Econometrica Supplementary Material

SUPPLEMENT TO "NONPARAMETRIC ESTIMATES OF DEMAND IN THE CALIFORNIA HEALTH INSURANCE EXCHANGE"

(*Econometrica*, Vol. 91, No. 1, January 2023, 107–146)

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OVERVIEW OF THE ONLINE APPENDIX

- IN SECTION S1, we discuss a model of choice under uncertainty that produces the choice model (1) used in the main paper.
- Section S2 discusses some ways in which the analysis could be modified for settings in which prices do not vary within a market.
- Section S3 uses some of the ideas in Section S2 to replicate and extend a simulation considered in Chesher, Rosen, and Smolinski (2013).
- Sections S4, S5, and S6 provide implementation details regarding the construction of the MRP (Section S4), bounds on consumer surplus (Section S5), and bounds on semi-elasticities and elasticities (Section S6).
- Section S7 provides details on statistical inference.
- Section S8 provides details on how we estimate the number of potential buyers in Covered California.
- Sections S9 and S10 provide additional empirical results, including results from a different strategy that utilizes some cross-region variation (Section S9).

S1. A MODEL OF INSURANCE CHOICE

In this section, we provide a model of choice under uncertainty that leads to choice model (1). The model is quite similar to those discussed in Handel (2013, pp. 2660–2662) and Handel, Hendel, and Whinston (2015, pp. 1280–281). Throughout, we suppress observable factors other than premiums (components of X_i) that could affect a consumer's decision. All quantities can be viewed as conditional on these observed factors, which is consistent with the nonparametric implementation we use in the main text.

Suppose that each consumer i chooses a plan j to maximize their expected utility taken over uncertain medical expenditures, so that

$$Y_i = \arg\max_{j \in \mathcal{J}} \int U_{ij}(e)\, dG_{ij}(e), \tag{S1}$$

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 https://doi.org/10.3982/ECTA17215

where $U_{ij}(e)$ is consumer i's ex post utility from choosing plan j given realized expenditures of e, and G_{ij} is the distribution of these expenditures, which varies both by consumer i (due to risk factors) and by plan j (due to coverage levels). Assume that U_{ij} takes the constant absolute risk aversion (CARA) form

$$U_{ij}(e) = -\frac{1}{A_i}\exp\bigl(-A_i C_{ij}(e)\bigr), \tag{S2}$$

where A_i is consumer i's risk aversion, and $C_{ij}(e)$ is their ex post consumption when choosing plan j and realizing expenditures e. We assume that ex post consumption takes the additively separable form

$$C_{ij}(e) = \mathrm{Inc}_i - P_{ij} - e + \widetilde{V}_{ij}, \tag{S3}$$

where Inc_i is consumer i's income, P_{ij} is the premium they paid for plan j, and $\widetilde{V}_{ij}$ is an idiosyncratic preference parameter.

Substituting equation (S3) into equation (S2) and then into equation (S1), we obtain

$$Y_i = \arg\max_{j\in\mathcal{J}} -\frac{1}{A_i}\left[\exp\bigl(A_i(P_{ij} - \mathrm{Inc}_i - \widetilde{V}_{ij})\bigr)\int \exp(A_i e)\,dG_{ij}(e)\right]$$

Transforming the objective using $u \mapsto -\log(-u)$, which is strictly increasing for $u < 0$, we obtain an equivalent problem

$$\begin{aligned} Y_i &= \arg\max_{j\in\mathcal{J}} -\log\left(\frac{1}{A_i}\left[\exp\bigl(A_i(P_{ij} - \mathrm{Inc}_i - \widetilde{V}_{ij})\bigr)\int \exp(A_i e)\,dG_{ij}(e)\right]\right) \\ &= \arg\max_{j\in\mathcal{J}} -\log\left(\frac{1}{A_i}\right) + A_i(\mathrm{Inc}_i - P_{ij} + \widetilde{V}_{ij}) - \log\left(\int \exp(A_i e)\,dG_{ij}(e)\right). \end{aligned}$$

Eliminating additive terms that do not depend on plan choice yields

$$Y_i = \arg\max_{j\in\mathcal{J}} -A_i P_{ij} + A_i \widetilde{V}_{ij} - \log\left(\int \exp(A_i e)\,dG_{ij}(e)\right).$$

Suppose that $A_i > 0$, so that all consumers are risk averse.[1] Then we can express the consumer's choice as

$$Y_i = \arg\max_{j\in\mathcal{J}} \left[\widetilde{V}_{ij} - \frac{1}{A_i}\log\left(\int \exp(A_i e)\,dG_{ij}(e)\right)\right] - P_{ij},$$

which takes the form of equation (1) with

$$V_{ij} \equiv \left[\widetilde{V}_{ij} - \frac{1}{A_i}\log\left(\int \exp(A_i e)\,dG_{ij}(e)\right)\right].$$

Examining the components of V_{ij} reveals the factors that contribute to heterogeneous valuations in this model. Heterogeneity across i can come from variation in risk aversion

[1] Showing that equation (1) would arise from risk neutral consumers is immediate.

(A_i), from differences in risk factors or beliefs (G_{ij}), and from idiosyncratic differences in the valuation of health insurance $(\widetilde{V}_{ij})$. Differences in valuations across j arise from the interaction between risk factors and the corresponding distribution of expenditures (G_{ij}), as well as from idiosyncratic differences in valuations across plans $(\widetilde{V}_{ij})$. The main restrictions in this model are the assumption of CARA preferences in equation (S2) and the quasilinearity of ex post consumption in equation (S3). However, as noted in the main text, these restrictions do not have empirical content until they are combined with an assumption about the dependence between income (here called Inc_i) and the preference parameters, A_i and $\widetilde{V}_{ij}$.

S2. MODIFICATIONS FOR LESS PRICE VARIATION

The discussion in the main text is tailored to the situation in which P_i still varies conditional on M_i. This is the case in the application to Covered California. In this section, we discuss how to modify our approach to settings in which prices do not vary within markets, as in the "market-level" data setting considered by Berry, Levinsohn, and Pakes (1995), Nevo (2001), and Berry and Haile (2014). As a technical matter, our methodology applies exactly as before to this case. However, since there is only a single price per market, and since we are not assuming anything about how demand varies across markets, the resulting bounds will be uninformative. Here, we suggest two additional assumptions that could potentially be used to compensate for limited price variation.

The first assumption is that there is another observable variable that varies within markets and can be made comparable to prices.[2] This is implicit in standard discrete choice models like model (2). Consider modifying model (1) to

$$Y_i = \arg\max_{j \in \mathcal{J}} V_{ij} + X_i'\beta_j - P_{ij}, \tag{S4}$$

where $\beta \equiv (\beta_1, \dots, \beta_J)$ are unknown parameter vectors. For each fixed β, this model is like model (1) but with "prices" given by $\tilde{P}_{ij}(\beta) \equiv P_{ij} - X_i'\beta_j$. While P_{ij} does not vary within markets, $\tilde{P}_{ij}(\beta)$ can if a component of X_i does. In order to make use of this variation, that component of X_i needs to be independent of V_i, which is a common assumption in empirical implementations of model (2). In our framework, this independence can be incorporated by modifying the instrumental variable assumptions in Section 2.5.1. Under this modification, an instrumental variable would be viewed as a component of X_i that also satisfies the exclusion restriction that its component of β is 0.

