The State Children's Health Insurance Program and Job Mobility: Identifying Job Lock among Working Parents in Near-Poor Households

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Abstract

We use the introduction of the State Children's Health Insurance Program (SCHIP) to assess whether the job mobility of near-poor parents is suppressed through job lock. Using data from the 1996 and 2001 Survey of Income and Program Participation (SIPP), we first identify working fathers whose children meet the SCHIP eligibility criteria. We then separate these workers into two groups: those with employed spouses who have employer provided coverage in their own names and those who do not. For the former group, the introduction of SCHIP is unlikely to relieve job lock since they already had a viable alternative source of coverage. For the latter group, however, SCHIP provides an alternative source of coverage where one previously did not exist. Among workers without insured spouses, we observe a 5 to 6 percentage point increase in the likelihood that the worker separates from their current employer within one year after SCHIP is implemented. We see no comparable change in mobility among those with insured spouses. This relative pattern survives regression adjustment for observable demographic characteristics, the household's position in the income distribution and a host of other controls. We do not find comparable relative changes for married fathers with incomes too high to qualify for the SCHIP program.

Introduction

Working adults with children in the U.S. are likely to seek employment opportunities that provide health insurance benefits. For a number of reasons, procuring health insurance through an employer is often less expensive than purchasing insurance individually. Unlike the earned income needed to privately purchase coverage, the value of employer-provided coverage is not taxed. In addition large employers can purchase insurance at a rate per beneficiary that is considerably lower than that faced by individual households on the open market.

These cost advantages suggest that the value that many individuals place on employer-provided health insurance benefits exceeds the concurrent marginal cost to employers. This differential may be exacerbated by the fact that alternative employers may not offer health benefits, may refuse to provide coverage for pre-existing medical conditions for up to one year as allowed under the provisions of the Health Insurance Portability and Accountability Act (HIPAA), or may impose length-of-service requirements prior to providing any benefits. Consequently, some workers may bypass alternative employment where their pay may be higher, and the non-monetary job attributes superior. Parents in particular, whose children are likely to use health insurance benefits intensively, may find themselves "locked" into particular jobs by the need to maintain health coverage for their children.

The recent expansion of eligibility for public health insurance through the State Children's Health Insurance Program (SCHIP) provides a novel opportunity to assess the degree to which the job mobility of working parents are reduced by the need to maintain health insurance for their children. SCHIP expanded the pool of children eligible for public health insurance benefits from roughly 30 percent in 1997 (under Medicaid eligibility rules) to roughly 50 percent in 2001 (both Medicaid and SCHIP combined), effectively de-linking health insurance coverage for an

increasing proportion of children from their parents' employment status. In this paper, we use the introduction of SCHIP to assess whether the job mobility of near-poor parents are suppressed through job lock.

Using data from the 1996 and 2001 Survey of Income and Program Participation (SIPP), we first identify working fathers whose children meet the SCHIP eligibility criteria. We then evaluate a simple quasi-experiment defining a treatment and comparison groups among the fathers of SCHIP eligible households based on a characteristic that a priori would either magnify or mollify the extent of job lock. Specifically, we compare pre-post changes in one-year separation rates among married men whose spouses have employer provided coverage in their own names to comparable changes for married men with spouses who do not have benefits. For the former group, the introduction of SCHIP is unlikely to relieve job lock since they already had a viable alternative source of coverage. For the latter group, however, SCHIP provides an alternative source of coverage where one previously did not exist.

We find that corresponding to the introduction of SCHIP, the likelihood of separating from one's employer within a year increases among married fathers whose wives are not independently insured relative to comparable fathers with insured spouses. Moreover, we do not find a similar relative change in separation rates among higher-income men whose children are ineligible for SCHIP benefits.

2. Identifying Job Lock

The majority of Americans obtain health coverage through the group plans of their employers.[1] However, not all employers offer such benefits. Thus, it is quite natural to ask

[1] Our tabulations of the 2001 SIPP indicate that 84 percent of working adults are covered by a health insurance plan where either their employer or the employer of someone else in the household pays part of the cost. Roughly 70

whether health benefits tie workers to their employers. Even if a worker receives an alternative offer with health benefits, changing employers and health plans may create several transaction costs and involve spells of being uninsured. For example, those who switch employers may have to switch primary care physicians. The new employer may require initial physical exams and exclude coverage for the treatment of pre-existing conditions for up to a year.[2] New employers may require some minimum length of service before extending health benefits to new employees. Lastly, when a worker changes a job mid-year, he or she may lose credit towards deductibles or contributions made towards a pre-tax health care reimbursement account.

If household valuations of these transaction costs are substantial, workers may bypass preferred employment opportunities when opportunities arise. Furthermore, one might expect that those individuals who place a particularly high value on their health insurance benefits may be less likely to initiate on-the-job search in the first place.

In cross sectional data, workers with employer provided health insurance are considerably less likely to separate from their current employers than are uninsured workers. For example, tabulations of the 1996 SIPP show that roughly 18 percent of workers with employer-provided health benefits separate from their employers within a year, compared with 41 percent of uninsured workers. The key identification problem concerns the fact that having employer provided health insurance is likely to be correlated with both job and worker characteristics that are also likely to be related to mobility. For example, jobs that offer health benefits probably offer other fringe benefits, such as a pension or vacation time. Moreover, employees with health benefits are likely to be more skilled on average and perhaps more stable.

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percent of children are covered by private health insurance, the overwhelming majority through the employer group plans of a parent or guardian.

[2] Under the Health Insurance Portability and Accountability Act of 1996, employers must offer coverage for the treatment of pre-existing conditions after one year of service.

In their review of job lock research, Gruber and Madrian (2002) identify two principal identification strategies for measuring job lock. The first strategy exploits variation in whether a given worker has access to health insurance coverage through a source other than his or her employer. The second strategy exploits the fact that the personal valuation of one's health insurance benefits will vary with one's personal circumstances, such as the number and composition of dependents or health conditions.

