

# Affordability Presentation for the Medicaid Advisory Committee

March 22, 2006



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# The Quest

- To get an idea of how much money families can afford to contribute to health care (through premiums, co-pays, and deductibles) depending on:
  - How many wage-earners in the home
  - How many children in the home
  - Monthly Income (measured by Federal Poverty Level Guidelines)
  - Monthly expenses
  - Geographic Area (rural vs. urban)

# Data Sources

- Economic Policy Institute ([www.epi.org](http://www.epi.org))
  - 2004 family budget calculator
    - Methodology available: *Family Budget Technical Documentation* (Allegretto & Fungard) [www.epi.org](http://www.epi.org).
- The United States Department of Health & Human Services 2004 HHS Poverty Guidelines
  - Issued yearly and used for determining financial eligibility for means-tested federal programs

# Calculations & Assumptions: Housing

- Housing: based on the Department of Housing and Urban Development's fair market rents (FMR):
  - representing rent + utilities for “privately owned, decent, structurally safe, and sanitary rental housing of a modest (non-luxury) nature with suitable amenities”.
- Assumptions:
  - Two bedroom apartments for families with 1 or 2 children.
  - Three bedroom apartments for families with 3 children.

# Calculations & Assumptions: Food

- Food Costs: based on the Department of Agriculture's "Official USDA Food Plans: Cost of Food at Home at Four Levels" report.
- Budget uses the "low-cost" plan, the second lowest plan calculated.
- Assumes a very basic diet, and that almost all food will be prepared in the home.

# Calculations & Assumptions: Transportation

- Transportation costs per mile are from the IRS cost-per-mile rate, which includes the cost of gas, insurance, vehicle registration fees, maintenance, and depreciation.
  - Varies by urban or rural area, and number of parents in the family.
- Budget assumes only non-social trips (work, school, church, and errands for the 1<sup>st</sup> adult and only work trips for the 2<sup>nd</sup> adult).

# Calculations & Assumptions: Child Care

- For the most part, costs are based on child care centers and varies by urban vs. rural locations.
- Budget assumes a 4 year-old in one-child families, one 4 year-old and one school-age child in two-child families, and a 4 year-old and two school-aged children in three child families.

# Calculations & Assumptions: Taxes

- Taxes include federal personal income tax, federal Social Security and Medicare payroll taxes, state income taxes, and well as local income or wage taxes.
- Budgets assume:
  - All families are renters
  - All adults work and all income is from work
  - Adults take advantage of all tax credits



# Calculations & Assumptions: Other Expenses

- Clothing
- Personal Care expenses
- Household supplies
- Reading materials
- School supplies
- Estimated as 27% of housing and food costs
  - Based on data from the Consumer Expenditure Survey (<http://www.bls.gov/cex>)