The second assumption is that the unobservables that vary across markets can be made comparable to prices. In model (2), these unobservables are called ξ_{jm}. In our notation, we can incorporate these by replacing model (1) with

$$Y_i = \arg\max_{j \in \mathcal{J}} V_{ij} + \xi_j(M_i) - P_{ij}, \tag{S5}$$

where ξ_j is an unknown function of the consumer's market. For each fixed ξ, this model is like model (1) but with valuations given by $\tilde{V}_{ij}(\xi) \equiv V_{ij} + \xi_j(M_i)$. After incorporating unobserved product-market effects in this way, one may be willing to assume that V_{ij} is independent of P_{ij} (perhaps conditional on M_i), as is common in implementations of

[2] Berry and Haile (2010) show how such variables can be used to relax assumptions used in the nonparametric point identification arguments in Berry and Haile (2014).

model (2). This can be imposed with Assumption IV. While there is still only a single price per market, model (S5) together with such an independence assumption enables aggregation across markets by requiring the distribution of valuations to be the same up to a location shift.

Implementing either model (S4) or model (S5) requires looping over possible parameter values β or ξ. For each candidate β and ξ, one can characterize and compute an identified set exactly as before, so such a procedure will still be sharp. We apply this procedure in Appendix S3 to a small-scale simulation considered by Chesher, Rosen, and Smolinski (2013). Developing a computational strategy that is feasible at scale is more challenging, but not impossible. Since neither model (S4) or model (S5) are needed for our application, we leave fuller investigations of these extensions to future work.

S3. EXTENSION OF A SIMULATION IN CHESHER ET AL. (2013)

Chesher, Rosen, and Smolinski (2013, Section 4.2) consider the discrete choice model

$$Y_i = \operatorname*{arg\,max}_{j\in\{0,1,2\}} \beta_{0j} + \beta_{1j}X_i + V_{ij}, \tag{S6}$$

where V_{ij} are distributed i.i.d. type I extreme value. The coefficients for $j = 0$ are normalized to $\beta_{00} = \beta_{10} = 0$. The coefficients for the other choices are set to $\beta_{01} = \beta_{02} = 0$, $\beta_{11} = 1$, and $\beta_{12} = -0.5$.

The explanatory variable X_i takes values in $\{x_1, \dots, x_M\}$ according to the ordered response model

$$X_i = x_m \quad \text{if and only if} \quad c_{m-1} \le X_i^\star < c_m \quad (\text{given } c_0 = -\infty, c_M = +\infty),$$
$$\text{with} \quad X_i^* = \nu Z_i + U_i + \left(\frac{V_{i0} + V_{i1} + V_{i2}}{3.14}\right),$$

where U_i has a mean zero normal distribution with variance $\sigma/\sqrt{2}$, and $Z_i \in \{-1, 1\}$ is a binary instrument that is jointly independent of both U_i and $V_i \equiv (V_{i0}, V_{i1}, V_{i2})$. We first consider the top left panel of Figure 4 in Chesher, Rosen, and Smolinski (2013), which corresponds to a case where $X_i \in \{-1, 1\}$ takes two values, generated with $c_1 = 0$, $\sigma = 1$, and ν set to either 1 or 1.5 for a "weak" or "strong" instrument, respectively.

Chesher, Rosen, and Smolinski (2013) compute identified sets for the counterfactual choice probabilities

$$\wp(x, j) \equiv \mathbb{P}[j = \operatorname*{arg\,max}_{k\in\{0,1,2\}} \beta_{0k} + \beta_{1k}x + V_{ik}]. \tag{S7}$$

They observe that even if the researcher correctly assumes that V_{ij} are type I extreme value, counterfactual choice probabilities $\wp(x, j)$ will still generally be partially identified because X_i and V_i are dependent. They then compute joint sharp identified sets for $(\wp(x, 1), \wp(x, 2))$ under the parametric assumption that V_{ij} are type I extreme value. We have reproduced these sets in Figure S1 using dashed lines.

To compute these parametric identified sets, we used a slight modification of Proposition 2 together with the semiparametric extension proposed in Appendix S2. We created a 40^4 grid of potential values for $\beta \equiv (\beta_{01}, \beta_{02}, \beta_{11}, \beta_{12})$. For each value in this grid, we created "prices" $\tilde{P}_{ij}(\beta) \equiv -\beta_{0j} - \beta_{1j}X_i$ and the MRP implied by these prices. Then we checked whether there exists a $\phi \in \Phi^\star$ (using the characterization in Proposition 1) that

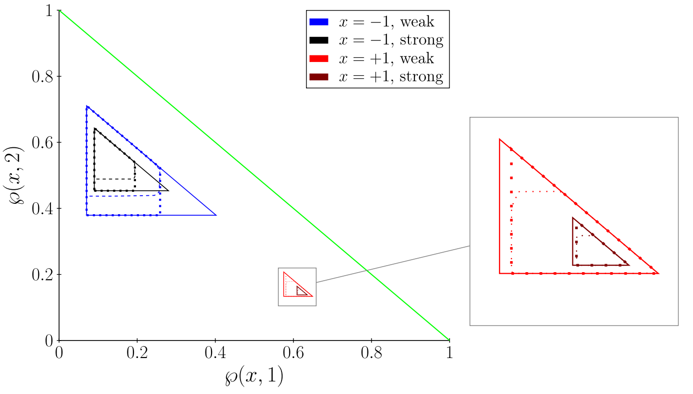

FIGURE S1.—Replication and extension of the upper-left panel of Figure 4 in Chesher, Rosen, and Smolinski (2013). *Notes:* The figure shows joint identified sets for counterfactual choice probabilities $(\wp(x, 1), \wp(x, 2))$ evaluated at $x = -1$ and $x = +1$ in two designs (weak and strong). The sets in the solid lines are the nonparametric *nonsharp* identified sets reported in Chesher, Rosen, and Smolinski (2013). The sets in the dashed lines are the *parametric* sharp identified sets reported in Chesher, Rosen, and Smolinski (2013). The sets in the square markers are nonparametric, sharp identified sets computed using the methodology developed in this paper.

also satisfies the additional parametric constraint that the mass in each set of the MRP is equal to the logistic probabilities implied by V_{ij} being type I extreme value. If this linear system of equations had a solution, then we added the values of $(\wp(x, 1), \wp(x, 2))$ implied by this value of β to the parametric identified set.[3]

In Figure S1, we also reproduce the *outer* (nonsharp) nonparametric identified sets reported in Figure 4 of Chesher, Rosen, and Smolinski (2013).[4] As Chesher, Rosen, and Smolinski (2013, p. 160) acknowledge, these bounds do not exploit the utility maximization structure of the choice model, and thus are not sharp when assuming that choices are generated by choice model (1).

