



**Ideas Changing the World**

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## Daily Policy Digest

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### Health Issues

July 8, 2011

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#### The Oregon Health Insurance Experiment

Americans may be surprised to learn that little solid evidence exists to support the claim that expanding health insurance will improve the health and financial security of the uninsured; that some research calls into question whether broad coverage expansions improve health at all; and that some research even suggests that the overall benefits of such expansions may not be worth the cost. We lack definitive evidence because no developed nation has ever conducted a study that randomly assigns people to receive health insurance in order to control for other factors that might affect these outcomes. Until now, says Michael Cannon, director of health policy studies at the Cato Institute.

In 2008, Oregon decided to enroll an additional 10,000 people in its Medicaid program via lottery. Recently, the Oregon Health Insurance Experiment (OHIE) researchers released their results after year one of the experiment.

As one might expect, Medicaid coverage led to higher medical consumption. It also reduced financial strain for beneficiaries.

Other findings were less intuitive.

- For example, medical consumption was no higher in the first half of the year, suggesting there was no "pent-up demand" for medical care.
- Also, the OHIE found no discernible difference in emergency room use between Medicaid enrollees and the control group.

Supporters of President Obama's health care law may tout these benefits, but the OHIE does not provide the vindication they seek.

- First, despite being eligible for Medicaid, 13 percent of the control group had private health insurance -- suggesting that on some dimension, Medicaid's eligibility rules are already too broad.
- Second, the OHIE extended coverage to the most vulnerable population of uninsured Americans, yet the improvements in health and financial security are so far apparently modest.
- Third, supporters must show not only that expanding coverage improves health but also that it

does so at a lower cost to taxpayers than alternative policies.

Source: Michael Cannon, "Oregon's Verdict on Medicaid," National Review, July 7, 2011.

For text:

<http://www.nationalreview.com/articles/271252/oregon-s-verdict-medicaid-michael-f-cannon>

For more on Health Issues:

[http://www.ncpa.org/sub/dpd/index.php?Article\\_Category=16](http://www.ncpa.org/sub/dpd/index.php?Article_Category=16)