# The Budgets

2004

Portland-Vancouver

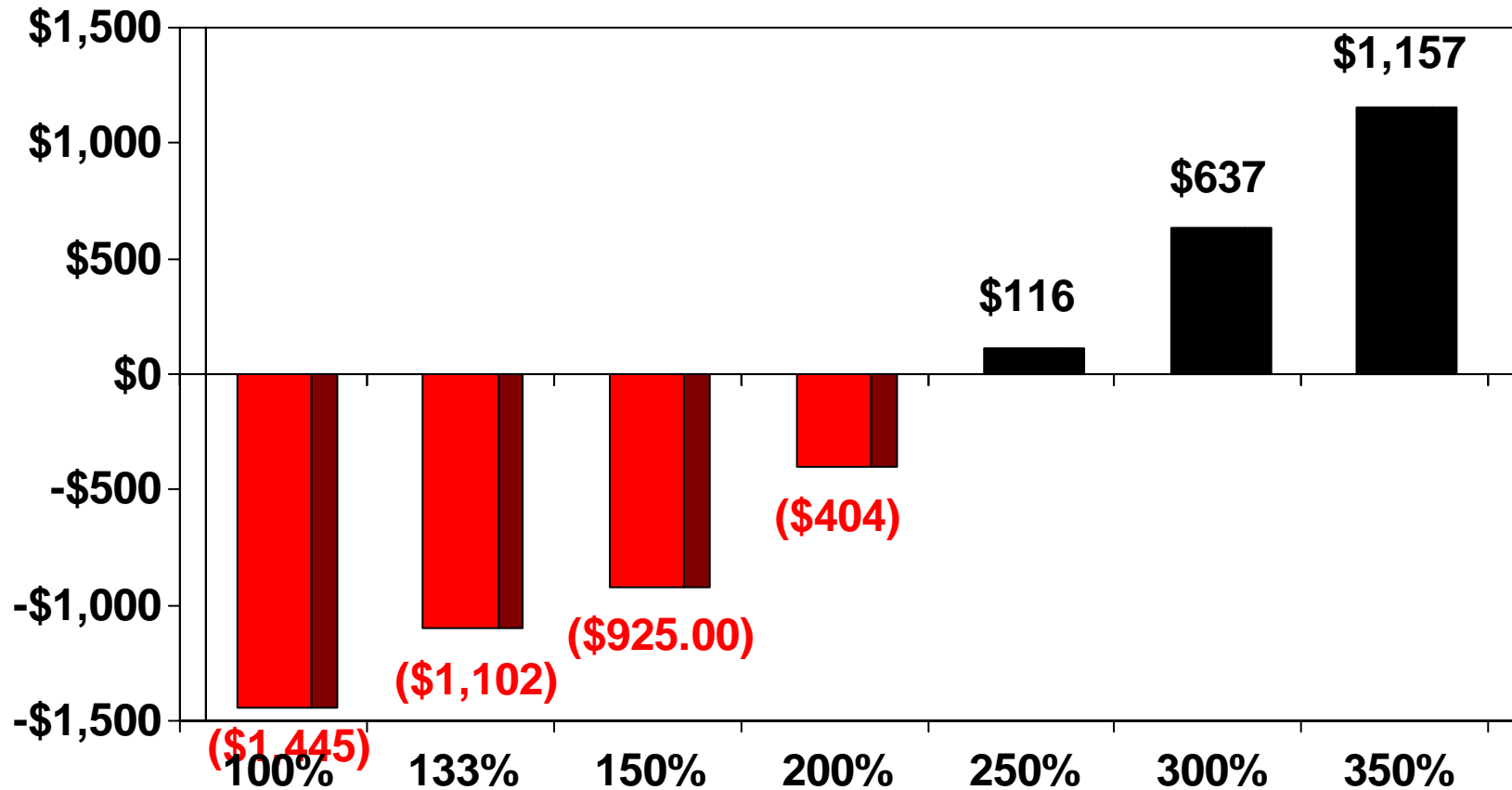
Rural Oregon

# Family Budget: Portland- Vancouver 1 Parent/ 1 Child\*

	2004 \$ amount
Monthly housing	\$ 717
Monthly food	\$ 265
Monthly child care	\$ 557
Monthly transportation	\$ 275
Monthly taxes	\$ 407
Monthly other necessities (e.g., clothing)	\$ 265
Monthly total mandatory expenses	\$ 2,486
Annual total	\$ 29,832

\* Economic Policy Institute (2004)

# Discretionary Monthly Income after 250% Federal Poverty Level (FPL)\*



\* Portland-Vancouver (2004)

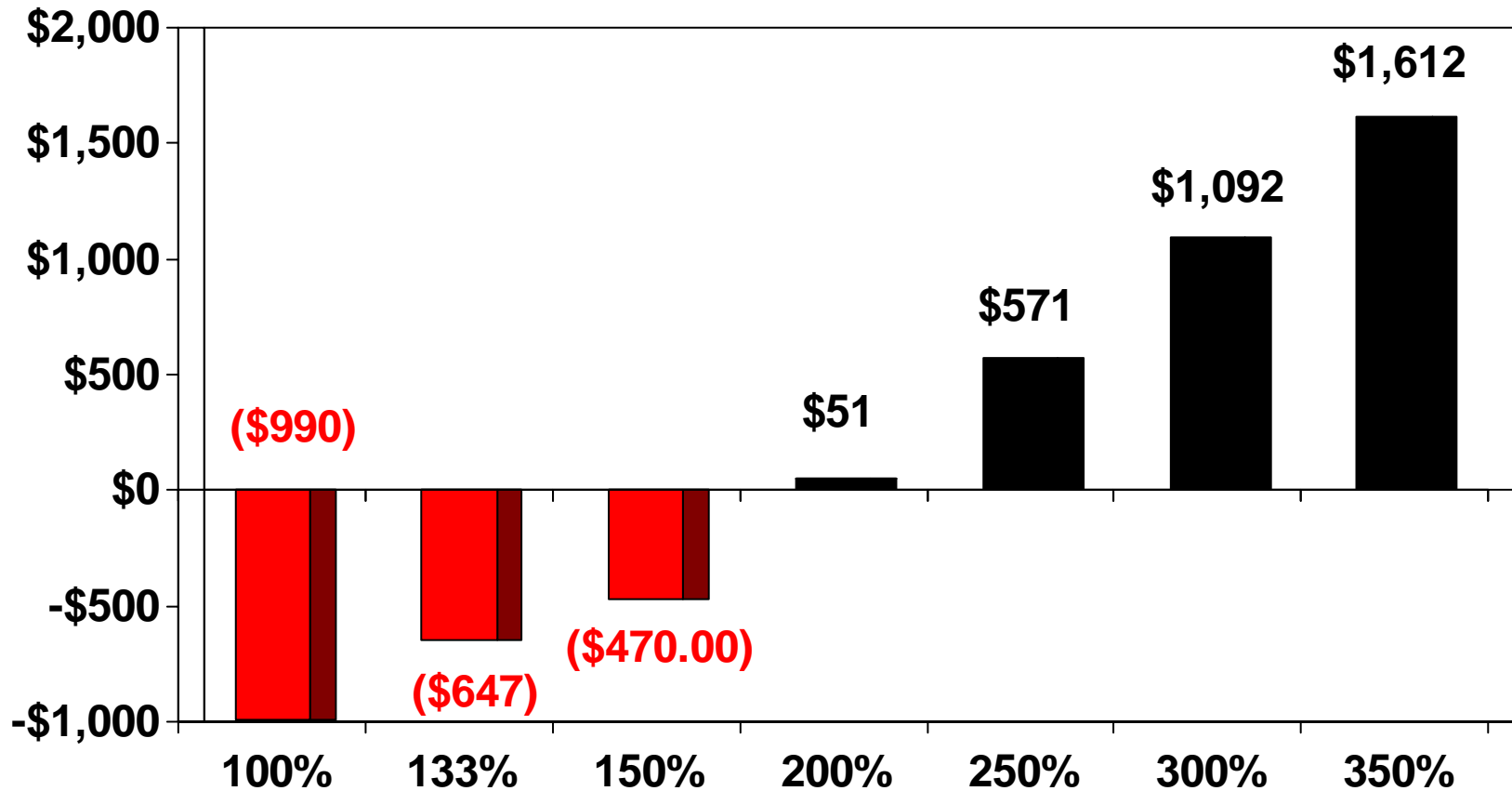
1 Parent + 1 Child

# Family Budget: Rural Oregon 1 Parent/ 1 Child

	2004 \$ amount
Monthly housing	\$ 589
Monthly food	\$ 265
Monthly child care	\$ 418
Monthly transportation	\$ 313
Monthly taxes	\$ 215
Monthly other necessities (e.g., clothing)	\$ 231
Monthly total mandatory expenses	\$ 2,031
Annual total	\$ 24,372

Economic Policy Institute (2004)

# Discretionary Monthly Income after 200% FPL\*



Rural Oregon (2004)