In addition to the two types of sets reported by Chesher, Rosen, and Smolinski (2013), we also compute our *sharp* nonparametric identified sets. To compute these, we first absorb the choice–specific constants β_{0j} into V_{ij}, since the location of V_{ij} (for $j = 1, 2$) is not restricted in our approach. We also normalized (β_{11}, β_{12}) to be $(\tilde{\beta}_{11}, \tilde{\beta}_{12}) \in \mathcal{B} \equiv \{-2, -1, 0, 1, 2\}^2$, again because the scales of V_{i1} and V_{i2} are not restricted in our approach.[5] Then we applied Proposition 2 together with the semiparametric extension proposed in Appendix S2. For each normalized choice of $(\tilde{\beta}_{11}, \tilde{\beta}_{12}) \in \mathcal{B}$, we constructed the MRP with "prices" $-\tilde{\beta}_{1j}X_i$, and then computed the joint identified set for

[3]It is straightforward to modify the argument in Proposition 1 to show that this procedure is also sharp, just like the procedure in Chesher, Rosen, and Smolinski (2013). As with any grid-based approach, sharpness in practice requires the grid used in practice to be sufficiently fine.

[4]This is the "first outer region" in equation (1.4) of Chesher, Rosen, and Smolinski (2013).

[5]This normalization is just a short-hand way of accounting for all possible combinations of β_{11} and β_{12} being negative, zero, or positive, and differently ordered. Since the scales of V_{i1} and V_{i2} are not restricted, we only need to consider one value of (β_{11}, β_{12}) for each case. For example, $(\tilde{\beta}_{11}, \tilde{\beta}_{12}) = (-2, -1)$ covers the case when $\beta_{11} < \beta_{12} < 0$, while $(\tilde{\beta}_{11}, \tilde{\beta}_{12}) = (0, 1)$ covers the case when $\beta_{11} = 0$ and $\beta_{12} > 0$.

TABLE S1

INCREASING THE DIMENSIONS OF THE CHESHER, ROSEN, AND SMOLINSKI (2013) SIMULATION.

	$\wp(x,1)$				$\wp(x,2)$			
	$\lvert\text{support}(Z_i)\rvert = 2$		$\lvert\text{support}(Z_i)\rvert = 30$		$\lvert\text{support}(Z_i)\rvert = 2$		$\lvert\text{support}(Z_i)\rvert = 30$	
x	LB	UB	LB	UB	LB	UB	LB	UB
−1.0	0.043	0.473	0.091	0.164	0.230	0.826	0.437	0.683
−0.8	0.006	0.672	0.096	0.580	0.022	0.804	0.022	0.667
−0.6	0.008	0.667	0.101	0.597	0.020	0.781	0.020	0.654
−0.4	0.010	0.663	0.107	0.607	0.018	0.756	0.019	0.649
−0.2	0.018	0.652	0.116	0.612	0.024	0.716	0.025	0.642
0.2	0.024	0.666	0.126	0.619	0.018	0.690	0.019	0.636
0.4	0.017	0.696	0.134	0.627	0.010	0.688	0.019	0.631
0.6	0.020	0.716	0.147	0.632	0.008	0.681	0.022	0.621
0.8	0.024	0.734	0.164	0.638	0.007	0.673	0.023	0.608
1.0	0.389	0.751	0.596	0.644	0.096	0.346	0.131	0.180

Note: The table shows sharp nonparametric identified sets (bounds) on counterfactual choice probabilities.

$(\wp(x,1), \wp(x,2))$.[6] The sharp nonparametric joint identified set for $(\wp(x,1), \wp(x,2))$ is then the union of these nine sets.

We show our sharp nonparametric sets in Figure S1 using square markers. Our sharp nonparametric identified sets are strictly contained in the nonsharp nonparametric identified sets reported by Chesher, Rosen, and Smolinski (2013). Our sharp nonparametric identified sets also strictly contain the sharp parametric identified sets reported by Chesher, Rosen, and Smolinski (2013). Both of these findings make sense. The nonsharp nonparametric identified sets reported by Chesher, Rosen, and Smolinski (2013) are not sharp because they do not exploit the structure of the choice model, unlike our sharp nonparametric identified sets. The sharp parametric identified sets reported by Chesher, Rosen, and Smolinski (2013) reflect an additional parametric assumption not maintained when computing our sharp nonparametric identified sets.

In Table S1, we expand the simulation by increasing the dimensions of both X_i and Z_i. We set X_i to have 10 points of support by taking $\{x_1, \dots, x_M\} = \{-1, -0.8, \dots, 0.8, 1\}$, generated with $\{c_1, \dots, c_{M-1}\} = \{-0.9, -0.7, \dots, 0.7, 0.9\}$, $\sigma = 2$, and $\nu = 1$. In one case Z_i continues to have the two-point support $\{-1, 1\}$, while in another we set the support of Z_i to $\{-2.9, -2.7, \dots, 2.7, 2.9\}$, which has 30 points in total. The bounds naturally tighten when Z_i has larger support, with the greatest tightening occurring at the extreme points (x_1, x_M), whose probabilities vary the most with the instrument due to the ordered threshold structure. This simulation demonstrates how our method scales in a setting where the relationship between the instrument and endogenous variable has a stochastic unobserved component.

S4. CONSTRUCTION OF THE MINIMAL RELEVANT PARTITION

We first observe that any price (premium) vector $p \in \mathbb{R}^J$ divides $\mathbb{R}^J$ into the sets $\{\mathcal{V}_j(p)\}_{j=0}^J$, as shown in Figures 1a and 1b. Intuitively, we view such a division as a partition, although formally this is not correct, since these sets can overlap on boundary

[6]As in Figures 4 and S2, we did this by first finding bounds for $\wp(x,1)$, then computing bounds on $\wp(x,2)$ while constraining $\wp(x,1)$ at each point in its marginal identified set.

regions like $\{v \in \mathbb{R}^J : v_j - p_j = v_k - p_k\}$ where ties occurs. For the same reason, "the" Minimal Relevant Partition (MRP) is not unique, since one could consider a boundary region to be in either of the sets to which it is a boundary. The boundary regions have Lebesgue measure zero in $\mathbb{R}^J$, so these caveats are unimportant given our focus on continuously distributed valuations. However, to avoid confusion, we refer to a collection of sets that would be a partition if not for regions of Lebesgue measure zero as an almost sure (a.s.) partition.

DEFINITION ASP: Let $\{\mathcal{A}_t\}_{t=1}^T$ be a collection of Lebesgue measurable subsets of $\mathbb{R}^J$. Then $\{\mathcal{A}_t\}_{t=1}^T$ is an almost sure (a.s.) partition of $\mathbb{R}^J$ if
(a) $\bigcup_{t=1}^T \mathcal{A}_t = \mathbb{R}^J$; and
(b) $\lambda(\mathcal{A}_t \cap \mathcal{A}_{t'}) = 0$ for any $t \neq t'$, where λ denotes Lebesgue measure on $\mathbb{R}^J$.