With regards to the first strategy, several studies have tested for a relatively large effect of health benefits on job mobility for workers with no alternative source of health insurance. For example, Madrian (1994) compares the mobility of married men who are stratified by whether their spouses are independently insured through their own employers. For men with insured wives, the wife's health benefits (and possible their own) are not dependent on the husband's current employment. For such men, concerns over losing health benefits are unlikely to constrain mobility, and thus any mobility difference between those with and without employer-provided benefits is likely attributable to observable and unobservable job and worker attributes.

On the other hand, for men without independently insured spouses both his coverage and the coverage of his dependents are tied to his current job. Subject to some assumptions, one can attribute the differential effect of employer provided health benefits among these men relative to men with insured spouses to job lock. Several studies pursue this strategy, including Madrian (1994), Buchmeuller and Valleta (1996) Holtz-Eaken (1994), Anderson (1997), Gillespie and Lutz (2000), and Adams (2004). With the exception of Holtz-Eaken (1994), all of these studies find evidence of job lock among workers with no alternative source of health coverage, with the estimates suggesting that job lock reduces mobility between 25 and 50 percent.

The second identification strategy compares the effect of employer provided health insurance on mobility for those who place particularly high value on health benefits relative to those who do not. Madrian (1994) compares the mobility of men whose wives are pregnant to that of men whose wives are not. Kapur (1998) compares the effects of benefits on mobility for workers with chronic health conditions relative to workers without such concerns. Similar strategies are pursued by Brunetti et. al. (2000), and Stroupe el. al. (2000). The evidence of job lock from these strategies is mixed, with most research identifying the effect through the interaction between chronic poor health and health benefits and finding little supportive evidence.

An identification strategy that has not been extensively pursued is to exploit variation in policy pertaining to either the availability of alternative sources of health coverage or the portability of existing coverage. Gruber and Madrian (1994) provide the sole exception. The authors explore the effect of state variation in continuous coverage mandates on the likelihood that workers separate from their current employers. Prior to the passage of the Consolidated Omnibus Reconciliation Act of 1985 (COBRA), state regulation governed the length of time that employers were required to allow former employees to buy into their group plans (usually at the average cost per beneficiary to the employer). After 1986, the federal law mandated that employees may retain their health insurance after leaving a job for 18 months. If the state and federal statues are at odds, firms must abide by the law that provides for more generous coverage. The authors find positive and significant effects of the extension of continuous coverage protection on quarterly job separation rates during the 1980s.

Below, we outline an identification strategy that exploits both differential access to health coverage through sources other than one's employer (following Madrian (1994) and others), as well as, exogenous policy induced variation in access to public health care.

3. Using the Expansion of SCHIP to Identify Job Lock Among Working Parents in Near Poor Households

In 1997, Congress created the State Children's Health Insurance Program (SCHIP), providing $40 billion in Federal matching funds through fiscal year 2007 for state-designed and operated public health insurance programs. SCHIP targets children in low-income families with incomes too high to qualify for Medicaid benefits. For the most part, children in families with income less than 200 percent of the poverty line that are ineligible for Medicaid benefits are eligible for SCHIP,[3] though some states extend coverage to households with income up to 350 percent of the poverty line. Unlike Medicaid, SCHIP benefits are not an entitlement. States are allotted funds based on a matching formula and each state is allowed to define the "targeted" group of low-income children to receive health insurance through the SCHIP program.[4]

The introduction of SCHIP greatly expanded the proportion of children eligible for public health insurance. In 1997, 34 percent of U.S. children were eligible for public health insurance through the Medicaid program. In 2001, this increases to 51 percent with 19 percent eligible for SCHIP benefits and 32 percent eligible for Medicaid (Bansak and Raphael 2006a). Restricting the focus to uninsured children, roughly half are eligible for Medicaid benefits while one quarter are eligible for SCHIP benefits.

Our identification strategy for measuring job lock compares the pre-post SCHIP changes in mobility rates among employed fathers of SCHIP eligible children after stratifying these

[3] While SCHIP is aimed at low-income children, there are some groups of low-income children who are not eligible. For example, children eligible for Medicaid and children who are members of families currently eligible for state employee insurance are not eligible to receive coverage under SCHIP (CMS 2004). In addition, and children who live in an Institution for Mental Diseases are also ineligible to receive coverage under SCHIP (CMS 2004) see http://www.cms.hhs.gov/schip/about-SCHIP.asp

[4] Each state has a fixed allotment of SCHIP funds that are distributed as a Federal match with an enhanced matching rate, ranging from 65% to 85% (Green Book 2004). State allotments are determined through a formula that takes into account both the "number of children" and a "state cost factor" that reflects the cost of health care in a given state (CMS 2004).

parents into groups who are likely to differ in terms of the degree to which they are locked to their current employer through health benefits. Specifically, for the period surrounding the introduction of SCHIP we compare the pre-post change in mobility rates for married fathers whose wives are independently insured through their own employment to married fathers whose wives do not have such benefits. For men in the former group, the introduction of SCHIP provides a second alternative source of health insurance since household dependents are likely to be eligible for benefits through the spouse's employer. Thus for this group, the introduction of SCHIP affects a non-binding (or perhaps, less-binding) constraint to job mobility.[5]

On the other hand, for parents without independently insured spouses the SCHIP program provides the first alternative source of health insurance for their dependent children. For these parents, the program directly affects a binding constraint to job mobility. To the extent that job lock is important among SCHIP eligible parents, one should observe a relative increase in the job mobility rates of parents without an insured spouse relative to those with an insured spouse.

Using these defined treatment and comparison groups, we tabulate difference-in-difference estimates of the program's introduction on job mobility rates. We calculate the before-after change in one-year separation rates for men with independently insured spouses and for men without and test for a differential increase in separation probabilities for the former group.

Our difference-in-difference estimator rests on several important assumptions that merit discussion. First, we are assuming that our a priori stratification actually identifies variation in the degree to which parents are locked to their employer due to concerns pertaining to the coverage of their children. Second, we are assuming that the mobility trends for fathers in our

[5] To be sure, SCHIP does not relieve job lock due to concern over one's own health benefits, as the SCHIP program extends benefits to parents in only a handful of states. Thus, while the program partially unlinks health insurance coverage and the employer for dependents, it does not sever the relationships entirely.

comparisons groups provide adequate counterfactuals for those we are identifying as being treated by the SCHIP program.

