affairs 35, no. 4 (2016):714-719
A Targeted Minimum Benefit Plan:  
A New Proposal to Reduce Poverty among the Elderly

Social Security has been the United States’ most effective antipoverty policy, reducing elderly poverty rates from nearly 40 percent in the late 1950s to single digits today. Yet, economic insecurity is still a common experience for many older people.

Approximately 9 percent of older adults fall below the poverty line; however, poverty rates that include the costs of medical care increase it to nearly 14 percent. Subgroups face even higher poverty rates — women are nearly twice as likely to be poor as are men, and nearly 30 percent of black older adult women live below the poverty line.

In light of concerns about both program costs and benefit adequacy, the authors propose a minimum benefit plan (MBP). Modeled after the Canadian minimum benefit for the elderly, the MBP would provide a cost-effective method for reducing elder poverty to very low levels.

Benefit determination for the proposed MBP would be similar to that under the U.S. Earned Income Tax Credit (EITC), with application via the filing of a 1040 Income Tax Return.

A key element of this plan, unlike other minimum benefit proposals, is that the benefit would not count toward income eligibility thresholds for other social programs. Consequently, any increases in income associated with the minimum benefit would ensure that older adults don’t lose their eligibility for other critical programs, such as Medicaid, which 1 in 5 older people use to supplement Medicare benefits.

If older adults lost their Medicaid eligibility, for most, the increase in their out-of-pocket medical care costs and lost benefits would likely surpass the increase in income that came from the minimum benefit.

The authors ran two simulations, both setting the MBP at $1,000 per month for a single person and $1,600 per month for a couple.

The first MBP plan tops up the Old Age Survivor Benefit when all sources of income are below the poverty line until the total income is at the poverty line. The second plan allows the beneficiary to exclude $2,400 per year of other incomes, such as pensions, property income, or earnings. The net cost of the two plans is $9.3 billion to $10.8 billion per year.

The MBP also tightly targets benefits to those with the lowest incomes — taking into account family and personal income resources. In addition, the plan ensures that those most economically vulnerable — typically those who have not had consistent labor force participation — are protected.

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The Authors
Pamela Herd is a professor at the La Follette School of Public Affairs, University of Wisconsin-Madison.
Timothy Smeeding is the Lee Rainwater Distinguished Professor of Public Affairs and Economics at the La Follette School of Public Affairs, University of Wisconsin-Madison.
Harrington Meyer is a professor of sociology and senior research associate at the Center for Policy Research at the Maxwell School of Syracuse University.
Melissa Faverault is a senior fellow in the Income and Benefits Policy Center at the Urban Institute.

About the Project
AARP selected this proposal for further development and financial support through its Policy Innovations Challenge.

Impact and Implications
Approximately 7 percent of Social Security recipients are projected to receive the minimum benefit plan (averaging approximately $3,600).

Not surprisingly, women as compared to men (8.4 percent vs. 6.3 percent), unmarried as compared to married individuals (12.9 percent vs. 2.9 percent), black and Hispanic Americans as compared to whites (15.7 percent vs. 12.7 percent vs. 5.6 percent), and those with low educational attainment would be far more likely to receive the benefit.

Generally, these groups (with the exception of married individuals) receive larger social program benefits as well, reflecting their greater economic need.

The cost of the plan would be less than 1.5 percent of current Old Age, Survivor and Disability Insurance (OASDI) benefits.
Economic Mobility and the Mortality Crisis among U.S. Middle-Aged Whites

A study by two Princeton University economists found an alarming increase in mortality rates among middle-aged white people in the United States in recent decades. The authors of this study hypothesize that the rise in mortality may be due in part to a lack of economic opportunity, which in turn drives destructive health behaviors.

Put differently, this hypothesis ties the prospects of upward mobility to health outcomes in white people 45 to 54 years old. While conceptually attractive, this link has not been explicitly studied.

Rourke O'Brien and colleagues addressed this gap by examining whether county-level economic opportunity was associated with changes in mortality rates among middle-aged non-Hispanic whites.