Next, we enumerate the price vectors in $\mathcal{P}$ as $\mathcal{P} = \{p_1, \dots, p_L\}$ for some integer L. Let $\mathcal{Y} \equiv \mathcal{J}^L$ denote the collection of all L-tuples from the set of choices $\mathcal{J} \equiv \{0, 1, \dots, J\}$. Then, since $\{\mathcal{V}_j(p_l)\}_{j=0}^J$ is an a.s. partition of $\mathbb{R}^J$ for every p_l, it follows that

$$\{\widetilde{\mathcal{V}}_y : y \in \mathcal{Y}\} \quad \text{where } \widetilde{\mathcal{V}}_y \equiv \bigcap_{l=1}^L \mathcal{V}_{y_l}(p_l) \tag{S8}$$

also constitutes an a.s. partition of $\mathbb{R}^J$.[7] Intuitively, each vector $y \equiv (y_1, \dots, y_L)$ is a profile of L choices made under the price vectors $(p_1, \dots, p_L)$ that comprise $\mathcal{P}$. Each set $\widetilde{\mathcal{V}}_y$ in the a.s. partition (S8) corresponds to the subset of valuations in $\mathbb{R}^J$ for which a consumer would make choices $y = (y_1, \dots, y_L)$ when faced with prices $(p_1, \dots, p_L)$.

The collection $\mathbb{V} \equiv \{\widetilde{\mathcal{V}}_y : y \in \mathcal{Y}\}$ is the MRP, since it satisfies Definition MRP by construction. To see this, consider any $v, v' \in \mathbb{R}^J$. If $v, v' \in \widetilde{\mathcal{V}}_y$ for some y, then by equation (S8), $v, v' \in \mathcal{V}_{y_l}(p_l)$ for all $l = 1, \dots, L$, at least up to collections of v, v' that have Lebesgue measure zero. Recalling equation (8) and the notation of Definition MRP, this implies that $Y(v, p) = Y(v', p)$ for all $p \in \mathcal{P}$. Conversely, if $Y(v, p) = Y(v', p)$ for all $p \in \mathcal{P}$, then taking

$$y \equiv \big(Y(v, p_1), \dots, Y(v, p_L)\big) = \big(Y(v', p_1), \dots, Y(v', p_L)\big), \tag{S9}$$

yields an L-tuple $y \in \mathcal{Y}$ such that $v, v' \in \mathcal{V}_{y_l}(p_l)$ for every l, again barring ambiguities that occur with Lebesgue measure zero.

However, from a practical perspective, this is an inadequate representation of the MRP, because if choices are determined by the quasilinear choice model (1), then many of the sets $\widetilde{\mathcal{V}}_y$ must have Lebesgue measure zero. This makes indexing the partition by $y \in \mathcal{Y}$ excessive; for computation we would prefer an indexing scheme that only includes sets that are not already known to have measure zero. For this purpose, we use an algorithm that starts with the set of prices $\mathcal{P}$ and returns the collection of choice sequences $\overline{\mathcal{Y}}$ that are not required to have Lebesgue measure zero under model (1). We use this set $\overline{\mathcal{Y}}$ in our computational implementation. Note that since $\widetilde{\mathcal{V}}_y$ has Lebesgue measure zero for any $y \in \mathcal{Y} \setminus \overline{\mathcal{Y}}$, the collection $\mathbb{V} \equiv \{\widetilde{\mathcal{V}}_y : y \in \overline{\mathcal{Y}}\}$ still constitutes an a.s. partition of $\mathbb{R}^J$ and still satisfies the key property (10) of Definition MRP.

[7] Note that these sets are Lebesgue measurable, since $\mathcal{V}_j(p)$ is a finite intersection of half-spaces and $\widetilde{\mathcal{V}}_y$ is a finite intersection of sets like $\mathcal{V}_j(p)$.

The algorithm works as follows.[8] We begin by partitioning $\mathcal{P}$ into T sets (or blocks) of prices $\{\mathcal{P}_t\}_{t=1}^T$ that each contain (give or take) L_0 prices. For each t, we then construct the set of all choice sequences $\overline{\mathcal{Y}}_t \subseteq \mathcal{J}^{|\mathcal{P}_t|}$ that are compatible with the quasilinear choice model in the sense that $y^t \in \overline{\mathcal{Y}}_t$ if and only if the set

$$\left\{v \in \mathbb{R}^J : v_{y_l^t} - p_{y_l^t} \geq v_j - p_j \text{ for all } j \in \mathcal{J} \text{ and } p \in \mathcal{P}_t\right\} \tag{S10}$$

is nonempty. In practice, we do this by sequentially checking the feasibility of a linear program with constraint set given by equation (S10). The sense in which we do this sequentially is that instead of checking equation (S10) for all $y^t \in \mathcal{J}^{|\mathcal{P}_t|}$—which could be a large set even for moderate L_0—we first check whether it is nonempty when the constraint is imposed for only 2 prices in $\mathcal{P}_t$, then 3 prices, etc. Finding that equation (S10) is empty when restricting attention to one of these shorter choice sequences implies that it must also be empty for all other sequences that share the short component. This observation helps speed up the algorithm substantially.

Once we have found $\overline{\mathcal{Y}}_t$ for all t, we combine blocks of prices into pairs, then repeat the process with these larger, paired blocks. For example, if we let $\mathcal{P}_{12} \equiv \mathcal{P}_1 \cup \mathcal{P}_2$–that is, we pair the first two blocks of prices—then we know that the set of $y^{12} \in \mathcal{J}^{|\mathcal{P}_1|+|\mathcal{P}_2|}$ that satisfy equation (S10) must be a subset of $\{(y_1, y_2) : y_1 \in \overline{\mathcal{Y}}_1, y_2 \in \overline{\mathcal{Y}}_2\}$. We sequentially check the nonemptiness of equation (S10) for all y^{12} in this set, eventually obtaining a set $\overline{\mathcal{Y}}_{12}$. Once we have done this for all pairs of price blocks, we then combine pairs of blocks (e.g., $\mathcal{P}_{12} \cup \mathcal{P}_{34}$) and repeat the process. Continuing in this way, we eventually end up with the original set of price vectors, $\mathcal{P}$, as well as the set of all surviving choice sequences, $\overline{\mathcal{Y}} \subseteq \mathcal{Y}$.

The key input to this algorithm is the number of prices in the initial price blocks, which we have denoted by L_0. The optimal value of L_0 should be something larger than 2, but smaller than L. With small L_0, the sequential checking of equation (S10) yields less payoff, since each detection of infeasibility eliminates fewer partial choice sequences. On the other hand, large L_0 makes the strategy of combining pairs of smaller blocks of prices into larger blocks less fruitful. For the application, we use L_0 between 8 and 10, which seems to be fairly efficient, although it is likely specific to our setting.