There are several reasons to question the first assumption. For starters, in households with two employed and independently insured parents, one might surmise that the household will enroll their dependent children in the group plan that offers the best benefits at the lowest cost. In other words, the benefits offered by the wife's employer may not perfectly substitute for those offered through one's own employer. Moreover, having an independently insured spouse does not necessarily imply that one's children are eligible for benefits on the spouse's health plan.[6] Thus, even for parents with an insured spouse, health insurance concerns may bind them to their current employers.

Despite these concerns, we do observe some evidence of a relatively larger take-up rate among the SCHIP-eligible children of married men without insured spouses, although this pattern is not consistent across the samples that we use for our analysis. Table 1 presents these comparisons.[7] For the years 1996 (pre-SCHIP) and 2001 (post-SCHIP), the table presents the proportion of working fathers in SCHIP-eligible households with children who are covered by publicly provided health insurance. Panel A presents figures for all married men while Panel B presents tabulations for married men who have employer-provided health insurance benefits. Among all fathers with insured spouses, the proportion with children receiving public health benefits increases from 0.035 in 1996 to 0.078, a statistically significant increase of 4.2 percentage points.[8] In contrast, the proportion of working fathers without insured spouses whose

[6] The questions in the SIPP pertaining health insurance allow one to identify whether one's spouse is covered by a plan that is paid for in part by the spouse's employer. The health insurance questions do not permit identifying whether the spouse's benefits would cover minor dependents in the household.
[7] These tabulations are calculated using data from the 1996 and 2001 SIPP. We discuss the data in detail below.
[8] Presumably, the proportion of SCHIP eligible children covered by public health insurance in 1996 should be zero, as such children are ineligible for Medicaid and SCHIP was introduced in 1997. The positive proportion receiving benefits pre-SCHIP reflects error in our imputation of the SCHIP eligible population. Previous research on take up

children are covered by public health insurance increase from 0.077 in 1996 to 0.145 in 2001, a slightly larger increase of approximately 7 percentage points. When the sample is restricted to married men with employer provided health insurance, the relative change flips signs, with the children of men with insured spouses experiencing a larger increase in public coverage relative to the children of men without insured spouses. However, the change for men with insured spouses is poorly measured and is statistically insignificant as is the relative change across the two groups.

Whether our proposed comparison group provides an adequate gauge of the counterfactual path that the mobility rates of our treatment group would have followed had SCHIP not be introduced is, of course, impossible to assess. However, we can compare the two groups in terms of pre-intervention average characteristics and compare pre-intervention values for our key dependent variable to assess the degree of similarity between our treatment and comparison groups. Table 2 presents average values for a host of observable characteristics of the married fathers of SCHIP eligible children with and without independently insured spouses. While there are a few notable differences in basic demographic and human capital characteristics (men with insured spouses are more likely to be black and a veteran and less likely to be Hispanic), age, the overall proportion minority, and the variables measuring educational attainment are fairly similar. However, there are large differences in averages wages and the fraction union, both factors that have been shown in previous research to be strongly correlated with the likelihood of a job separation (Bansak and Raphael 2006b). Moreover, there is a very large disparity in the proportion of these men with employer provided health benefits (nearly 30

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in the Medicaid and SCHIP programs have encountered similar problems with respect to observed take up among presumably ineligible households (for example, see Cutler and Gruber 1996, LaSasso and Buchmueller 2002, and Bansak and Raphael 2005a).

percentage points), with men with uninsured spouses considerably more likely to have health insurance.

To account for these differences in observable covariates we take several steps. To begin, in addition to presenting difference-in-difference estimates based on the sample used to tabulate the figures in Tables 2, we also present estimates based on a somewhat more restrictive sub-sample. Specifically, we present separate difference-in-difference estimates using (1) the sample of all married fathers of SCHIP eligible children, and (2) the sample of all married fathers of SCHIP-eligible children with employer provided health benefits.

The two samples we use carry various costs and benefits. With regards to the more inclusive sample, our treatment and comparison group look less similar a priori. Moreover, the sample includes among the treated men without employer provided health insurance; men who by definition, cannot be job locked. However, using this larger sample obviates a concern over a possible impact of the program itself on the composition of those without employer provided health insurance. In particular, if the introduction of SCHIP causes some fathers to move from jobs with insurance benefits to jobs without, and if these men on the margin are less stable than other men with health benefits who do not respond in this manner, the post-program sample of men with benefits will be more negatively selected (in terms of separation probabilities) then the pre-program sample. The effect of this selection on the difference-in-difference estimate will depend on the relative responsiveness along this margin of men with independently insured spouses as compared to men without. Our unrestricted sample bypasses this potentially thorny selection problem. Moreover, the unrestricted sample affords a somewhat larger sample size.[9]

[9] While we present estimates for this more inclusive sample to explore whether our findings from the sample restricted to married men with insurance benefits are robust to the potential selection bias noted above, these estimates can also be interpreted as a policy evaluation of an imperfectly targeted intervention on job lock. Specifically, if the intent of SCHIP was to relieve job lock among low earning workers, the "intent-to-treat" effect of

A clear benefit of further restricting the sample to married men with employer provided health benefits concerns the fact that the added restriction certainly improves the balance between the treatment and comparison groups along observable dimensions. In particular, conditioning the sample on having employer provided health benefits eliminates the disparity in health coverage, narrows the average wage differential slightly and eliminates the difference in the proportion union. Moreover, as is evident in Table 3, pre-program separation rates are considerably more alike in the restricted sample relative to the more inclusive sample. However, this additional restriction reduces our sample size and raises concerns regarding sample selection. Given the relative benefits and problems associated with these two samples, we present results for both throughout the remainder of the paper.[10]

In addition to restricting the analysis samples in this manner, we also present regression adjusted difference-in-difference estimates that account for any remaining differences in the observable characteristics listed in Table 2. To illustrate this adjustment, let $NoSpouse_i$ be an indicator variable equal to one if parent *i* does not have an independently insured spouse and $Y2001_i$ be an indicator variable for observations from the post-SCHIP sample. The regression-adjusted difference-in-difference model comes from estimating the linear probability model

$$(1) \quad Separation_i = \alpha_0 + \alpha_1 NoSpouse_i + \alpha_2 Y2001_i + \alpha_3 NoSpouse_i * Y2001_i + \beta' X_i + \varepsilon_i,$$

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such an intervention would be dulled by the existence of newly eligible working adults without health insurance benefits at their current job.