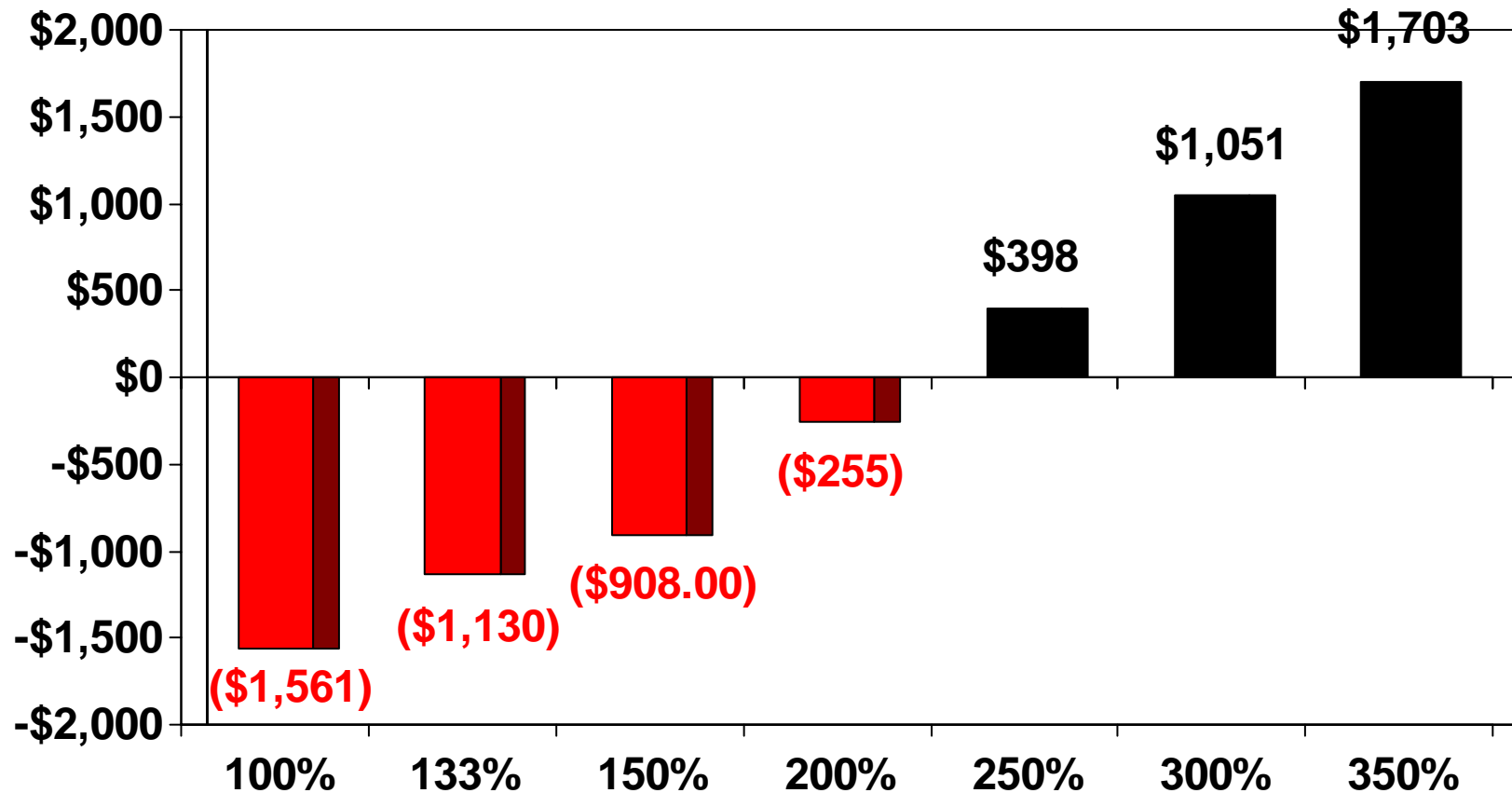
1 Parent + 1 Child

# Family Budget: Portland- Vancouver 2 parents/1 child\*

	2004 \$ amount
Monthly housing	\$ 717
Monthly food	\$ 448
Monthly child care	\$ 557
Monthly transportation	\$ 375
Monthly taxes	\$ 455
Monthly other necessities	\$ 315
Monthly total mandatory expenses	\$ 2,867
Annual total	\$ 34,404

Economic Policy Institute (2004)