S5. IMPLEMENTING BOUNDS ON CONSUMER SURPLUS

In this section, we show how to construct the $\overline{\theta}$ function for average consumer surplus. Suppose that $\mathbb{V}$ is the MRP constructed from a set of premiums $\mathcal{P}$ that contains the two premiums, p and $p^\star$, at which average consumer surplus is to be contrasted. Let

$$\mathrm{CS}^{p^\star}(m, x; f) \equiv \int \left\{\max_{j\in\mathcal{J}} v_j - p_j^\star\right\} f(v|m, x)\, dv.$$

denote average consumer surplus at premium $p^\star$, conditional on $(M_i, X_i) = (m, x)$ under valuation density f. Then

$$\mathrm{CS}^{p^\star}(m, x; f) = \sum_{\mathcal{V}\in\mathbb{V}} \int_{\mathcal{V}} \left\{\max_{j\in\mathcal{J}} v_j - p_j^\star\right\} f(v|m, x)\, dv, \tag{S11}$$

[8] We expect that this algorithm leaves room for significant computational improvements, but we leave more sophisticated developments for future work. In practice, we also use some additional heuristics based on sorting the price vectors. These have useful but second-order speed improvements that are specific to our application, so for brevity we do not describe them here.

since the MRP is an (almost sure) partition of $\mathbb{R}^J$. By definition of the MRP, the optimal choice of plan is constant as a function of v within any MRP set $\mathcal{V}$. That is, using the notation in Definition MRP, $\arg\max_{j\in\mathcal{J}} v_j - p_j \equiv Y(v, p) = Y(v', p) \equiv Y(\mathcal{V}, p)$ for all $v, v' \in \mathcal{V}$ and any $p \in \mathcal{P}$. Consequently, we can write equation (S11) as

$$\mathrm{CS}^{p^\star}(m, x; f) = \sum_{\mathcal{V}\in\mathbb{V}} -p^\star_{Y(\mathcal{V},p^\star)} + \int_{\mathcal{V}} v_{Y(\mathcal{V},p^\star)} f(v|m, x)\, dv.$$

Replacing $p^\star$ by p, it follows that the change in average consumer surplus resulting from a shift in premiums from p to $p^\star$ can be written as

$$\begin{aligned}\Delta\mathrm{CS}^{p\to p^\star}(m, x; f) &\equiv \mathrm{CS}^{p^\star}(m, x; f) - \mathrm{CS}^{p}(m, x; f) \\ &= \sum_{\mathcal{V}\in\mathbb{V}} p_{Y(\mathcal{V},p)} - p^\star_{Y(\mathcal{V},p^\star)} + \int_{\mathcal{V}} (v_{Y(\mathcal{V},p^\star)} - v_{Y(\mathcal{V},p)}) f(v|m, x)\, dv.\end{aligned}$$

Now define the smallest and largest possible change in valuations within any partition set $\mathcal{V}$ as

$$\begin{aligned} v_{\mathrm{lb}}^{p\to p^\star}(\mathcal{V}) &\equiv \min_{v\in\mathcal{V}} v_{Y(\mathcal{V},p^\star)} - v_{Y(\mathcal{V},p)}, \quad \text{and} \\ v_{\mathrm{ub}}^{p\to p^\star}(\mathcal{V}) &\equiv \max_{v\in\mathcal{V}} v_{Y(\mathcal{V},p^\star)} - v_{Y(\mathcal{V},p)}. \end{aligned}$$

Since each MRP set $\mathcal{V}$ is polyhedral, these quantities are the optimal values of small linear programs that can be computed in an initial step. Because we do not restrict the distribution of valuations within each MRP set, a lower bound on a change in average consumer surplus is attained when this distribution concentrates all of its mass on $v_{\mathrm{lb}}^{p\to p^\star}(\mathcal{V})$ in every $\mathcal{V} \in \mathbb{V}$. That is,

$$\begin{aligned}\Delta\mathrm{CS}^{p\to p^\star}(m, x; f) &\geq \sum_{\mathcal{V}\in\mathbb{V}} p_{Y(\mathcal{V},p)} - p^\star_{Y(\mathcal{V},p^\star)} + v_{\mathrm{lb}}^{p\to p^\star}(\mathcal{V}) \int_{\mathcal{V}} f(v|m, x)\, dv \\ &= \sum_{\mathcal{V}\in\mathbb{V}} p_{Y(\mathcal{V},p)} - p^\star_{Y(\mathcal{V},p^\star)} + v_{\mathrm{lb}}^{p\to p^\star}(\mathcal{V})\big[\overline{\phi}(f)(\mathcal{V}|m, x)\big] \\ &\equiv \Delta\mathrm{CS}_{\mathrm{lb}}^{p\to p^\star}(m, x; f). \end{aligned} \tag{S12}$$

Similarly, an upper bound for any f is given by

$$\Delta\mathrm{CS}_{\mathrm{ub}}^{p\to p^\star}(m, x; f) \equiv \sum_{\mathcal{V}\in\mathbb{V}} p_{Y(\mathcal{V},p)} - p^\star_{Y(\mathcal{V},p^\star)} + v_{\mathrm{ub}}^{p\to p^\star}(\mathcal{V})\big[\overline{\phi}(f)(\mathcal{V}|m, x)\big].$$

Therefore, a lower bound on the change in consumer surplus can be found by taking $\theta(f) \equiv \Delta\mathrm{CS}_{\mathrm{lb}}^{p\to p^\star}(m, x; f)$, setting

$$\overline{\theta}(\phi) \equiv \sum_{\mathcal{V}\in\mathbb{V}} p_{Y(\mathcal{V},p)} - p^\star_{Y(\mathcal{V},p^\star)} + v_{\mathrm{lb}}^{p\to p^\star}(\mathcal{V})\phi(\mathcal{V}|m, x), \tag{S13}$$

and applying Propositions 1 or 2. The requirement that $\theta(f) = \overline{\theta}(\overline{\phi}(f))$ can be seen to be satisfied here by comparing equations (S12) and (S13). The upper bound is found analogously. The open interval formed by the lower and upper bounds is the sharp identified set.[9]

S6. IMPLEMENTING BOUNDS ON ELASTICITIES

In this section, we show how to estimate bounds on discrete approximations to semielasticities of demand. These bounds can then be transformed into bounds on elasticities after normalizing by a baseline price.

The semielasticity of demand for good j with respect to good k in region m for buyers with characteristics x is approximately

$$\text{SElast}^{\delta}_{jk}(p, m, x; f) \equiv 100 \times \frac{1}{\delta}\left(\frac{s_j(p + \delta e_k, m, x; f) - s_j(p, m, x; f)}{s_j(p, m, x; f)}\right), \tag{S14}$$

where δ is a price change and e_k is a $(J + 1)$–dimensional vector with 1 in the kth place and zeros elsewhere. Condition TP is satisfied as long as the MRP contains both p and $p + \delta e_k$, in which case the corresponding $\overline{\theta}$ function is given by

$$\overline{\text{SElast}}^{\delta}_{jk}(p, m, x; \phi) \equiv 100 \times \frac{1}{\delta}\left(\frac{\sum_{\mathcal{V}\in\mathbb{V}_j(p+\delta e_k)} \phi(\mathcal{V}|p, m, x) - \sum_{\mathcal{V}\in\mathbb{V}_j(p)} \phi(\mathcal{V}|p, m, x)}{\sum_{\mathcal{V}\in\mathbb{V}_j(p)} \phi(\mathcal{V}|p, m, x)}\right). \tag{S15}$$

While $\overline{\text{SElast}}^{\delta}_{jk}(p, m, x; \phi)$ is a nonlinear function of ϕ, it is the ratio of two linear functions of ϕ. Optimization problem (14) (and the estimation counterpart problem (16)) thus becomes a linear-fractional program. The celebrated Charnes and Cooper (1962) transformation can be used to produce an equivalent linear program; see, for example, Boyd and Vandenberghe (2004, p. 151) for a textbook discussion. Kamat (2020) has previously used the Charnes and Cooper (1962) transformation to bound conditional treatment effects in an instrumental variables model with discrete treatments.

