Title: Cognitive Training and Poverty: Evidence from ACTIVE

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Abstract:

Over 25 million Americans over the age of 60 are economically insecure, defined as living at or below 250% of the federal poverty level. Improving the physical or cognitive function of the elderly may help them avoid negative financial outcomes. First, they may just be able to better manage complex financial decisions and avoid scams or fraud. Second, if cognitive training improves health or the management of health conditions, there may be lower health care expenditures, increasing the economic security of the household.

The Advanced Cognitive Training for Independent and Vital Elderly (ACTIVE) study, which started in 1999, is a randomized, controlled single-blind trial with 3 intervention groups (reasoning, speed of processing, and memory) and a no-contact control group. Participants were a cognitively intact volunteer sample (mean baseline age, 73.6 years; 26% African American) living independently in 6 US cities. ACTIVE is the first large-scale, randomized trial to show that cognitive training improves cognitive function in community-dwelling older adults (Rebok et al. 2014). Current work (Coe et al., 2023) shows that cognitive training, especially with booster training session, leads to lower rates of dementia diagnoses among two of the intervention arms in ACTIVE.

In this paper we test whether cognitive training leads to improvements in financial stability. Using ACTIVE data matched to Medicare claims (N=1747), we examine the trajectory and incidence of health-insurance measures of financial need, such as the Low-Income Subsidies (LIS) to help pay for Medicare part-B premiums, and enrollment in Medicaid. We use cause-specific hazard models as our baseline specification to help address the competing risk of death.

Second, we test the extent to which improved cognitive or physical health influence the relationship between cognitive training and financial stability. We will add physical function (ADL, IADL) and cognition measures from the ACTIVE RCT follow-up surveys and Medicare claims to the base model to see if physical and cognitive health moderates the relationship. If sample size allows, we will test for differential effects by race.