# Discretionary Monthly Income after 250% of Poverty Level \*



\* Portland Area (2004) 2 Parents + 1 Child

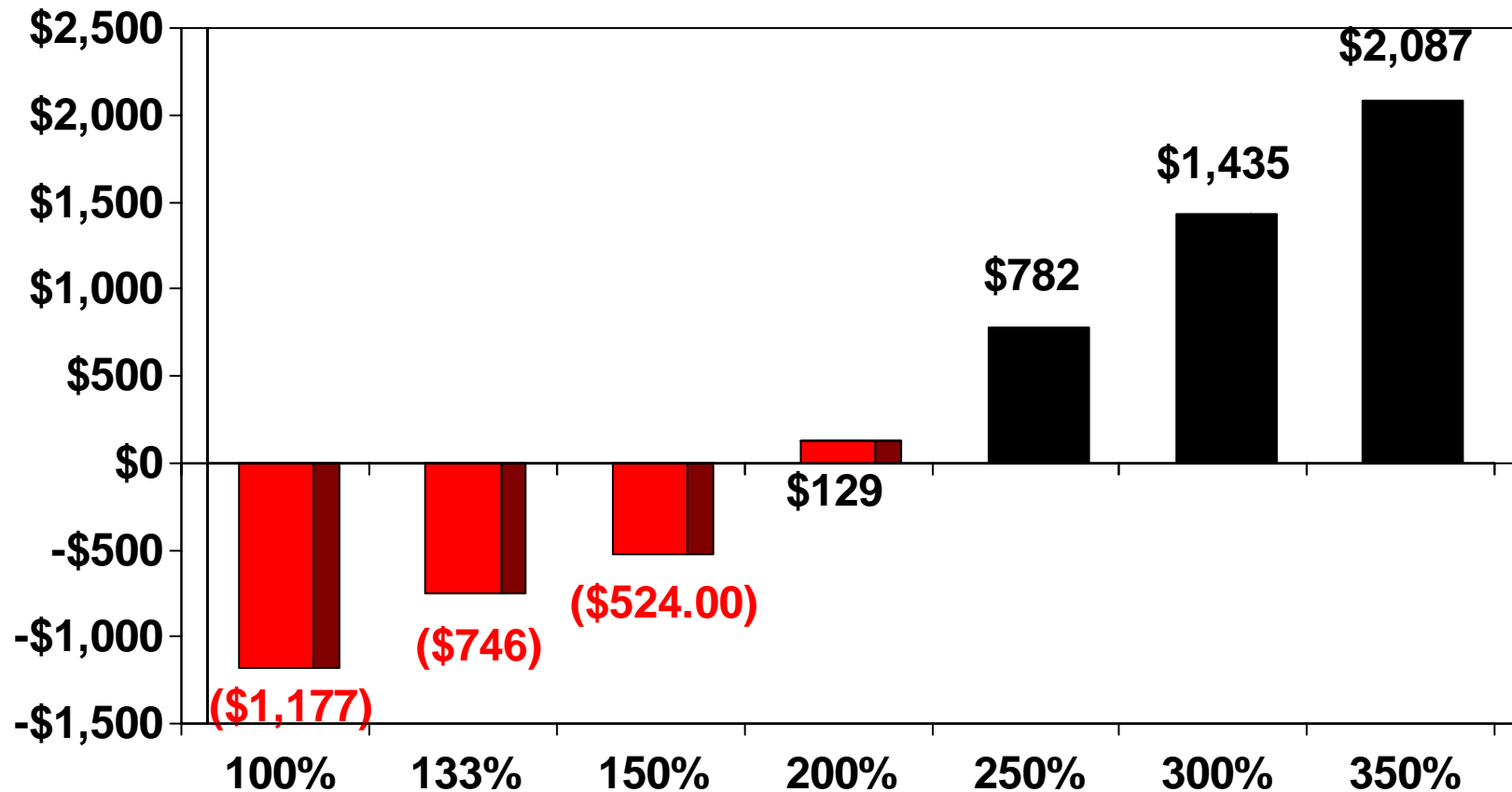


# Family Budget: Rural Oregon 2 Parents/1 Child

<b>Rural Oregon-2 Parents + One Child</b>	
	2004 \$ amount
Monthly housing	\$ 589
Monthly food	\$ 448
Monthly child care	\$ 418
Monthly transportation	\$ 420
Monthly taxes	\$ 328
Monthly other necessities	\$ 280
Monthly total mandatory expenses	\$ 2,483
Annual total	\$ 29,796

Economic Policy Institute (2004)

# Discretionary Monthly Income after 200% of Poverty Level \*



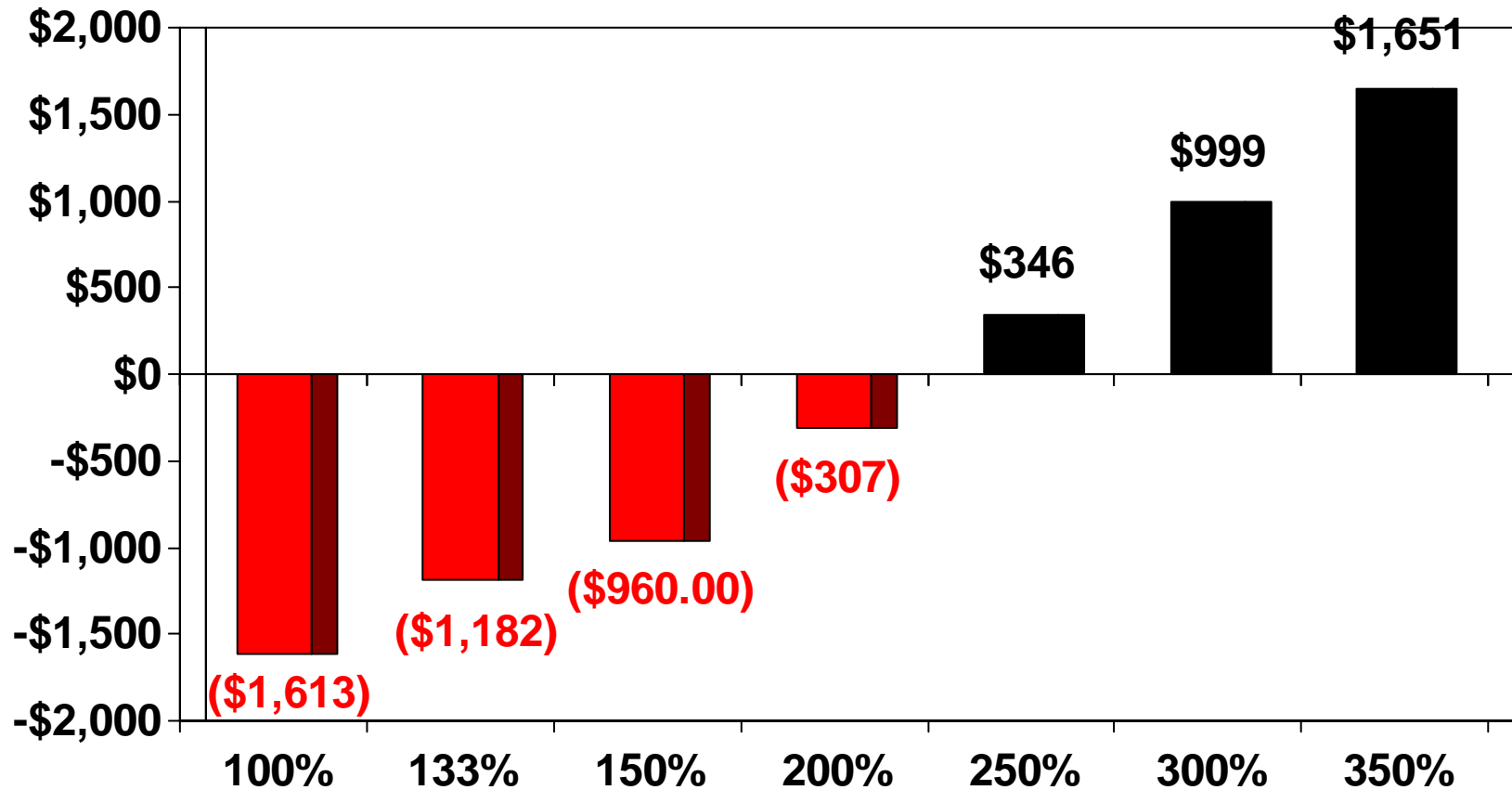
\* Rural Oregon (2004) 2 Parents + 1 Child