[10] In addition to the above-mentioned costs and benefits of these two samples, it is worth noting that the treatment and control groups in the first sample -- all married fathers of SCHIP eligible children (the larger sample) -- may be comprised of different sub-groups who could be affected differentially by SCHIP. For example, the treatment group – men without spousal coverage – is comprised of men with EPHI and some without. This latter group is less likely to be job locked and affected by SCHIP. The control group – men with spousal coverage – is comprised of men with EPHI and some without. While we do not think there will be much of a SCHIP effect for these groups, it is possible for there to be increased mobility for both control group sub-groups. For the dual coverage group, the parents could become self-employed or open their own business while for the group with spousal coverage and no EPHI, the spouse may become more mobile and hence increase the mobility of the married man.

where $Separation_i$ is a dummy variable indicating that parent i separated from his or her employer within the year, X_i is a vector of the observable characteristics, ε_i is a disturbance term, and α_0, α_1, α_2, α_3, and β are parameters to be estimated. The parameter α_3 provides the difference-in-difference estimate after adjusting for the variables included in the vector X_i. We discuss the exact specifications of these models below with the presentation of the results.

4. Data Description

The data for this project come from the public release files of the Survey of Income and Program Participation (SIPP), a monthly longitudinal household survey. SIPP respondents are interviewed every four months for several years, where detailed retrospective information pertaining to demographics, employment, income receipt and other variables is collected pertaining to the four-month period preceding the interview. Thus wave 1 of the 1996 SIPP corresponds to the first four months of the panel, wave 2 corresponds to months 5 through 8, and so on. For each of the 1996 and 2001 panels, we merge data from wave 1 and wave 4. In this section, we detail our method for imputing SCHIP eligibility, the manner in which we gauge the labor market mobility of the parents of eligible children, our characterization of the benefits available to parents and their spouses through employer-provided group plans, and the additional sample restrictions that we place on the analysis sample.

Identifying Employed Parents of SCHIP-Eligible Children

Using the 1996 and 2001 Panels, we first identify all children 18 years of age and under and impute SCHIP eligibility based on family income and composition. We identify children who are eligible for SCHIP benefits in 2001 as well as children that would have been eligible in 1996 (under 2001 income criteria) had the program been in existence. Identifying children in

the SIPP who are eligible for public health insurance benefits requires two sources of information: (1) information on family income net of allowable disregards, and (2) state level information on Medicaid and SCHIP eligibility criteria. The income eligibility criteria for both Medicaid and SCHIP are based on family net income relative to the federal poverty line.

To gauge income, we first adjust household income for allowable childcare and work related expenses. We deduct $2,500 in child-care expenses from annual household income for each child in the household and an additional $1,080 for work-related expenses. We then divide the remaining household income by the federal poverty line corresponding to the state of residence,[11] household size, and year.

We identify children in the 1996 Panel (waves 1 and 4) who are hypothetically eligible for SCHIP benefits by identifying children who meet the SCHIP income criteria for 2001 but did not meet the 1996 Medicaid criteria. Note, since SCHIP did not exist in 1996, this group of children essentially identifies the SCHIP target group prior to the program's implementation (see Bansak and Raphael (2006a) for a detailed discussion of this imputation).

For the 2001 Panel, we apply the 1996 Medicaid criteria to identify Medicaid eligible children and the 2001 SCHIP income criteria in conjunction with Medicaid income and age limits to identify the SCHIP eligible population. Note this schema attributes all expansions in coverage between 1996 and 2001 to the introduction of SCHIP.[12]

Inspection of pre-post program changes in health insurance status around the SCHIP cutoff reveals large and significant increases in the proportion of children covered by public health insurance coverage up to approximately the state SCHIP income cutoff plus one half the

[11] The federal poverty line varies by household size and is the same for all states with the exception of Hawaii and Alaska.

[12] Note, several states provide SCHIP benefits through an expansion of their existing Medicaid programs, and thus Medicaid eligibility criteria are currently more generous in many states relative to the eligibility criteria for 1997.

poverty line. Beyond this point, observed changes in the fraction covered by public health insurance are small and statistically insignificant. These patterns suggest that our basic imputation under-estimates the SCHIP eligible population. To account for this under-estimation, we designate all children with income above the Medicaid cutoff but below the SCHIP eligibility cutoff plus one half of the poverty line as SCHIP eligible.

Once we have identified children that meet the income eligibility requirements for SCHIP in each year, we then identify the mothers and fathers of these children (either both parents or only one depending on who is present in the household) using the mother and father identification codes provided in the children records in the SIPP and the personal identification codes for the parents. At this point, we restrict the adult sample to married fathers of SCHIP eligible children who are employed in the first month of each panel.

Measuring Job Mobility

To measure job mobility we construct an indicator variable for each employed father of an SCHIP eligible child that is equal to one if the father separates from his or her employer over the course of one year. We identify job separators from a series of employer identification codes constructed from the interview control cards used by the SIPP surveyors.

In the first-wave interview, the SIPP interviewers record the identity of the respondent's primary and secondary employers on an interview control card that is used in all subsequent interviews. Each employer is assigned a consecutively numbered employer identification value. In subsequent interviews, if the respondent's primary or secondary employers match either the primary or secondary employers recorded in previous interviews, the employer identification variables will remain the same as the previously assigned values. When the worker changes employers, the new employer name is recorded on the control card and the next available

employer identification number is assigned. If the worker is unemployed or has left the labor force, the employer identification code is set to missing (not in universe).

