



## **Oregon Study Exposes Another ObamaCare Falsehood: Rather Than Reduce Unnecessary ER Use, Medicaid Increases It**

**Michael Cannon**

**January 2, 2014**

*[O]ne of the areas where we can potentially see some saving is a lot of those patients are being seen in the emergency room anyway, and if we are increasing prevention, if we are increasing wellness programs, we're reducing the amount of emergency room care...*

*- [President Barack Obama, June 25, 2009](#)*

*[T]hose of us with health insurance are also paying a hidden and growing tax for those without it — about \$1,000 per year that pays for somebody else's emergency room and charitable care...If there are affordable options and people still don't sign up for health insurance, it means we pay for these people's expensive emergency room visits.*

*- [President Barack Obama, September 9, 2009](#)*

*The final bill [will] make sure that people are getting the care they need and the checkups they need and the screenings they need before they get sick — which will save all of us money and reduce pressures on emergency rooms all across the country.*

*- [President Barack Obama, December 15, 2009](#)*

*You can't get those savings if those people are still going to the emergency room.*

*- [President Barack Obama, March 3, 2010](#)*

*[P]eople are no longer going to the emergency room and they now have good health care, they're now getting preventive care.*

*- [President Barack Obama, September 24, 2013](#)*

*[W]e're obviously pleased with developments in Ohio and in states across the country where the decision to expand Medicaid has been made, because...that creates enormous benefits for those states in terms of reducing costs in emergency rooms...*

*- [White House spokesman Jay Carney, October 22, 2013](#)*

President Obama made a lot of promises in order to sell ObamaCare, and to protect the law from repeal, that have turned out to be false. He [promised](#), "If you already have health insurance, the only thing that will change for you under this plan is the amount of money you will spend on premiums. That will be *less*." That turned out to be [false](#). He [promised](#), "in 2014, discriminating against anyone with a pre-existing condition will be prohibited." That too has [proven false](#). He [promised](#), "If you like your doctor, you will be able to keep your doctor. Period. If you like your health-care plan, you will be able to keep your health-care plan. Period. No one will take it away. No matter what." False, false, and false. [I could go on.](#)

We can now add another falsehood to the pile. A landmark study called the Oregon Health Insurance Experiment has found that contrary to the president's assurances (see above), expanding health insurance to low-income households does not decrease their use of emergency rooms. Results from that experiment, [published today in the journal Science](#), show expanding Medicaid to cover these households instead *increases* their emergency-room use by a sizable 40 percent.

This is a very big deal.

One of the ways the "Affordable Care Act" was supposed to make health care more affordable was by reducing unnecessary emergency-room use. As President Obama told it, the uninsured delay care until they are so sick that they end up in the emergency room. When they don't pay their ER bills, hospitals shift the cost to the insured through higher prices that increase our health insurance premiums. ObamaCare would catch illnesses sooner and treat them in less expensive settings. The resulting savings would be passed along to all consumers through less cost-shifting.

There was always a lot wrong with the president's line. For one, [economists tend not to buy the cost-shifting story](#). Left-leaning groups like the Urban Institute and the Kaiser Family Foundation [acknowledge](#) that even if such cost-shifting exists, the president was vastly overstating the amount. As I wrote in 2008, "two recent studies – one on [doctors services](#) by Jonathan Gruber and David Rodriguez, the other on [hospital services in California](#) by Glenn Melnick and Katya Fonkych – show that the uninsured who *do* pay their bills more than make up for the uninsured who don't."

But there is also some logic to the president's story. It is theoretically possible that giving people free preventive and primary care through Medicaid could lead to more diseases being caught early, and therefore less reliance on emergency rooms.

Unfortunately, the hypothesis that free preventive and primary care would reduce ER use was largely untested. In contrast, the Law of Demand — i.e., when the price of something like emergency-room services falls to zero, the quantity demanded will increase — has been [well-vetted](#).

The Oregon Health Insurance Experiment is the gold standard among studies on the effects of health insurance. It followed thousands of Oregon low-income adults who had been randomly assigned to

receive either Medicaid or no health insurance coverage, and measured the differences between the two groups. Such random assignment allows researchers to isolate the effects of Medicaid without interference from potentially confounding variables present in other studies.

Writing in *Science*, the Oregon Health Insurance Experiment researchers found that Medicaid did increase the use of preventive and primary-care services, but emergency-room use rose as well. Over an 18-month period, 100 low-income, uninsured adults in the Portland area would visit the ER about once each, on average. When Medicaid made health care “free” these households, they made an additional 40 visits over that period — a 40-percent increase.

The increase was entirely comprised people using the ER either for non-emergency medical needs, or for emergencies that could have been prevented with primary care. “Emergency department use increases even in classes of visits that might be most substitutable for other outpatient care,” the authors wrote, “such as those during standard hours (on-hours) and those for ‘non-emergent’ and ‘primary care treatable’ conditions.”

The authors also did a back-of-the-envelope calculation that “Medicaid increases annual spending in the emergency department by about \$120 per covered individual.” So if ObamaCare enrolls all 3.9 million individuals that it has so far identified as being eligible for Medicaid and SCHIP, the law could increase — not reduce — ER spending by something on the order of half a billion dollars per year. If all 50 states had implemented the law’s Medicaid expansion, the additional ER spending might have hit \$1 billion per year.

And it’s not like the Obama administration can point to a whole lot of benefit for all that additional ER spending (and preventive-care spending, and primary-care spending, and...). The authors of this study note the Oregon Health Insurance Experiment has previously found that “Medicaid improved self-reported health and decreased depression in this population, but it did not produce statistically significant improvements in several different measures of physical health.” (I discuss those findings [here](#).)

Like past results from the Oregon Health Insurance Experiment, the finding that Medicaid increases emergency-room use deals another blow to the credibility of ObamaCare supporters, from President Obama all the way down to the governors and legislators in the 25 states that opted to implement the law’s Medicaid expansion even after the Supreme Court made it optional. It also confirms the [skepticism](#) of officials in the other 25 states.

Has President Obama said *anything* about this law that was true?