# Family Budget: Portland-Vancouver 1 Parent/ 2 Children\*

	2004 \$ amount
Monthly housing	\$ 717
Monthly food	\$ 405
Monthly child care	\$ 855
Monthly transportation	\$ 275
Monthly taxes	\$ 364
Monthly other necessities (e.g., clothing)	\$ 303
Monthly total mandatory expenses	\$ 2,919
Annual total	\$ 35,028

Economic Policy Institute (2004)

# Discretionary Monthly Income after 250% FPL \*



\*Portland-Vancouver (2004)

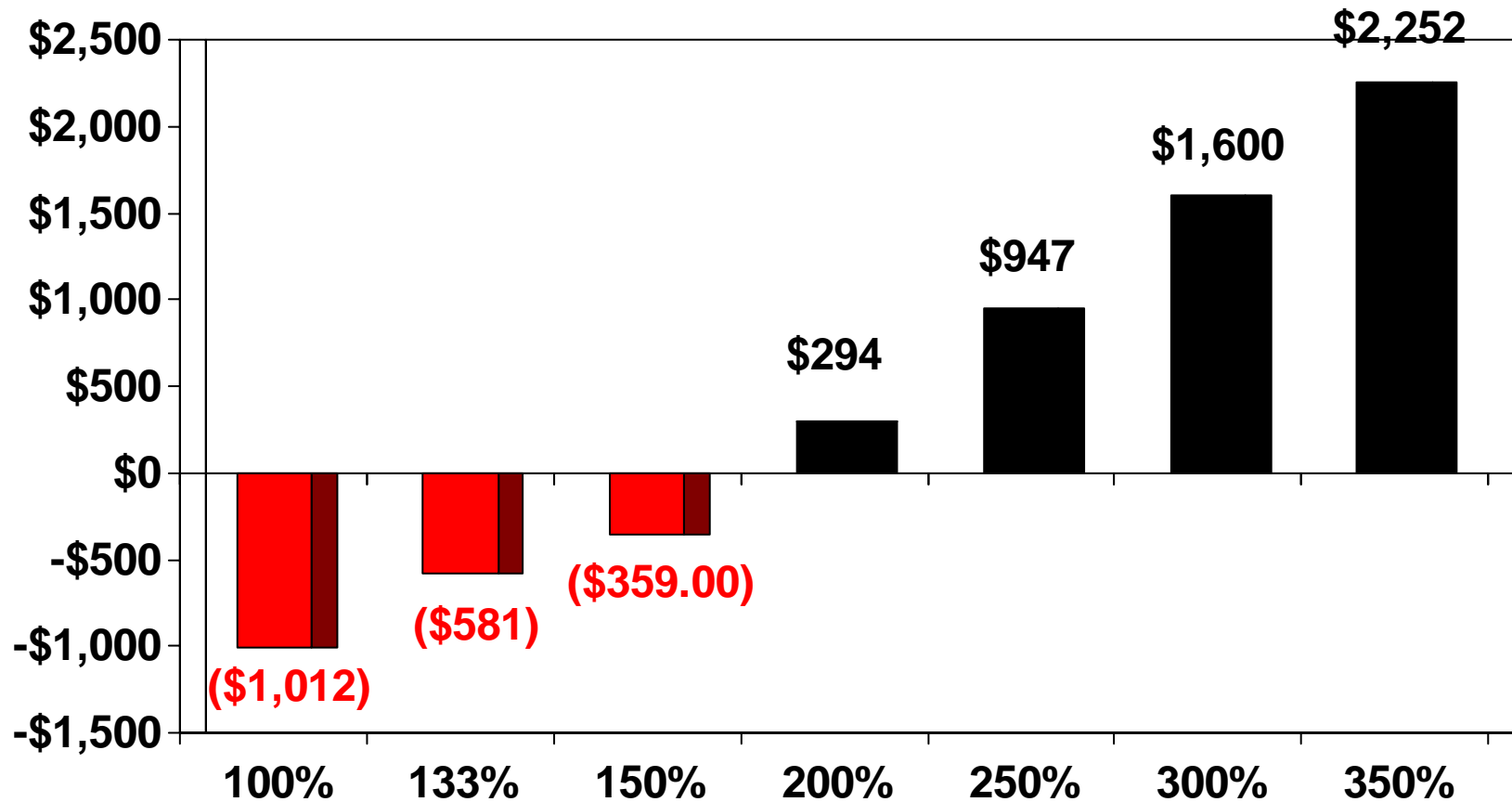
1 Parent + 2 Children

# Family Budget: Rural Oregon 1 Parent/ 2 Children

	2004 \$ amount
Monthly housing	\$ 589
Monthly food	\$ 405
Monthly child care	\$ 657
Monthly transportation	\$ 313
Monthly taxes	\$ 86
Monthly other necessities (e.g., clothing)	\$ 268
Monthly total mandatory expenses	\$ 2,318
Annual total	\$ 27,816

Economic Policy Institute (2004)