In order for the linear fractional program to be well posed, we need to ensure that $s_j(p, m, x; f)$ is bounded away from zero over the feasible region, so that $\text{SElast}^{\delta}_{jk}(p, m, x; f)$ remains well-defined over the feasible region. This requirement comes out of the nonparametric nature of the model, which allows for zero choice shares (vs. logit-based models), but it is quite intuitive: if a zero choice share is compatible with the data and assumptions then so too is *any* semielasticity of that choice.

In the application, we set $\delta = 10$, and we keep the denominator bounded away from zero by changing focus in two ways. First, we group Silver, Gold, and Platinum together into a single "low-deductible" category, which helps prevents zero denominators from

[9] It is an open interval instead of the closed interval in Proposition 2 because distributions that put a point mass on $v^{p\to p^\star}_{\text{lb}}(\mathcal{V})$ are not continuously distributed. It is straightforward, however, to construct continuous densities that concentrate arbitrarily closely around $v^{p\to p^\star}_{\text{lb}}(\mathcal{V})$ and $v^{p\to p^\star}_{\text{ub}}(\mathcal{V})$, for example by focusing on an $\epsilon > 0$ ball around these points.

arising in the relatively less popular Gold and Platinum plans. Second, we aggregate equation (S14) over demographic bins within a region:

$$\begin{aligned} &\mathrm{SElast}^{\delta}_{jk}(m; f) \\ &\quad \equiv 100 \times \frac{1}{\delta} \\ &\quad\quad \times \left(\frac{\sum_x \mathbb{P}[X_i = x | M_i = m]\big(s_j\big(\pi(m,x) + \delta e_k, m, x; f\big) - s_j\big(\pi(m,x), m, x; f\big)\big)}{\sum_x \mathbb{P}[X_i = x | M_i = m] s_j\big(\pi(m,x), m, x; f\big)} \right), \end{aligned} \tag{S16}$$

where $\pi(m, x)$ is the premium function introduced in Section 3.2. To aggregate these region-level semielasticities into a single elasticity measure, we first normalize by the average premium paid for the product bundle in the region. We then report the average elasticity across regions in Table V.

S7. STATISTICAL INFERENCE IMPLEMENTATION DETAILS

In this section, we provide details on how we implement the testing procedure developed by Deb, Kitamura, Quah, and Stoye (2021, "DKQS") in our application.

The null hypothesis of the test is $H_0 : t \in \Theta^\star$, that is, that the conjectured value t is in the sharp identified set for the target parameter. The test statistic is defined as

$$\begin{aligned} \mathrm{TS}(t) \equiv \min_{\phi \in \Phi} \sum_{j,p,m,x} n w(p,m,x)\bigg(\hat{s}_j(p,m,x) - \sum_{\mathcal{V} \in \mathbb{V}_j(p)} \phi(\mathcal{V} | p, m, x)\bigg)^2 \\ \text{subject to equations } \big(\mathrm{IV}'\big), \big(\mathrm{SP}'\big), \text{and } \overline{\theta}(\phi) = t, \end{aligned} \tag{S17}$$

where $w(p, m, x) > 0$ is a weight, and n is the sample size. Notice that if $\hat{s}_j(p, m, x) = s_j(p, m, x)$ without error, then $\mathrm{TS}(t) = 0$ if and only if there exists a $\phi \in \Phi^\star(t)$, that is, if and only if $t \in \Theta^\star$. In our application, p is a deterministic function of m and x (see Section 3.1), in which case the dependence of w, $\hat{s}_j$, and ϕ on p is redundant. We take the weight $w(p, m, x) = w(m, x)$ to be proportional to the size of bin (m, x), so that larger bins receive greater weight, the same as in our estimator. We also note that conditions (IV′) and (SP′) are simple equality constraints in our application, so they can be substituted out with appropriate redefinition of the parameter ϕ. After the substitution, the redefined parameter is only constrained to lie in the simplex. We directly make this substitution when applying the test, but we leave it implicit here (and throughout) for notational simplicity.

Computing a critical value involves solving a "tightened" version of problem (S17). Defining the tightened version requires some notation. First, since the DKQS test requires the target parameter to be linear, we abuse notation slightly and write the function $\overline{\theta}$ as a vector: $\overline{\theta}(\phi) \equiv \phi'\overline{\theta}$. Then let

$$\theta_{\max} \equiv \max_{\phi \in \Phi} \phi'\overline{\theta} \quad \text{subject to equations } \big(\mathrm{IV}'\big) \text{ and } \big(\mathrm{SP}'\big), \tag{S18}$$

and define $\theta_{\min}$ to be the optimal value for the corresponding minimization problem. The set $[\theta_{\min}, \theta_{\max}]$ constitutes the range of values that the target parameter could logically take under the maintained assumptions, before confronting the data. Then define the sets of integers

$$\begin{aligned} \mathcal{I}_{\max} &\equiv \{i = 1, \dots, d_\phi : (\overline{\theta})_i = \theta_{\max}\} \quad \text{and} \\ \mathcal{I}_{\min} &\equiv \{i = 1, \dots, d_\phi : (\overline{\theta})_i = \theta_{\min}\}, \end{aligned} \tag{S19}$$

where $(\overline{\theta})_i$ is the ith component of the vector $\overline{\theta}$, and let $\mathcal{I}_0 \equiv \{1, \dots, d_\phi\} \setminus (\mathcal{I}_{\max} \cup \mathcal{I}_{\min})$ be all the rest of the integers. The tightened version of problem (S17) is defined as

$$\begin{aligned} \mathrm{TS}(t; \tau) \equiv \min_{\phi \in \Phi} & \sum_{j,p,m,x} nw(p, m, x)\Bigg(\hat{s}_j(p, m, x) - \sum_{\mathcal{V} \in \mathbb{V}_j(p)} \phi(\mathcal{V}|p, m, x)\Bigg)^2 \\ & \text{subject to equations } (\mathrm{IV}'), (\mathrm{SP}'), \overline{\theta}'\phi = t, \\ \text{and} \quad & \phi_i \geq \tau \frac{(\theta_{\max} - t)}{|\mathcal{I}_{\min} \cup \mathcal{I}_0|} \quad \text{for all } i \in \mathcal{I}_{\min}, \\ & \phi_i \geq \tau \frac{(t - \theta_{\min})}{|\mathcal{I}_{\max} \cup \mathcal{I}_0|} \quad \text{for all } i \in \mathcal{I}_{\max}, \\ & \phi_i \geq \frac{\tau}{|\mathcal{I}_0|}\Bigg(1 - \frac{(\theta_{\max} - t)|\mathcal{I}_{\min}|}{|\mathcal{I}_{\min} \cup \mathcal{I}_0|} - \frac{(t - \theta_{\min})|\mathcal{I}_{\max}|}{|\mathcal{I}_{\max} \cup \mathcal{I}_0|}\Bigg) \quad \text{for all } i \in \mathcal{I}_0, \end{aligned} \tag{S20}$$

where $|\cdot|$ when applied to a set denotes cardinality, and $\tau \geq 0$ is a tuning parameter.

