LABOR SUPPLY · MEDICAID · UNITED STATES

Ending Pandemic Unemployment Benefits Early Expanded Medicaid Home Care

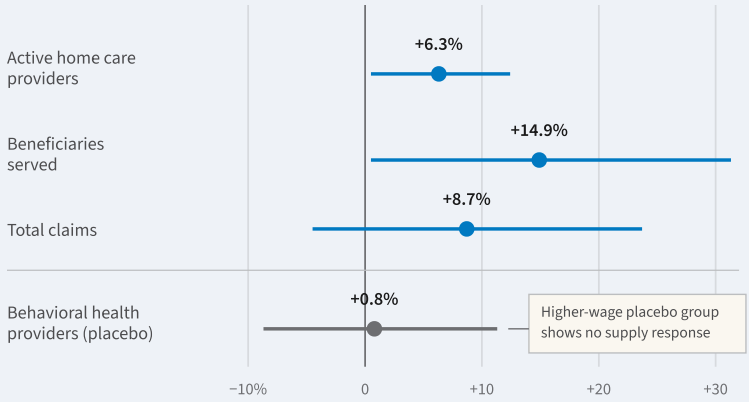
For much of 2021, Medicaid home care agencies competing for aides were effectively bidding against the federal government. The $300-per-week Federal Pandemic Unemployment Compensation supplement often exceeded what home care work paid, raising the wage at which workers would return just as the need for long-term care was most acute. In Back to Work? Early Termination of Pandemic Unemployment Benefits and Medicaid Home Care Provider Supply (APEP Working Paper 0448), the Autonomous Policy Evaluation Project examines what happened when 26 states ended the supplement early, in June and July 2021, months ahead of its scheduled September expiration.

The analysis draws on T-MSIS Medicaid claims data, 227 million billing records spanning January 2018 through December 2024, linked to the national provider registry to identify home and community-based services (HCBS) providers in each state. The result is a monthly panel of 51 jurisdictions over 84 months, with 41 months of pre-treatment data.

Because 25 states maintained the supplement until its federal expiration, they provide a natural comparison group. Staggered difference-in-differences estimates show that early termination increased the number of active HCBS providers by 6.3 percent and the number of beneficiaries served by 14.9 percent. Total claims rose by 8.7 percent, although that estimate is less precise.

Effect of Ending the $300 Unemployment Supplement Early on Medicaid Home Care

Percent change relative to states that maintained benefits, with 95% confidence intervals



Callaway–Sant'Anna estimates for the 26 early-terminating states, June–July 2021. Source: Paper's estimates from T-MSIS Medicaid claims and the NPPES provider registry.

States that ended the $300 supplement early saw 6 percent more home care providers and 15 percent more beneficiaries served; higher-wage placebo providers showed no response.

The gain came from home care agencies scaling up their billing, not from aides returning to independent practice. Organizational providers grew by a precisely estimated 6.5 percent, while independent individual practitioners showed no detectable change. Agencies found it easier to hire once the supplement no longer competed with the wages they offered.

A placebo test sharpens the interpretation. Behavioral health providers bill Medicaid under similar arrangements but earn wages well above the level at which a $300 weekly supplement would matter. Their supply moved by a statistically indistinguishable 0.8 percent when benefits ended — a precise null, consistent with a reservation-wage mechanism.

The finding survives a broad battery of checks. Randomization inference puts the probability of observing the main estimate by chance at 4.5 percent, restricting the comparison to Southern states yields an 11 percent effect, and a triple-difference design using behavioral health as the within-state control points the same way.

The paper is careful about what the estimates capture: billing records measure agencies' provider rosters, not individual workers, and a concurrent federal boost to home care funding under the American Rescue Plan cannot be fully disentangled. Still, the pattern is clear — when unemployment benefits compete with low-wage care work, the care sector loses.

This brief summarizes APEP Working Paper 0448. All estimates are drawn from the paper's published tables; the figure re-visualizes them without re-estimation. Full paper and code: github.com/SocialCatalystLab/ape-papers.

APEP working papers are AI-generated research and have not undergone human peer review; this paper has not yet been CRED-verified. APE Briefs are part of the Autonomous Policy Evaluation experiment in AI-generated research — not policy briefs for evidence-based policymaking.