We define job separations relative to the respondent's primary employer as of the first month of the panel. To do so, we compare the employer id of the primary employer in month one of the panel to the employer id's of the individual's primary and secondary (if relevant) employers in month 13 of the panel. If the month 1 id does not equal the id numbers for either the primary or secondary employer in month 13 (either because the worker has switched employers or is not employed in month 13), then we code the parent as having separated from their initial primary employer.

We explored a number of alternative methods for constructing the job separation variable. For example, we merged waves 1 through 4 of each panel and defined a separation as any break in the sequence of employer id's over the 13 month period. We also computed separation rates that required any break from the primary employer to persist at least for 6 months. All three methods produced nearly identical one-year separation rates (approximately 25 percent separating within one year in each panel). However, constructing the separation rate by matching wave 1 to wave 4 yielded the largest sample size since this approach only requires a completed interview in two rather than four separate waves.[13]

Characterizing the Insurance Status of Father's and Their Spouses

For all parents of SCHIP-eligible children, we identify whether the parent has employer provided health insurance by making use of two questions in the SIPP. First, all respondents are

[13] We also explored using information from the topical modules accompanying each core wave of the SIPP pertaining to the reason behind a separation – e.g., voluntary vs. involuntary job separations. However, this variable pertains only to job separations that occur within waves. A detailed analysis of these data (Bansak and Raphgael 2006b) shows that the majority of separations are recorded between waves (a common "seeming" problem that has been noted previously in the SIPP), and thus information on the reason for the switch is missing for the majority of observations.

asked whether they are covered by a health insurance plan in their own name or in someone else's name. Respondents indicating that either they are covered in their own name or that they are covered by both a plan in their own name and by someone else's plan are asked further whether their employer or union covers all or part of the costs of this plan. We code those adults indicating that they have coverage in their own name and that either their employer or union bears part of the cost as having employer provided health insurance.

For each identified parent of an SCHIP-eligible child, we match the parent to their spouse (if residing in the household) using the spouse id codes provided in the SIPP. Spouses are pulled from the unrestricted sample of adults, to be sure to capture households with remarried parents where children may not be living with both biological parents. Using the same two insurance questions discussed above, we then code whether the spouse has employer provided health insurance benefits.

Additional Sample Restrictions

Throughout our analysis, the sample is restricted to the married fathers of SCHIP-eligible children. For each year, we also restrict the sample to fathers who are employed in the first month of the panel. We impose several additional restrictions on the samples drawn from the 1996 and 2001 panels. We eliminate family workers and parents who are members of the armed forces. We also restrict the sample to parents between the ages of 18 to 65 years as of the beginning of each panel. Finally, we discard all observations with incomplete interviews in either waves 1 or 4 of each panel.

5. Empirical Results – Job Lock and Labor Mobility

Table 3 present a simple preliminary difference-in-difference analysis in job separation rates that does not adjust of observable covariates. The table presents estimates of the proportion of employed fathers who separate from their employers within one year, with figures presented for 1996 and 2001 (two years surrounding the 1997 introduction SCHIP) and by whether the worker has an independently insured spouse. Recall, the analysis sample is restricted to parents of SCHIP eligible children in 2001 and parents in the target income range of the SCHIP program in 1996. We present results for the sample of all married men and for the sample of married men with employer provided health insurance.

Beginning with the results for all married men, we find a large, sizable, and statistically significant decline in the separation rates of men with insured spouses of 10.5 percentage points. Among married men without insured spouses, the one-year separation rate increases by 5.6 percentage points, a change that is significant at the one percent level of confidence. The relative increase in separation rates is fairly large (16.2 percentage points) and is significant at the one percent significance level.

Panel B presents results restricting the sample to married men with employer-provided insurance. The overall separation rates for such workers are considerably lower than the overall separation rates for all married men of SCHIP-eligible children presented in Panel A. Notably, the pre-program separation rates are also considerably closer to one another than the comparable separation rates in Panel A. Among those with insured spouses, the separation rate declines slightly over the study period (a statistically insignificant decline of 2.9 percentage points). For those without insured spouses, the separation rates increases by 6.1 percentage points (significant at the one percent level). The unadjusted difference-in-difference calculation yields a job lock estimate of 9 percentage points (p-value of 0.0904).

To be sure, the estimates using the larger more, inclusive sample in Panel A are implausible, with the large point estimate of 16.2 percentage points being driven by the large observed decline in separation rates among our quasi-experimental control group. Nonetheless, we do indeed observe a statistically significant increase in separation rates among fathers without insured spouses. At a minimum, we can certainly conclude that the raw changes indicate a strongly significant relative increase in the separation rate among those who we believe to be effected by the introduction of SCHIP. The more modest effect size estimates in Panel B for the smaller sample are clearly more plausible. In fact, these results using the restricted sample (along with the regression adjusted results presented in Tables 4 and 5) are our preferred estimates. However, these estimates are considerably less precise given the smaller sample size and may be subject to the selection bias discussed above. Nonetheless, in conjunction these basic results do suggest that job lock is an important factor among men with children with labor market earnings in this portion of the earnings distribution.

The unadjusted results in Table 3 reveal an increase in separation rates among those fathers who we a priori designated as more likely to be locked to their current employer. However, the patterns we observe may be driven by changes in either observable or unobservable factors that influence separation rates. To probe the robustness of our results, we turn to our difference-in-difference job-lock estimates that control for observable characteristics. Table 4 presents a series of regression-adjusted estimates of the before-after change in separation rates for those married men with insured spouses, the comparable change for those with uninsured spouses, and the difference-in-difference in these changes in separation rates. We present estimates for each of the two alternative samples used in Tables 3 using four different model specifications. The first specification presents the unadjusted estimates reproduced from

Tables 3. Specification (2) adds twelve industry dummies, six occupation dummies, age squared, age cubed, and all of the covariates listed in Table 2 with the exception of wages. Specification (3) adds a full set of state fixed effects, as well as a set of dummy variables gauging household income relative to the poverty line in 25 percentage point increments.[14] Finally, specification (4) adds log-wages to all of the variables in specification (3). Here we only present the adjusted first-differences and the adjusted difference-in-difference estimates.