The authors used county-level mortality data from the Centers for Disease Control & Prevention’s Wide-Ranging Online Data for Epidemiologic Research Compressed Mortality files to estimate county-level all-cause mortality rates for white people 45 to 54 years old at two points in time: 2000 and 2012.

Using data from the Equality of Opportunity Project, they defined economic mobility as the county-level correlation between the income ranks of parents and their children measured in adulthood; the higher the correlation between parent and child income, the less economic mobility.

Using regression analyses, the authors found that white middle-aged mortality increased more between 2000 and 2012 in areas characterized by low economic mobility. This association is net of changes in other indicators such as poverty, college completion, marriage, unemployment, and per capita personal income for non-Hispanic white people as well as county-level estimates of the total population, population density, and the Gini index of inequality (see table).

Models examining sex-specific mortality rates revealed substantively similar patterns for both men and women in this age group.

This study provides the first explicit evidence that lack of economic mobility or opportunity may help explain the recent and striking rise in mortality among middle-aged non-Hispanic white Americans. The findings are consistent with recent work showing an inverse relationship between lack of economic opportunity and a range of negative health behaviors and health outcomes.

### Non-Hispanic White Middle-Age Mortality and Economic Mobility, Fixed Effects

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>95% Confidence Interval</th>
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<tr>
<td>Economic mobility x year</td>
<td>0.54</td>
<td>(0.26, 0.83)</td>
</tr>
<tr>
<td>Gini index</td>
<td>-0.01</td>
<td>(-0.04, 0.01)</td>
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<td>Income per capita (log)</td>
<td>-0.00</td>
<td>(-0.06, 0.06)</td>
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<td>College graduates</td>
<td>-0.32</td>
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<td>Population density (log)</td>
<td>-1.20</td>
<td>(3.75, 1.34)</td>
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<tr>
<td>Proportion married</td>
<td>-0.02</td>
<td>(-0.05, 0.01)</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>-0.02</td>
<td>(-0.05, 0.01)</td>
</tr>
<tr>
<td>Poverty rate</td>
<td>-0.02</td>
<td>(-0.01, -0.06)</td>
</tr>
<tr>
<td>Population (log)</td>
<td>0.97</td>
<td>(1.24, 3.19)</td>
</tr>
<tr>
<td>Year</td>
<td>0.10</td>
<td>(0.04, 0.24)</td>
</tr>
<tr>
<td>Constant</td>
<td>6.08</td>
<td>(5.70, 6.47)</td>
</tr>
<tr>
<td>Observations</td>
<td>5,171</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.93</td>
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</tr>
</tbody>
</table>

95% confidence intervals computed with standard errors for clustering at the county level in brackets.

The Authors

Rourke O’Brien is an assistant professor at the La Follette School of Public Affairs, University of Wisconsin–Madison.

Atheendar Venkataramani and Alexander Tsai are faculty members at Massachusetts General Hospital and the Harvard Center for Population and Development Studies. Venkataramani is an assistant professor of medicine and Tsai is an assistant professor of psychiatry.

Impact and Implications

These findings motivate further inquiry into whether and how future expectations and changes in living standards may create despair and compromise health. Studies using individual-level data may provide higher resolution, causal evidence on the factors, and mechanisms underlying this growing mortality crisis.

Read More

*Epidemiology* 28(2):e12-e13, March 2017
Health Status, Health Shocks and Asset Adequacy over Retirement Years

This paper uses data on a sample of retirees drawn from the Health and Retirement Study (HRS) to examine changes in health over the retirement years and the effects of these health changes on wealth.

Using the framework of item response theory (IRT), the authors developed a novel measure of health that makes use of multiple indicators that are available in the HRS.

The HRS contains detailed information on a wide range of health status indicators, including respondent assessments of health (on a five-point scale), health behaviors (alcohol and tobacco usage), activity levels, height, weight, and physician-diagnosed chronic conditions (for example, heart disease, cancer, diabetes, and arthritis).

This IRT-based approach can measure health when some items are missing and can reliably measure health across the spectrum of retirees.