We solve the tightened problem (S20) once exactly as stated, and let $\hat{\phi}^\star$ be any optimal solution. Then we solve it again in each of B bootstrap replications. In replication b, we nonparametrically redraw choices and compute bootstrapped choice shares $\hat{s}_j^b(p, m, x) = \hat{s}_j^b(m, x)$ for each bin (m, x). Then we compute what DKQS refer to as "τ–tightened" recentered bootstrap estimators

$$\tilde{s}_j^b(m, x) = \hat{s}_j^b(m, x) - \hat{s}_j(m, x) + \sum_{\mathcal{V} \in \mathbb{V}_j(p)} \hat{\phi}^\star(\mathcal{V}|m, x). \tag{S21}$$

We solve problem (S20) with $\tilde{s}_j^b(m, x)$ in place of $\hat{s}_j^b(m, x)$, and let $\mathrm{TS}^b(t; \tau)$ denote the resulting optimal value. Once we have completed this B times, we find the 0.95 quantile of $\{\mathrm{TS}^b(t; \tau)\}_{b=1}^B$ (for a level 5% test), and reject the null hypothesis $t \in \Theta^\star$ if the test statistic $\mathrm{TS}(t; \tau)$ exceeds that quantile.

The choice of tuning parameter τ is important. Since $\mathrm{TS}(t; \tau) \geq \mathrm{TS}(t)$ for all τ, the likelihood of rejecting the null hypothesis decreases monotonically with τ. When $\tau = 0$, the test reduces to simply bootstrapping the test statistic, which we would not expect to control size due to the inequality constraints (see, e.g., Andrews and Han (2009)).

To pick τ, we conducted a Monte Carlo simulation based on our data. We fit the simplest comparison logit model (see Section 3.4) to data from rating region 16, which covers part of Los Angeles, and is the largest region, comprising roughly 20% of potential buyers. Then we redraw data from the fitted logit model and conduct 5% tests at the endpoints of the nonparametric bounds for our three main target parameters: changes in probability of

TABLE S2

MONTE CARLO RESULTS.

τ	$1 - \Delta\text{Share}_0^\delta$	ΔCS^δ	ΔGS^δ
0.0025	0.960	0.885	0.900
0.005	0.990	0.995	0.995
0.01	1.000	1.000	1.000

Note: Proportion of 200 simulation draws in which a 95% confidence interval contained the population identified set for the specified target parameter.

purchasing coverage, change in consumer surplus, and change in government spending, all in response to a $10 decrease in subsidies.

We report the results in Table S2. The simulation is based on 200 draws, each with 100 bootstrap replications, the same as in the application. We find that the test produces confidence intervals with adequate coverage for $\tau = 0.005$, and at $\tau = 0.01$ the test always covers the population identified set. Since the Monte Carlo uses a smaller sample size than in our application, we decided to be extremely conservative and use $\tau = 0.125$ in our reported results, which we found still produced acceptably short confidence intervals. We expect that our reported confidence intervals over-cover, potentially by a wide margin.

Constructing confidence intervals using the DKQS test is computationally challenging in our application. When computing bounds, we are able to leverage our empirical strategy of not using cross-region variation to separate the original program with all regions into separate programs for each region, which greatly speeds up computation and reduces memory usage. The null hypothesis constraint $\overline{\theta}'\phi = t$ in problem (S20) prevents us from using the same strategy for computing $\text{TS}(t; \tau)$, since the evaluation of $\overline{\theta}'\phi$ depends on all regions simultaneously. Consequently, problem (S20) needs to be solved using data from all regions simultaneously. Together with bootstrapping and test inversion, this becomes a computationally demanding task.

S8. ESTIMATION OF POTENTIAL BUYERS

We estimate the number of potential buyers using the California 2013 3-year subsample of the American Community Survey (ACS) public use file, downloaded from IPUMS (Ruggles, Genadek, Goeken, Grover, and Sobek (2015)). We use estimated potential buyers to turn the administrative data on quantities purchased into choice shares.

We define an individual i in the ACS as a potential buyer, denoted by the indicator $I_i = 1$, if they report being either uninsured or privately insured. Individuals with $I_i = 0$ include those who are covered by employer-sponsored plans, Medi-Cal (Medicaid), Medicare, or other types of public insurance. We estimate $\mathbb{P}[I_i = 1 | M_i = m, X_i = x]$ and convert estimated probabilities into estimated number of potential buyers in each (m, x) pair by using the individual sampling weights provided in the ACS. To avoid excessive extrapolation, we drop 7455 bins that are empty in the ACS.

The estimated probabilities are constructed using flexible linear regression. The main regressors are the X_i bins, that is, age in years and income in FPL (taken at the lower endpoint of the bin). We include a full set of interactions between these variables and indicators for the coarse age and income bins described in Section 3.3 (called W_i there).

We also include a full set of region indicators (M_i), and interactions between these indicators and both age and income. For 62 bins, we estimate fewer potential buyers than there are actual buyers in the administrative data. We drop these bins, all of which are small.

An adjustment to this procedure is needed to account for the fact that the PUMA (public use micro area) geographic identifier in the ACS can be split across multiple counties, and so in some cases also multiple ACA rating regions. For a PUMA that is split in such a way, we allocate individuals to each rating region it overlaps using the population of the zip codes in the PUMA as weights. This is the same adjustment factor used in the PUMA-to-county crosswalk.[10] Since the definition of a PUMA changed after 2011, we also use this adjustment scheme to convert the 2011 PUMA definitions to 2012–2013 definitions.

S9. CROSS-REGION STRATEGY

In this section, we consider an alternative strategy that uses cross-region variation to replace age variation.

The motivation for the strategy is as follows. Since the premiums are calculated from base prices following a fixed formula, insurers set base prices for a region taking into consideration its composition of potential buyers. Differences in the age composition of potential buyers mean that two individual buyers of the same age and income, but different regions, will face different post-subsidy premiums. If the different regions are otherwise comparable, then it may be reasonable to assume that these two buyers have similar preferences. This argument has been used previously in Ericson and Starc (2015), Tebaldi (2022), Orsini and Tebaldi (2017); it has the flavor of a "Waldfogel instrument" (Waldfogel (1999)).

To implement the strategy, we first group the 19 Covered California rating regions in 9 separate clusters. We define the clusters based on their similarity along the vector of 7 observables *not including* the age distribution: total population, average income, hospitalizations per capita, annual hospital spending per capita, payroll hospital spending per capita, share of people in poverty, and share of under 65 who did not have health insurance before the ACA.[11] The two Los Angeles regions are grouped together, while the remaining regions are assigned to 8 different groups using single-linkage hierarchical clustering. The 9 groups are summarized in Table S3.