Beginning with the first-difference results for men with insured spouses, separation rates decline for all married men (Panel A) in all specifications, with statistically significant declines in all models. Among married men with employer provided health insurance (Panel B), all of the point estimates are negative but are not statistically significant.

For those parents without insured spouses, the change in the one-year separation rate is positive and statistically significant (at either the one or five percent level) in all models in both panels. For all married men, the change in separation rates ranges from 4.4 to 5.8 percentage points. Among married men with employer provided health insurance, estimates of the increase in job separation rates range from 5.8 to 6.9 percentage points.

The difference-in-difference estimates all show a relative increase in separation rates among fathers with uninsured spouses. Moreover, in all models, the difference-in-difference estimate exceeds the first-difference estimate for parents without insured spouses. All of these estimates are sizable and significant at the one percent level for the sample of all married men. For married men with employer provided health insurance, three of the four difference-in-difference estimates are significant at the 9 percent level, and one estimate (the regression using specification (3)) is not significant. Interestingly, for both samples the relative change in

[14] That is to say, we include a set of dummies indicating a household with income that is between 100 and 125 percent of the poverty line, 125 to 150 percent, and so on, covering the full support of this variable among SCHIP eligible households.

separation rates survives controlling for household income as well as the father's current wage level.

6. A Falsification Check: Do We See Similar Patterns for the Higher-Income Fathers of Ineligible Children?

In this section, we conduct a simple falsification check of our results. Specifically, to the extent that the relative changes observed in Tables 3 and 4 are being driven by the introduction of SCHIP alone, one would not expect to see similar relative changes among the working parents of children who are not eligible for SCHIP benefits. Thus, if we were to perform a similar exercise for the fathers of households with incomes above the imputed eligibility cutoffs, one would not expect to find a similar relative change for these higher income parents.

Table 5 presents the results from this exercise. The first column of figures reproduces the unadjusted and adjusted difference-in-difference estimates for the fathers of SCHIP-eligible children presented in Table 4. The next column presents comparable estimates when we analyze fathers in households with income ranging from our imposed SCHIP cutoff to the SCHIP cutoff plus twice the poverty line.[15] Beginning with the results for all married men in Panel A, the relative change in separation rates for men without insured spouses range from 2.2 to 3.5 percentage points. None of the estimates are statistically significant and all are substantially smaller than the difference-in-difference estimates for fathers of SCHIP eligible children. For married men with employer provided health insurance, the difference-in-difference estimates for higher income fathers range from 1.9 to 2.5 percentages points. Again, none of these estimates

[15] We chose the width of the higher income range to match approximately the width of the income range corresponding to SCHIP-eligible households (a range roughly 1.8 times the poverty line). We experimented with smaller and larger widths for this upper income range and found results quite similar to those presented in Table 5.

are statistically significant and all are less than the corresponding estimates for SCHIP-eligible fathers.

Finally, the last column of Table 5 calculates a series of triple-difference estimates, equal to the difference-in-difference estimate for fathers of the SCHIP eligible minus the difference-in-difference for the higher-income fathers of ineligible children.[16] Each calculation notes whether the positive triple-difference estimate is statistically significant (a test of whether the higher difference-in-difference estimate for the SCHIP-eligible is statistically distinguishable from the smaller estimates for the ineligible). For all married men, all of the triple-difference estimates of a job-lock effect are positive, sizable, and statistically significant at either the one percent or five percent level. These point estimates range from 11.8 to 13.9 percentage points and are slightly lower than the difference-in-difference estimates using this sample.

For married men with employer provided health insurance, all of the triple difference estimates are again positive. However, here none of the estimates are statistically significant, as the two difference-in-difference estimates used to produce this estimator are poorly measured.

6. Conclusion

To summarize our results, we have documented a statistically significant relative increase in the likelihood that a worker separates from his employer within one year of survey date among

[16] We calculate the triple-difference estimates using a linear probability model where the dependent variable is the separation rate and the key explanatory variables are a dummy for an SCHIP eligible household, a dummy for the year 2001, a dummy for those with uninsured spouses, a complete set of two-way interactions between these three dummies, and a triple interaction term between these three dummies. The triple difference estimate comes from the coefficient on the three-way interaction term and is interpreted as the degree to which the differential increase for men with uninsured spouses is greater for the fathers of SCHIP-eligible children. For the triple-difference estimates that adjust for observable covariates, the triple difference may not exactly be equal to the difference in the difference-in-difference estimators presented. This is due to the fact that the difference-in-difference estimates in the first two columns allow the effects of the included covariates to vary across income groups (due to the estimation of two separate models), while the figures in the third column constraint the effects of these covariates to being constant.

married fathers of SCHIP eligible children without independently insured spouses. This relative increase corresponds with the introduction of the program. We find this relative increase for the fathers of SCHIP-eligible children, but not for fathers in the next highest income band. We argue a priori that the separation rates for men with independently insured spouses should be less sensitive to the introduction of SCHIP, given that these men already have a likely alternative source of insurance coverage for their children. Thus, the basic patterns suggest that the program's introduction did indeed relieve job lock among near poor working parents.

These relative changes in separation rate indicate that job lock is indeed a significant suppressor of separation rates among near poor families. However, how large are these effects? Furthermore, how do they compare to previous estimates of job lock?

To be sure, there is an inherent difference in the implicit model underlying our experiment and models underlying previous research on job lock. In previous research, having employer provided health insurance serves as a proxy for the differential valuation of health benefits by employees (relative to employers valuation of the cost of providing such benefits) as well as the transaction costs associated with switching plans when moving between alternative employment opportunities. That is to say, the corpus of existing research focuses on estimating the partial correlation coefficient on a dummy indicating having employer provided health insurance in a model of employment mobility. In these models, having health insurance ties one's own coverage as well as the coverage of one's dependents to one's current employment situation. Thus, an employer-provided benefits dummy serves as a proxy for being constrained to one's current employment situation by the need to maintain health insurance for everyone in the household.