In particular, the authors focus exclusively on a sample of people who have actually retired, study longer-term consequences of health shocks following retirement, address issues that are important to understand a variety of policy reforms, and analyze the effect of shocks on wealth, defined as the sum of financial and housing wealth.

The analysis sample consisted of HRS cohort households that entered retirement as married couples. The households contained at least one member born between 1931 and 1941, and they were first interviewed in 1992, when at least one member was between the ages of 51 and 71. They were re-interviewed every two years.

Total wealth for households in the sample was about $523,000, including $149,000 mean housing wealth. Non-housing wealth is readily available for use in the short term; its mean value is $374,000.

The authors found that retirees face substantial risk of negative one standard deviation shocks to health (either from baseline or on a wave-to-wave basis) on their and their spouse’s health. This effect occurs for an estimated one-third of the population by the tenth year post-retirement.

Also, when such shocks do occur, recovery to the pre-shock level of health is rare; further deterioration of health and death are far more likely outcomes.

Using a dynamic panel data model, the authors then estimated short- and long-run effects of changes in health on wealth.

While the estimated short-run effects are modest, long-run estimates of the impact of health shocks on wealth are large, ranging from a 12 percent to 20 percent reduction by the tenth year following a permanent one standard deviation decrease in health.

Impact and Implications
These findings raise the question of whether retirees should self-insure to a greater extent than they currently do, perhaps through the purchase of Medigap plans and long-term care insurance, and/or whether society should provide more insurance on their behalf, perhaps through the public provision of long-term care insurance or lower rates of Medicare cost-sharing.

Read more
Research on Aging 2017 Jan; 39(1):222-248
The Complicated Partisan Effects of State Election Laws

A study by four professors at the University of Wisconsin–Madison shows that policy changes designed to increase turnout – even those widely assumed to benefit Democrats – produce complicated and sometimes unexpected results.

The authors assembled datasets of county-level vote returns in the 2004, 2008, and 2012 presidential elections and modeled these outcomes as a function of early voting and registration laws. Unlike Election Day registration, and contrary to conventional wisdom, the results show that early voting generally helps Republican Party candidates.

In 2012, Barack Obama was the first president to vote early, a strategy widely believed to have made a significant contribution to his two victories. Republicans unsurprisingly responded by trying to shorten the early-voting period in swing states such as Florida, Ohio, and Wisconsin, restrictions that Democrats and affiliated groups vigorously opposed.

Yet, virtually no one involved in these efforts questioned the assumption that early voting increases turnout and the Democrats’ vote share. The authors challenge the conventional wisdom by suggesting that party leaders will sometimes be wrong about which side will benefit from a change in an election law and that not all laws making it easier to register and vote actually increase turnout.

When people insist that early voting aids Democratic candidates, the authors suspect that they are unwittingly looking at combinations of laws rather than early voting in isolation. Rising black voter turnout in North Carolina helped the Democrats win the state in 2008 for the first time in 32 years. In additional early voting, though, North Carolina also offered up to 17 days of same-day voter registration.

Parties may rely too much on compelling examples at the expense of a more systematic analysis. The North Carolina case offers a memorable and seemingly intuitive story about early voting that forms and reinforces a conventional wisdom to the point that more in-depth analysis is not undertaken.

Combining the results of their paper with those in earlier studies, the authors confirm that Election Day registration most clearly increases voter turnout and generally aids Democratic Party candidates. In contrast, early voting does not aid Democrats; in many cases, it actually aids Republican Party candidates. This is because early voting does not do much to incorporate new voters into the electoral process, but instead offers a convenience to those who were likely to vote anyway, such as older and wealthier voters, who tend to lean Republican.

Only when early voting is combined with one version of “one-stop shopping” for registration and voting are both turnout and election outcomes affected in the way that conventional wisdom expects – that policies that make voting easier increases turnout and benefits Democratic candidates.

The Authors
All four authors are affiliated with the Elections Research Center at the University of Wisconsin–Madison.

Barry Burden is a professor of political science and the founding director of the Elections Research Center.

David Canon is a professor and chair of the Department of Political Science.

Kenneth Mayer is a professor of political science.

Donald Moynihan is a professor of public affairs and director of the La Follette School of Public Affairs.