# Discretionary Monthly Income after 200% FPL \*



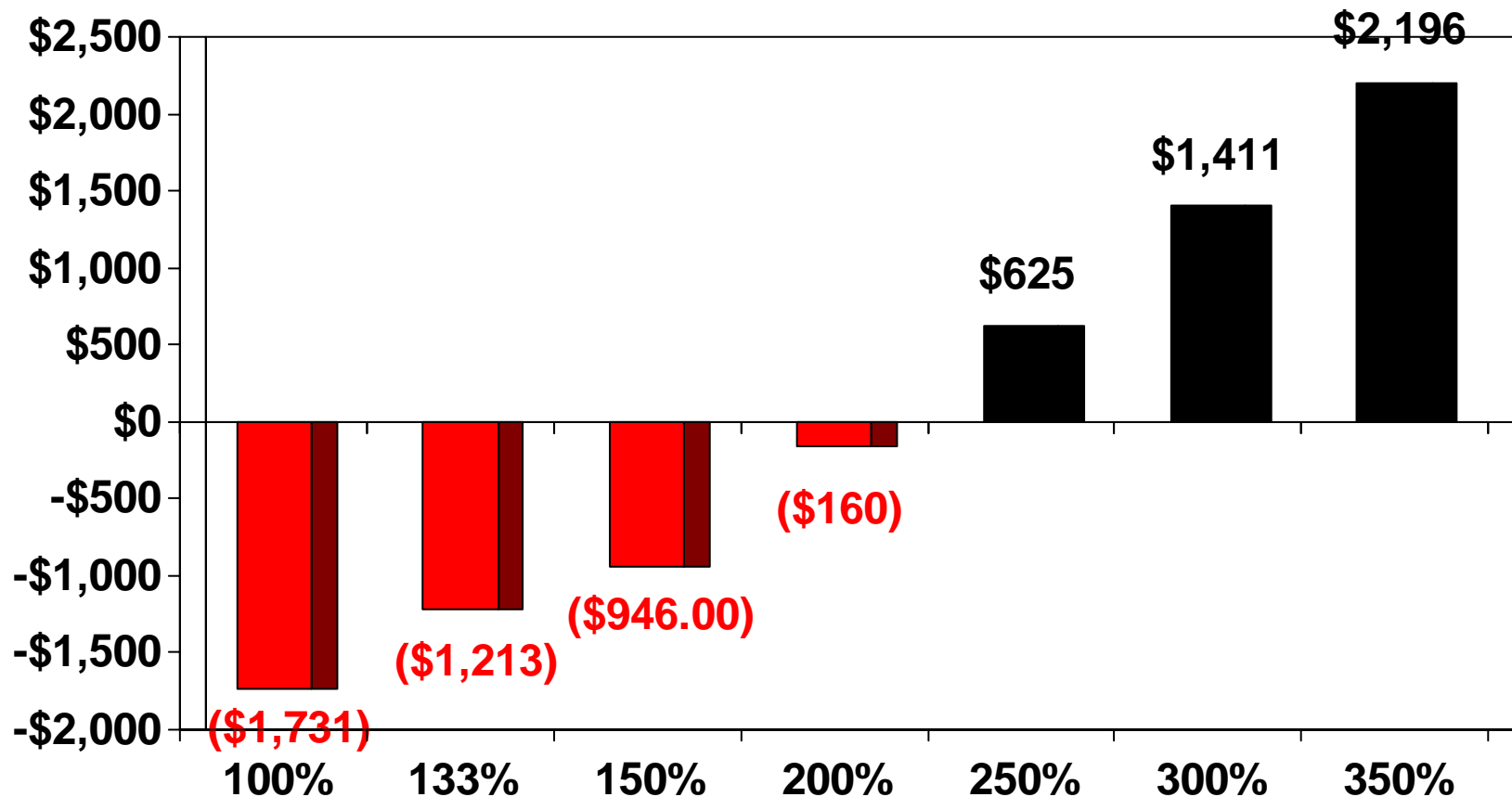
Rural Oregon      1 Parent + 2 Children

# Family Budget: Portland-Vancouver 2 Parents/ 2 Children \*

	2004 \$ amount
Monthly housing	\$ 717
Monthly food	\$ 587
Monthly child care	\$ 855
Monthly transportation	\$ 375
Monthly taxes	\$ 416
Monthly other necessities (e.g., clothing)	\$ 352
Monthly total mandatory expenses	\$ 3,302
Annual total	\$ 39,624

Economic Policy Institute (2004)

# Discretionary Monthly Income after 250% FPL \*



\*Portland-Vancouver (2004)