In the notation of Section 2, we now have W_i representing all combinations of 1-year age bins, coarse FPL bin ($\{140–150, 150–200, \dots, 350–400\}$), and region group among the 9 in Table S3. The instrument Z_i is then all bins formed by crossing a region indicator with 5% FPL bins. For example, one value of W_i corresponds to individuals who are aged 36 with incomes between 150% and 200% of the FPL and live in region group D (region 6 or 12). Within this bin, we have 20 values of Z_i, comprised of the 10 income bins crossed with the two geographic regions, and for each value we observe a different premium vector while assuming that the distribution of valuations is the same.

[10]For example, suppose that an individual is in a PUMA that spans counties A and B, and that this individual has a total sampling weight of 10, so that they represent 10 observationally identical individuals. If the adjustment factor is 0.3 in county A and 0.7 in county B, we assume there are 3 identical individuals in county A and 7 in county B.

[11]The data comes from the county-level Area Health Resource Files, available at https://data.hrsa.gov/topics/health-workforce/ahrf.

TABLE S3

REGION GROUPS AFTER CLUSTERING.

Group	Regions	Population (count)	Average Income ($)	Inpatient Days (per capita)	Hospital Spending (per capita)	Payroll Hosp. Spending (per capita)	Share in Poverty (0,1)	Share Uninsured (0,1)
A	18, 19	3,097,907	47,745	0.511	1692	682	0.138	0.168
B	4, 14	832,268	49,900	0.845	3390	1395	0.186	0.162
C	8, 9	734,739	55,344	0.514	1902	822	0.116	0.150
D	6, 12	1,530,247	45,758	0.623	1678	718	0.129	0.145
E	2, 11	1,273,650	40,067	0.726	1674	662	0.179	0.158
F	1, 5	1,211,352	44,651	0.402	1958	782	0.152	0.139
G	7, 10	1,875,728	43,911	0.553	2240	932	0.163	0.150
H	3, 13, 17	2,230,359	32,805	0.449	1624	677	0.186	0.172
I	15, 16	9,889,056	41,791	0.658	2031	841	0.181	0.227

Note: Each row indicates a different group of regions. The reported statistics in each column are averages over the regions in the groups.

In Table S4, we report estimated bounds on changes in choice shares, the same as Table III for our preferred strategy. The extensive margin responses to an increase in all premiums are nearly identical to those from our main strategy. We interpret this as corroborating our finding in Section 4.2 that our results are primarily driven by variation in income, rather than in age. Bounds on changes in consumer surplus and government expenditure (not shown) are also nearly identical to those reported in Section 5.1.

We do however see more differences in cross-tier substitution patterns. For example, using the cross-region strategy we estimate an increase in Bronze premiums by $10 would lead to an increase in the share choosing Silver of between 0.1–3.3%, versus 0.4–4.4% in our preferred strategy. As another example, the cross-region strategy tightens the upper bound on the increase in the share choosing Bronze when the Silver premium increases to 6.5%, from 12.4% in our preferred strategy.

TABLE S4

NONPARAMETRIC BOUNDS ON CHANGES IN CHOICE SHARES—CROSS-REGION STRATEGY.

	Change in probability of choosing									
	Any plan		Bronze		Silver		Gold		Platinum	
$10/month premium increase for	LB	UB	LB	UB	LB	UB	LB	UB	LB	UB
Panel (a): Full sample (140–400% FPL)										
All plans	−0.065	−0.018	−0.015	−0.004	−0.046	−0.012	−0.004	−0.001	−0.004	−0.001
Bronze	−0.014	−0.002	−0.046	−0.006	+0.001	+0.033	+0.000	+0.035	+0.000	+0.032
Silver	−0.045	−0.003	+0.000	+0.065	−0.136	−0.014	+0.000	+0.104	+0.000	+0.078
Gold	−0.003	−0.000	+0.000	+0.008	+0.000	+0.009	−0.013	−0.002	+0.000	+0.011
Platinum	−0.003	−0.000	+0.000	+0.006	+0.000	+0.006	+0.000	+0.009	−0.011	−0.001
Panel (b): Lower income (140–250% FPL)										
All plans	−0.085	−0.021	−0.014	−0.003	−0.068	−0.016	−0.003	−0.000	−0.004	−0.001
Bronze	−0.013	−0.001	−0.044	−0.006	+0.001	+0.032	+0.000	+0.033	+0.000	+0.030
Silver	−0.066	−0.005	+0.000	+0.087	−0.193	−0.019	+0.000	+0.144	+0.000	+0.109
Gold	−0.003	−0.000	+0.000	+0.007	+0.000	+0.008	−0.011	−0.001	+0.000	+0.010
Platinum	−0.003	−0.000	+0.000	+0.007	+0.000	+0.006	+0.000	+0.009	−0.011	−0.001
Panel (c): Higher income (250–400% FPL)										
All plans	−0.040	−0.015	−0.017	−0.005	−0.018	−0.006	−0.004	−0.001	−0.004	−0.001
Bronze	−0.016	−0.002	−0.048	−0.007	+0.000	+0.035	+0.000	+0.039	+0.000	+0.033
Silver	−0.017	−0.001	+0.000	+0.036	−0.064	−0.007	+0.000	+0.052	+0.000	+0.038
Gold	−0.004	−0.000	+0.000	+0.010	+0.000	+0.011	−0.015	−0.003	+0.000	+0.012
Platinum	−0.003	−0.000	+0.000	+0.006	+0.000	+0.005	+0.000	+0.008	−0.010	−0.001

Note: See notes for Table III in the main text.

S10. ADDITIONAL FIGURES AND TABLES

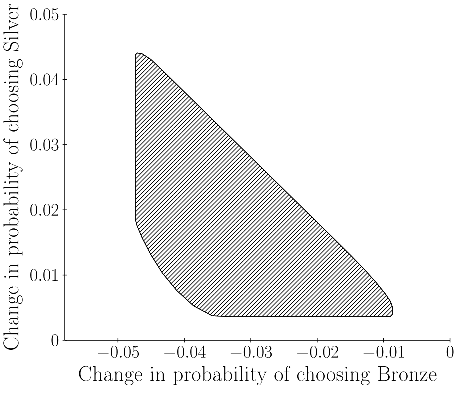

FIGURE S2.—Effect of increasing bronze premiums by $10 on Bronze and Silver choice shares. *Notes:* The figure shows the estimated joint identified set for the change in choice probabilities of Bronze and Silver plans in response to a $10 increase in Bronze monthly premiums. To construct the set, we take a grid of equidistant points between the estimated upper and lower bounds for the change in Bronze choice shares. At each point in the grid, we find bounds on the change in Silver, while fixing the change in Bronze to be the value at the grid point.

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Co-editor Aviv Nevo handled this manuscript.

Manuscript received 9 April, 2019; final version accepted 26 July, 2022; available online 29 August, 2022.