Impact and Implications
As the partisan effects of voting laws become clearer, it also becomes more evident that partisan officials who make election laws operate under a clear conflict of interest. One policy implication of the authors’ work is that the design of election laws should protect against this conflict rather than be used as an instrument of partisan warfare. The paper also concludes with several suggestions for future research.

Read More
Forthcoming in Political Research Quarterly
Heterogeneous Impact Dynamics of a Rural Business Development Program in Nicaragua

Using a five-year roll-out design, Emilia Tjernström and colleagues studied the effectiveness of a Rural Business Development (RBD) program implemented by the government of Nicaragua and the Millennium Challenge Corporation.

The 24-month intervention was designed to boost the productivity and incomes of a largely poor, rural farming population by enhancing their business knowledge and improving their access to markets and technologies.

The authors employed the five-year roll-out to gauge the impacts after the 24-month period and to understand the evolution of impact across the target population – in terms of participation in a somewhat complex program and of participants’ business success.

They found substantial impacts on income in the targeted activities ($1,400 to $2,600 annually) and on agricultural investment ($3,700). Estimated impacts reached their maximum approximately 24 to 30 months after initial exposure to the program.

Somewhat surprisingly, there were virtually no impacts on household consumption expenditures, and, in fact, some weak evidence that the program reduced expenditures. The failure of consumption expenditures to respond to the RBD program appears to reflect households’ decisions to reinvest income increases rather than consume them.

At a direct cost of $2,500 per-farmer in the program, these average estimates indicate that the RBD was a cost-effective instrument for boosting the average income and assets of its beneficiary farmers. However, its effectiveness as an instrument to address rural poverty depends on the distribution of impacts across the program’s overall target population.

Approximately one-third of the target population declined to participate in the program, and most of the nonparticipants had lower living standards at baseline. In addition, the authors found significant heterogeneity in impacts on program income and investment.

They also noted that the existence of these two groups (nonparticipants and participants who experienced more modest impacts) serves as a useful reminder that not all small farms can upgrade and succeed.

If the goal is to eliminate rural poverty, the authors believe this limitation needs to be kept in mind, and other interventions may be needed to improve prospects for this sub-population and their children.

Impact and Implications
While the analysis was unable to identify which families failed to succeed and why, it is likely that some failures were due to the natural vagaries of agriculture as a risky activity.

Efforts to incorporate elements of insurance into small farm development strategies may have a key role to play in this regard, allowing a greater percentage of the population to succeed over the longer term.

The Authors
Emilia Tjernström is an assistant professor at the La Follette School of Public Affairs, University of Wisconsin–Madison. Patricia Toledo is an assistant professor at Ohio University, and Michael Carter is a professor at the University of California, Davis.

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<th>Faculty</th>
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<td>Donald Moynihan, Director, Professor, Public Affairs</td>
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<td>Hilary Shager, Associate Director</td>
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<td>Rebecca M. Blank, University Chancellor</td>
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<td>Maria Cancian, Professor, Public Affairs and Social Work</td>
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<td>Menzie Chinn, Professor, Public Affairs and Economics</td>
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<td>J. Michael Collins, Associate Professor, Public Affairs and Human Ecology</td>
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<td>Mark Copelovitch, Associate Professor, Public Affairs and Political Science</td>
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<td>Dennis Dresang, Professor Emeritus, Public Affairs and Political Science</td>
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<td>Jason Fletcher, Professor of Public Affairs</td>
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<td>Robert Haveman, Professor Emeritus, Public Affairs and Economics</td>
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<td>Pamela Herd, Professor, Public Affairs and Sociology</td>
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<td>Karen Holden, Professor Emeritus, Public Affairs and Consumer Science</td>
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<td>Leslie Ann, Adjunct Associate Professor, Public Affairs</td>
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<td>Howard, Public Affairs</td>
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<td>Christopher McKelvey, Lecturer, Public Affairs and Economics</td>
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<td>Gregory Nemet, Associate Professor, Public Affairs and Environmental Studies</td>
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<td>Rourke O'Brien, Assistant Professor, Public Affairs</td>
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