



# Medicaid Spousal Impoverishment Protection and Crowd-out of Private Long-Term Care Insurance

**Date:** 17 December 2021 (Friday)  
**Time:** 3:00 p.m. - 4:30 p.m.  
**Language:** English  
**Zoom Meeting ID:** 997 4719 7538

(Password will be sent to participants via email after registration.)



[Online Registration](#)

Although long-term care costs represent a substantial financial risk for older households, few purchase private insurance. Previous research shows that Medicaid - the heavily means-tested public health program - crowds-out private insurance for the majority of single individuals. Married couples are different from single individuals in several dimensions. They pool risks but face a greater cost in case that the care of the institutionalized spouse impoverishes the community spouse. Medicaid also offers married couples greater income and asset protection. These complications create mixed effects for married couples of requiring private policies.

We construct an inter-temporal life-cycle model in which retired married couples decide whether to insure themselves via private policies or implicitly via saving or anticipated future Medicaid use, given their expectation of needing care. We calculate that married couples are about as willing as equivalently wealthy singles to purchase insurance, likely reflecting the offsetting effects of risk pooling and concerns about the impact of care costs on the healthy spouse. In addition, we find that Medicaid spousal impoverishment protection only slightly reduces willingness to pay because most care episodes occur among surviving spouses. Finally, we show that, because the wealth distribution of married couples is shifted so far to the right compared to single individuals, a larger percentage of married couples than single individuals are willing to purchase private insurance. Using Health and Retirement Study data, we also empirically examine whether different degrees of Medicaid spousal impoverishment protection across state and time would impact the take-up of private policies.



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Dr Wei Sun is an Associate Professor at School of Finance, Renmin University of China. He received his Ph.D. in Economics from Boston College. His research focuses on public economics and insurance, specialized in retirement studies. He is familiar with the Social Security systems both in China and the U.S. Funded by the Social Security Administration (SSA) and the America Association of Retired Persons (AARP), he has several research projects that evaluated current programs and proposed potential future reforms. He is currently investigating a series of topics on long-term care under an R01 grant from the National Institute on Aging (NIA). He serves as an editorial board member at the Journal of Retirement and his work has been published in academic journals such as the Journal of Risk and Insurance and the Journal of Comparative Economics.

## Enquiry

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## Acknowledgement

The above seminar is supported by a grant from the Research Grants Council of the Hong Kong Special Administrative Region, China (UGC/IDS16/18) and Public and Social Policy Research Centre.