

THE MORNING CALL

Redesign

Christopher Flavelle: Do you think Medicaid breeds dependency?

By: Christopher Flavelle - December 4, 2013

The refusal of 25 states to expand their Medicaid programs is a tragedy for the 5.2 million people who won't get health coverage. It's also an excellent opportunity to test a long-held conservative view: that Medicaid and other government programs lull able-bodied Americans into a state of dependency.

Your reaction to that concept is about as good a litmus test as you can get for where you fall on the ideological scale. Liberals typically dismiss it out of hand, while conservatives just as often accept the idea as true on its face. It is, in other words, an article of faith for both sides.

Like any article of faith, those views tend to be held passionately. Last month, I wrote that public opposition to the Patient Protection and Affordable Care Act reflects a broader post-recession drop in support for the idea that government has a responsibility to care for the needy. That diminished support, I argued, shows an increasing callousness toward the plight of others.

Readers countered that they oppose Obamacare not because they're callous, but because it fosters dependency. "It's the expansion of dependency that hurts the needy most," as Fox's Greg Gutfeld put it in a segment responding to what I wrote. "As government expands and opportunity dwindles, it's not self-interest that explodes, but hopelessness. Only a moron would think a solution to a welfare state is more welfare."

That's far from a minority view. House Budget Chairman Paul Ryan's budget proposals have embraced the same dichotomy of more dependency or less spending. Or, as the Cato Institute's Michael F. Cannon phrased it, "Medicaid is welfare. It discourages self-sufficiency and encourages dependency among beneficiaries."

Let's accept that conservatives genuinely believe government health-care programs lead to dependency, and so oppose Obamacare on those grounds. Rather than trying to shout them down or ignore them, liberals might as well take conservatives at their word and look for data that test their premise.

The Medicaid expansion is uniquely well suited to do just that. Starting in January, 25 states plus the District of Columbia will make Medicaid available to anyone making up to 138 percent of the federal poverty level, which is about \$32,500 for a family of four in 2013. The other states will maintain their current eligibility rules, most of which disallow nondisabled childless adults from enrolling.

What happens then? If you agree with the dependency narrative, your hypothesis would go something like this: The states that make Medicaid available to more people should see, on average, a reduction in

their employment-to-population ratios compared with states that don't expand, as some residents in expansion states become able to obtain health coverage for free.

Conversely, the liberal hypothesis should be that there will be no difference between expansion and nonexpansion states in the share of the population that's employed. There might even be a slight increase in the expansion states as more people get a handle on chronic health conditions and are able to work as a result.

Previous policy changes, including the adoption of Medicaid starting in the 1960s and the expansion of Medicaid in Oregon in 2008, have offered the opportunity for similar observations. But what makes next year such a good test is that it affects every state simultaneously, and those states have been split in exactly equal numbers.

That means the sample size couldn't be bigger, and whatever effects are measured won't be the result of different time periods. And while the test and control groups aren't quite randomly selected, the decision over whether to take part was made by lawmakers and governors, not those whose behavior stands to be affected.

Obviously, the results of this inadvertent social experiment aren't going to resolve the conflicting world views over the impact of welfare programs. And they certainly won't justify excluding people from health insurance, which is an inherent good even if it meaningfully reduces the incentive to work.

But then again, policy positions that aspire to rise above dogma ultimately depend on data. And we're about to get some.