2 Parents + 2 Children

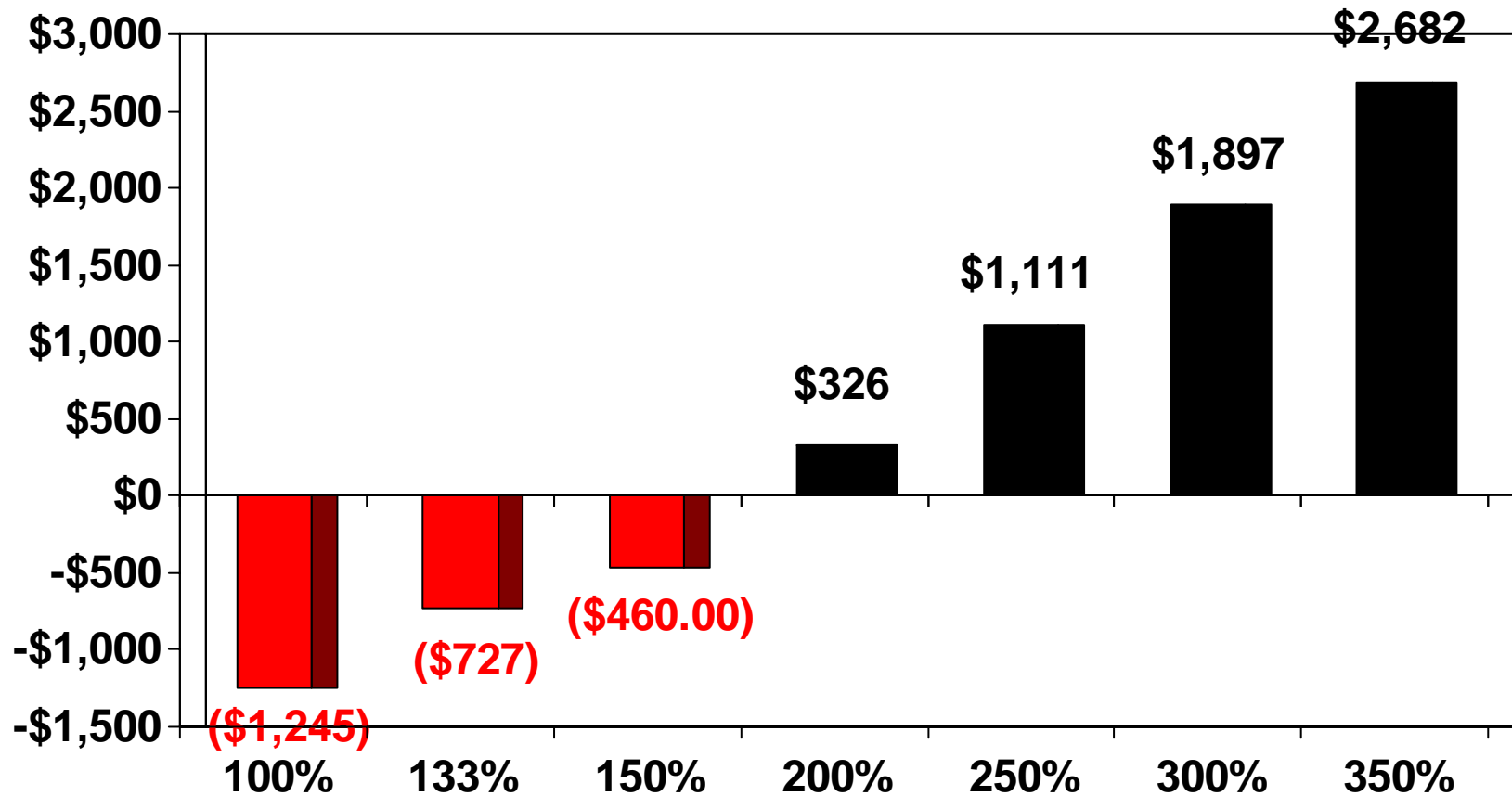


# Family Budget: Rural Oregon 2 Parents/ 2 Children \*

	2004 \$ amount
Monthly housing	\$ 589
Monthly food	\$ 587
Monthly child care	\$ 657
Monthly transportation	\$ 420
Monthly taxes	\$ 245
Monthly other necessities (e.g., clothing)	\$ 318
Monthly total mandatory expenses	\$ 2,816
Annual total	\$ 33,792

\* Economic Policy Institute (2004)

# Discretionary Monthly Income after 200% FPL \*



\*Rural Oregon (2004)