In the present exercise, the expansion of public health insurance to near poor families loosens job lock or relaxes the constraint of having one's children's health benefits tied to one's current employment status. In general, the program does not relax the constraint with respect to one's own health benefits, since only a small group of states extend benefits to the parents of SCHIP eligible children.[17] Thus, the first-difference and difference-in-difference estimates are essentially estimating the effect of relaxing the constraint with respect to an employee's dependents (at least some of the employee's dependents) but not with respect to the employee. One might expect smaller effects on mobility from the current experiment relative to what we would observe if public health insurance benefits were extended to all members of the household.

Several of the calculations presented above serve as alternative estimates of the job lock effect. The first-difference increases in separation rates for father without insured spouses is one possibility, which in the current example, would serve as a lower bound. Among all married fathers we observe an increase in the separation rate of approximately 5.5 percentage points. For married father with insurance benefits, the comparable increase is 6 percentage points. Given the baseline separation rates for these groups reported in Table 3, these first difference estimates suggest job lock effects ranging from 29 to 37 percent.

Our difference-in-difference estimates are larger in all comparisons, with an unadjusted estimate of 15 percentage points for all married men and 9 percentage points for married men with health benefits. Again, given the baseline separation rates presented in Table 3, these point estimates provide job lock effects of from 72 and 56 percent, respectively. A similar exercise with the triple difference estimates provides corresponding job-lock effects of 56 and 44 percent.

[17] In 2001, only Minnesota, New Jersey, Rhode Island, and Wisconsin extended benefits to the parents of SCHIP eligible children.

Given that the large difference-in-difference estimates for the all-married men sample is driven by the large decline in separation rates for our comparison group, we favor the more conservative yet less-precisely measured estimates using the sample of married men with employer-provided health insurance.

The existing research finds job lock effects ranging from zero to roughly 40 percent. Most of the studies that identify job lock from the interaction between spousal insurance and employer provide health insurance find effects ranging from 20 to 40 percent. For example, Madrian (1994) finds that job lock reduces mobility rates by roughly 25 to 30 percent. Buchmueller and Valleta (1996) find job lock effects of roughly 25 to 30 percent, while Anderson (1998) finds effects of 20 to 40 percent. Our estimates range from 29 to 76 percent while our preferred estimate range from 29 to 56 percent. Thus, the range of these results largely overlaps with the range of estimates from previous studies.

The findings in this study do indeed indicate that job lock is a significant factor in the labor supply and mobility decisions of parents in near poor households. Moreover, in addition to impacting mobility rates, suppressed mobility may impact the average quality of job matches in the economy, impacting both pecuniary as well as non-pecuniary working conditions of employees. Future research should focus on how wage levels and growth as well as non-wage job attributes are impacted by job lock. For example, one might observe a relative increase in the proportion of the treatment group working standard hours rather than non-standard hours. Such parents may move towards safer jobs or jobs that offer a better mix of other non-wage benefits such as pension, sick time, or vacation benefits. While we cannot explore these questions with the current data, many of these issues could be explored with various monthly

supplements of the Current Population Survey. Given the size of the mobility effects documented here, this provides a potentially fertile area for future research.

In addition, our findings suggest that future efforts to identify job lock may also fruitfully exploit exogenous variation in the factors that constrain one to one's employer created by federal or state policy. To our knowledge, only the present paper and the study by Gruber and Madrian (1994) have examined the effects of policy-induced variation in job lock across those with and without alternative sources of coverage. Among studies that exploit variation in health conditions or other predictors of individual valuation of health benefits, none make use of policy variation. However, the proscriptions against the long-term exclusion of coverage for pre-existing conditions introduced in the 1996 Health Insurance Portability and Accountability Act may provide an opportunity to improve on studies exploiting this latter identification strategy.

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Table 1
Proportion of Parents of SCHIP-Eligible Children Whose Children Have Publicly-Provided Health Insurance

Panel A: Married Men			
	1996	2001	Δ (2001-1996)
Insured spouse	0.035 (0.011)	0.078 (0.008)	0.042 (0.019)[b]
No insured spouse	0.077 (0.008)	0.145 (0.012)	0.068 (0.014)[a]
Diff-in-diff	-	-	0.026 (0.028)
Panel B: Married Men with Employer Provided Health Insurance			
	1996	2001	Δ (2001-1996)
Insured spouse	0.049 (0.018)	0.100 (0.028)	0.050 (0.032)
No insured spouse	0.052 (0.008)	0.080 (0.011)	0.027 (0.013)[b]
Diff-in-diff	-	-	-0.023 (0.033)

Standard errors are in parentheses.

a. The difference is statistically significant at the one percent level.
b. The difference is statistically significant at the five percent level.
c. The difference is statistically significant at the ten percent level.

Table 2
Mean Characteristics of Married Men With and Without Spouses that Carry their Own Employer Provided Health Insurance

	Insured Spouse	No Insured Spouse	Difference
Black	0.167 (0.016)	0.082 (0.006)	0.084 (0.014)[a]
Asian	0.045 (0.009)	0.039 (0.004)	0.006 (0.009)
America Indian	0.008 (0.003)	0.008 (0.002)	0.000 (0.004)
Hispanic	0.131 (0.015)	0.174 (0.009)	-0.043 (0.018)[b]
Age	37.920 (0.335)	37.861 (0.175)	0.059 (0.379)
Enrolled in school	0.056 (0.009)	0.052 (0.005)	0.004 (0.011)
Veteran	0.215 (0.017)	0.157 (0.008)	0.058 (0.018)[a]
High school dropout	0.146 (0.015)	0.139 (0.008)	0.007 (0.17)
High school graduate	0.443 (0.021)	0.361 (0.010)	0.082 (0.013)[a]
Some college no degree	0.174 (0.016)	0.197 (0.009)	-0.023 (0.019)
Associate Degree	0.119 (0.014)	0.124 (0.007)	-0.004 (0.016)
Bachelors	0.093 (0.013)	0.126 (0.007)	-0.034 (0.015)
Masters or higher	0.024 (0.006)	0.052 (0.005)	-0.028 (0.010)
Has employer provided health benefits	0.484 (0.022)	0.781 (0.009)	-0.297 (0.021)[a]
Union	0.159 (0.015)	0.234 (0.009)	-0.076 (0.020)[a]
Log Wages	2.225 (0.021)	2.487 (0.009)	-0.261 (0.022)[a]
N	532	1,937	-

Standard errors are in parentheses.

a. The difference is statistically significant at the one percent level.
b. The difference is statistically significant at the five percent level.
c. The difference is statistically significant at the ten percent level.

