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Medicaid Expansion Drives Up Visits to ER

Study Finding Increased Use Contradicts View of Health-Overhaul Backers

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Some supporters of President Barack Obama's health-care overhaul say that putting uninsured Americans on Medicaid will reduce costly emergency-room visits by giving them more access to care in other settings.

But a new study found the reverse: A group of 10,000 low-income Oregon residents who recently obtained Medicaid coverage visited ERs 40% more often than those without insurance.

The new Medicaid recipients used ERs more often for all kinds of health issues, including problems that could have been treated in doctors' offices during business hours, according to the study published Thursday in the journal *Science*. Earlier studies had found the same patients used more of other medical services as well.

"Now we know—the hope that Medicaid will save money turns out not to be correct, at least in the first two years," said Amy Finkelstein, a Massachusetts Institute of Technology economist and a principal investigator of the study.

On average, the Medicaid recipients visited ERs in 12 Portland-area hospitals 1.4 times during an 18-month period, compared with 1.02 visits for the control group without insurance. Using \$435 as the average cost of an ER visit, the researchers calculated that Medicaid increased annual ER spending by \$120 a covered person. Hospitals often end up footing the bill for uninsured patients.

States are sharply divided by Medicaid expansion, the one part of the 2010 health-care law that the Supreme Court ruled optional in 2012. To date, 25 states and the District of Columbia have accepted the Obama administration's offer to finance extending the Medicaid program to anyone earning less than 138% of the federal poverty level through 2016, and to finance 90% of the costs thereafter.

Other states, mostly led by Republican governors, have declined the offer, citing their opposition to the health-care overhaul and cost concerns.

Since October, nearly four million Americans have applied for Medicaid in the expansion states, according to federal figures, and some hospitals are bracing for an increase in patients. More than 72

million people—roughly 20% of the U.S. population—were covered by Medicaid for at least one month in 2012.

"We have been getting ready for an influx of newly insured patients, and we've made sure that our systems are prepared to handle the plans," said Lisa Greiner, a spokeswoman for NYU Langone Medical Center in New York, which has expanded Medicaid. She said, however, the hospital had not seen a surge of newly insured customers in the first days of the health law's coverage expansion.

Critics of the health-care overhaul said the study's findings confirmed their view that Medicaid expansion would cost more, not less.

"This will make the states that didn't expand look even smarter, because they didn't fall for the false promise of lower ER use, and the states that did expand Medicaid will have even more crowded emergency rooms," said Michael Cannon, director of health-policy studies at the Cato Institute, a conservative think tank.

But health-overhaul backer Austin Frakt, a health economist with the Department of Veterans Affairs, said the study "suggests that being insured itself is not a sufficient condition for using the system effectively." More walk-in clinics and better communication with Medicaid patients could help them find care in more appropriate settings, he said.

Oregon provides a rare laboratory for studying Medicaid's impact, because it extended coverage to some 10,000 low-income residents, chosen by lottery from among 90,000 applicants, in 2008.

Researchers from several universities have been tracking the winners and losers in what amounts to a natural randomized trial.

Earlier studies found that Medicaid winners had more doctor visits, used more medications, had more screenings and were hospitalized more often than those who remained uninsured. They spent 64% less out-of-pocket for health care and had a far lower risk of unpaid medical debt.

The Medicaid recipients had a 30% lower rate of depression and reported their own health improved. They had no improvement in such health measures as blood pressure, blood sugar or cholesterol levels.

In the latest study, which is based on records of 25,000 lottery participants, the authors said the increase in ER visits wasn't surprising, because Medicaid made them effectively free. "As I tell my economics students, when something is free, people use more of it," said Dr. Finkelstein.

But because Medicaid also makes primary care and other services free for the recipients, some policy analysts theorize they would need less emergency care and possibly cost the health-care system less overall.

"It may be that some people did substitute the physician's office for the ER, but there wasn't enough of that to offset the increase in ER use," said Katherine Baicker, an economist at the Harvard School of Public Health, another principal investigator of the project. She said the data from all their research to date suggest that extending Medicaid to the uninsured increases health-care costs between 25% and 35% per person.

Emily Carrier, an emergency physician and researcher with Mathematica Policy Research who was not involved in the latest study, said that Oregon has recently developed programs intended to change the patterns of ER use.

"It's not like you win the lottery, and a primary-care provider runs out with roses and starts checking your blood pressure," she said. "It takes time to get to know them and learn how to use the health-care system differently."