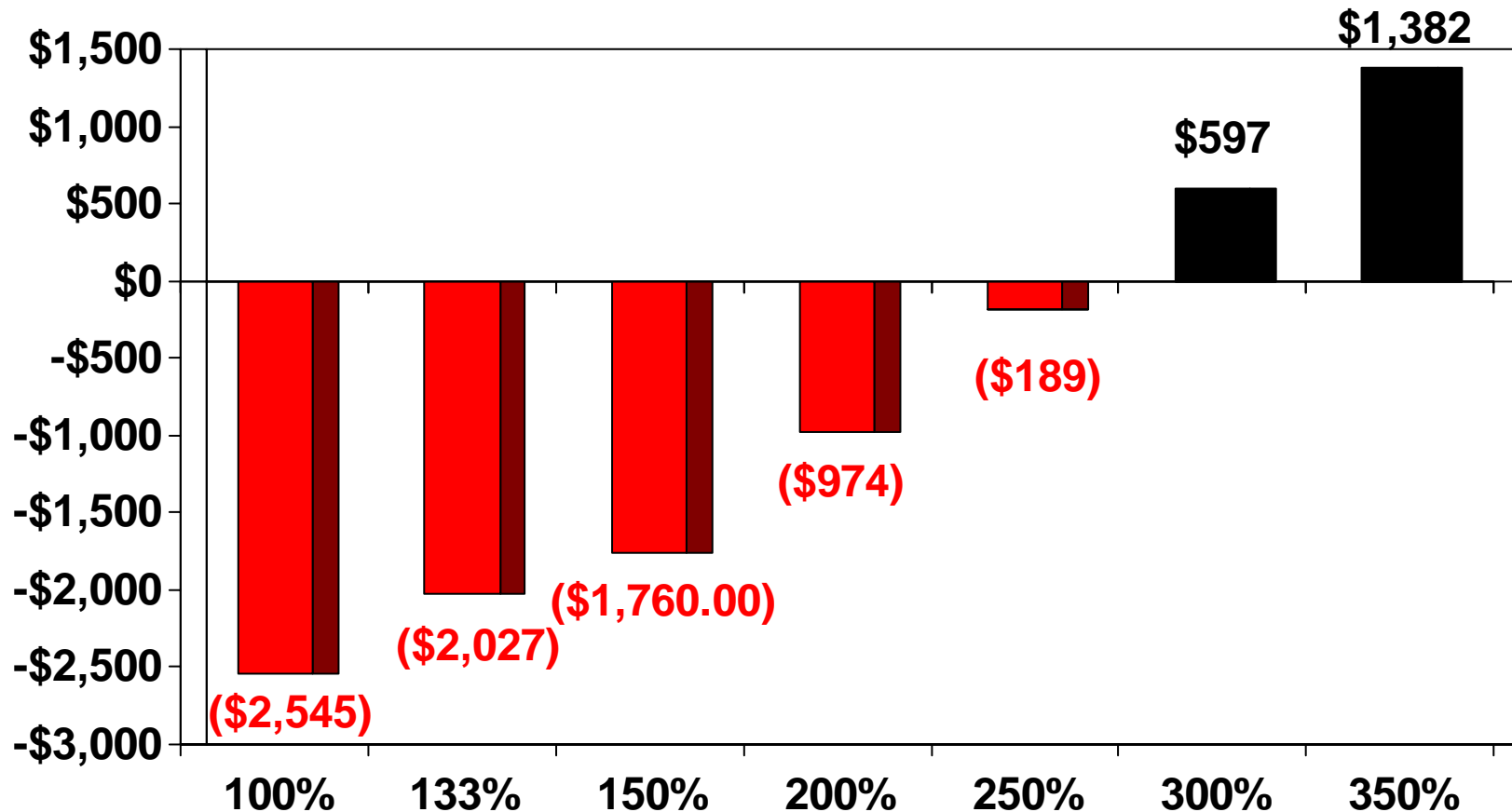
2 Parents + 2 Children

# Family Budget: Portland-Vancouver 1 Parent/ 3 Children\*

	2004 \$ amount
Monthly housing	\$ 1,044
Monthly food	\$ 562
Monthly child care	\$ 1,154
Monthly transportation	\$ 275
Monthly taxes	\$ 647
Monthly other necessities (e.g., clothing)	\$ 434
Monthly total mandatory expenses	\$ 4,116
Annual total	\$ 49,392

\* Economic Policy Institute (2004)

# Discretionary Monthly Income after 300% FPL



\*Portland-Vancouver (2004)

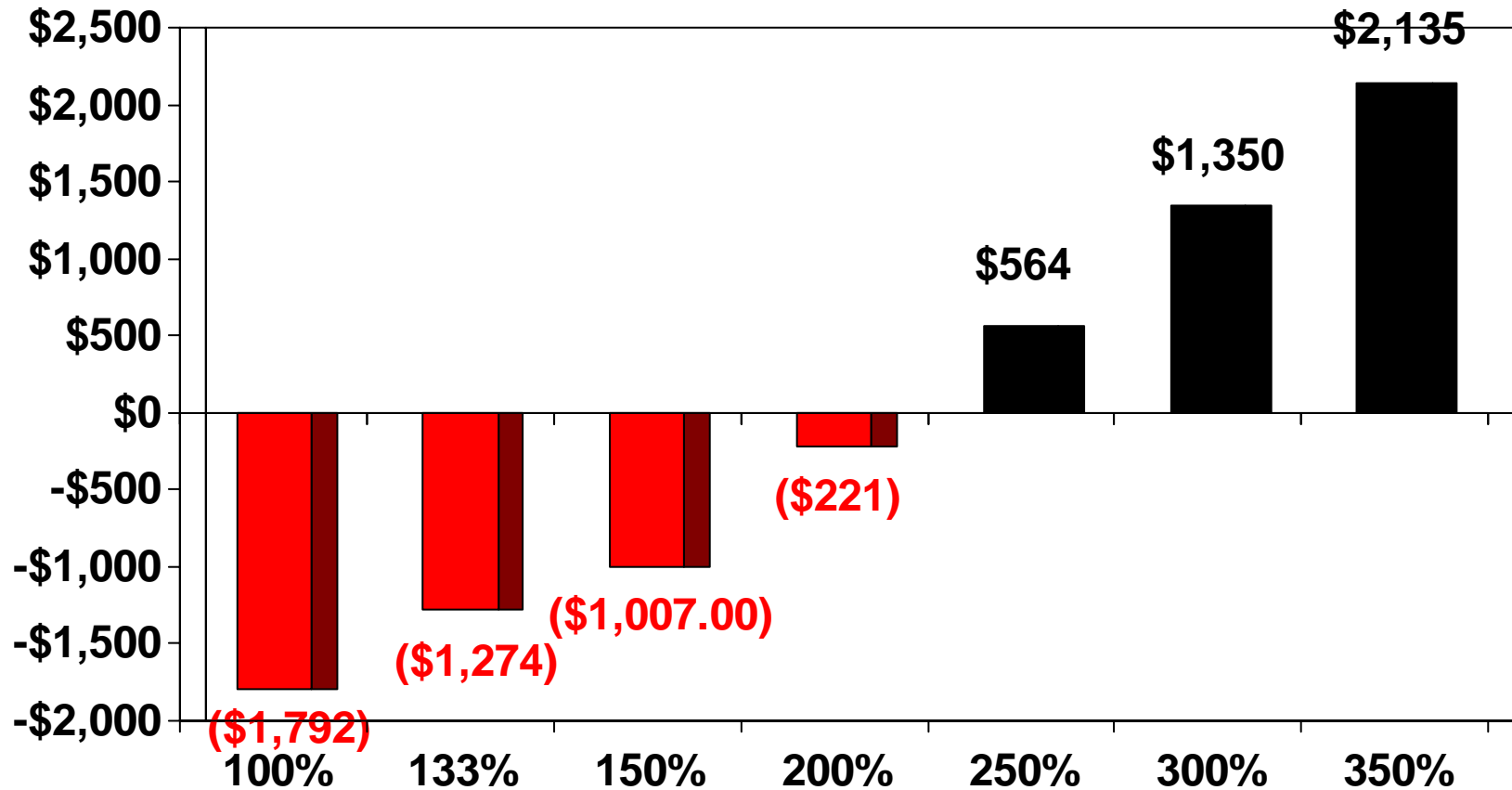
1 Parent + 3 Children

# Family Budget: Rural Oregon 1 Parent/ 3 Children

	2004 \$ amount
Monthly housing	\$ 827
Monthly food	\$ 562
Monthly child care	\$ 896
Monthly transportation	\$ 313
Monthly taxes	\$ 390
Monthly other necessities (e.g., clothing)	\$ 375
Monthly total mandatory expenses	\$ 3,363
Annual total	\$ 40,356

Economic Policy Institute (2004)

# Discretionary Monthly Income after 250% of FPL



Rural Oregon (2004)

1 Parent + 3 Children

# Discussion Points

- These budgets do not include debt, or higher than normal interest rates that might affect families with less than perfect credit.
- Estimates are conservative (particularly regarding child care, housing, and food)
- Other factors, beyond health care, compete for discretionary income.
- Budget does not include recommended savings or catastrophic expenses.