Table 3
One-Year Separation Rates for Parents of SCHIP-Eligible Children by Insurance Status of One's Spouse

Panel A: Married Men			
	1996	2001	Δ (2001-1996)
Insured spouse	0.346 (0.028)	0.241 (0.028)	-0.105 (0.039)[a]
No insured spouse	0.208 (0.012)	0.264 (0.015)	0.056 (0.019)[a]
Diff-in-diff	-	-	0.162 (0.042)[a]
Panel B: Married Men with Employer Provided Health Insurance			
	1996	2001	Δ (2001-1996)
Insured spouse	0.208 (0.034)	0.179 (0.036)	-0.029 (0.049)
No insured spouse	0.160 (0.013)	0.221 (0.016)	0.061 (0.020)[a]
Diff-in-diff	-	-	0.090 (0.053)[c]

Standard errors are in parentheses.

a. The difference is statistically significant at the one percent level.
b. The difference is statistically significant at the five percent level.
c. The difference is statistically significant at the ten percent level.

Table 4
Regression Adjusted Estimates of the First Difference (2001 minus 1996) and Difference-in-Difference in the One-Year Separation Rate, Relative Comparisons Based on the Insurance Status of One's Spouse

Panel A: Married Men

	$\Delta_{1996 \text{ to } 2001}$, With an Insured Spouse	$\Delta_{1996 \text{ to } 2001}$, Without an Insured Spouse	Difference-in-difference
Specification (1)	-0.105 (0.040)[a]	0.056 (0.019)[a]	0.162 (0.042)[a]
Specification (2)	-0.100 (0.041)[b]	0.045 (0.019)[b]	0.152 (0.041)[a]
Specification (3)	-0.102 (0.044)[b]	0.044 (0.019)[a]	0.153 (0.042)[a]
Specification (4)	-0.098 (0.045)[b]	0.058 (0.019)[a]	0.152 (0.043)[a]

Panel C: Married Men with Employer Provided Health Insurance

	$\Delta_{1996 \text{ to } 2001}$, With an Insured Spouse	$\Delta_{1996 \text{ to } 2001}$, Without an Insured Spouse	Difference-in-difference
Specification (1)	-0.029 (0.049)	0.061 (0.020)[a]	0.090 (0.053)[c]
Specification (2)	-0.036 (0.055)	0.056 (0.020)[a]	0.090 (0.053)[c]
Specification (3)	-0.054 (0.063)	0.058 (0.021)[a]	0.087 (0.054)
Specification (4)	-0.052 (0.065)	0.069 (0.021)[a]	0.092 (0.054)[c]

Standard errors are in parentheses. Specification (1) is the raw difference with no controls. Specification (2) adds all of the control variables listed in Table 4 with the exception of wages, plus twelve industry dummies and six occupation dummies. Age is entered as a third order polynomial. Specification (3) adds a full set of state fixed effects and a complete set of dummy variables for income relative to the poverty line (measured in 25 percentage point blocks). Specification (4) adds log wages. For the difference-in-difference estimates, all specifications include a dummy variable for not having an insured spouse along with an interaction term between this variable and the 2001 year dummy. In this model, the effects of the explanatory variables are constrained to be constant across the two groups.

a. The difference is statistically significant at the one percent level.
b. The difference is statistically significant at the five percent level.
c. The difference is statistically significant at the ten percent level.

Table 5
Difference-in-difference Estimates of Job-Lock Effects for Married Fathers of SCHIP Eligible Households and Married Fathers in Households with Incomes Above the SCHIP Eligibility Cutoffs

Panel A: Married Men

	Δ^2, Fathers of SCHIP Eligible Children	Δ^2, Higher Income Fathers	Δ^3 = Δ^2SCHIP Eligible - Δ^2Higher Income
Specification (1)	0.162 (0.042)[a]	0.022 (0.028)	0.139 (0.050)[a]
Specification (2)	0.152 (0.041)[a]	0.028 (0.028)	0.122 (0.049)[a]
Specification (3)	0.153 (0.042)[a]	0.034 (0.028)	0.118 (0.049)[b]
Specification (4)	0.152 (0.043)[a]	0.035 (0.028)	0.118 (0.050)[b]

Panel B: Married Men with Employer Provided Health Insurance

	Δ^2, Fathers of SCHIP Eligible Children	Δ^2, Higher Income Fathers	Δ^3 = Δ^2SCHIP Eligible - Δ^2Higher Income
Specification (1)	0.090 (0.053)[c]	0.019 (0.033)	0.070 (0.061)
Specification (2)	0.090 (0.053)[c]	0.019 (0.033)	0.066 (0.061)
Specification (3)	0.087 (0.054)	0.025 (0.033)	0.070 (0.061)
Specification (4)	0.092 (0.054)[c]	0.022 (0.033)	0.078 (0.062)

Standard errors are in parentheses. Specification (1) is the raw difference with no controls. Specification (2) adds all of the control variables listed in Table 4 with the exception of wages, plus twelve industry dummies and six occupation dummies. Age is entered as a third order polynomial. Specification (3) adds a full set of state fixed effects and a complete set of dummy variables for income relative to the poverty line (measured in 25 percentage point blocks). Specification (4) adds log wages. For the difference-in-difference estimates, all specifications include a dummy variable for not having an insured spouse along with an interaction term between this variable and the 2001 year dummy. In this model, the effects of the explanatory variables are constrained to be constant across the two groups.

a. The difference is statistically significant at the one percent level.
b. The difference is statistically significant at the five percent level.
c. The difference is statistically significant at the ten percent level.