

## Heartlander

### Oregon's Medicaid Expansion Health Outcomes Examined

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With President Obama's health care law mandating states expand their Medicaid programs dramatically by 2014, a Cato Institute forum in early October examined the government program's effects on those enrolled in it—particularly whether the expansion is a wise use of taxpayer dollars and whether it actually produces beneficial health outcomes.

This was the focus of a study published in the July 2011 *New England Journal of Medicine*, "The Effects of Medicaid Coverage—Learning from the Oregon Experiment." Study coauthor Katherine Baicker of Harvard University presented her findings at the forum.

Baicker said the purpose of this study was to answer a simple question: "What is the effect of an expansion of public health benefits?"

"You would think that we already knew the answer to this question," Baicker said, considering that both federal and state policymakers seem intent on expanding Medicaid. However, until this

Unlike other studies that look at Medicaid data and attempt to isolate the effect of Medicaid from other factors affecting patient health, Baicker was able to use a randomized controlled trial. In 2008, Oregon's Medicaid program set up a waiting list for Medicaid services and, due to budget constraints, could only enroll 10,000 new recipients. Baicker's study compared the health and financial outcomes of those who were picked by the Oregon government to receive Medicaid to those on the waiting list who were not chosen.

The study found Medicaid recipients consume 25 percent more health care resources than the uninsured. These recipients also report less strain on their finances and a "marked improvement in their self-reported health," according to Baicker.

However, Baicker notes the improvement in self-reported health occurred before these Medicaid recipients actually began utilizing health care.

Robin Hanson, an economist at George Mason University, praised the study and stated he wished more would be conducted along these lines. One criticism he had was it is not applicable to the wider population, since those in both the control and treatment groups had more extreme health problems than the average American.

Hanson also said the study “ doesn’t speak that much to the general usefulness of medicine.” Hanson’s concern is that the reports of better health could be the result of a placebo effect and not the result of the efficacy of medicine.

### **Lessons for Obamacare**

Michael Cannon, the director of health policy studies at the Cato Institute, praised the study as superior to others on Medicaid health outcomes, but he too noted some flaws. For instance, he stated there was a need to consider the negative economic effects Medicaid imposes on workers, considering the taxes it takes to fund it, and whether those costs affect health care outcomes.

“The fact that we are just now, for the first time, getting scientifically rigorous data on the effects of health insurance shows that the push to expand health insurance coverage is not primarily about improving health or financial security,” Cannon said.

If proponents of expanding coverage really cared about improving health or financial security, Cannon notes, they would support a variety of experiments in the health care marketplace. The success or failure of these experiments would allow us to “invest in whatever delivers the most health and financial security per dollar spent,” he said.

Rachel Garfield of the Kaiser Family Foundation said a variety of studies have concluded “Medicaid recipients have improved access to care.” She went on to explain the variety of problems that arise when trying to isolate the effects of Medicaid on recipients’ health outcomes.

### **Follow-Up Study in Progress**

The study in question covered only the one-year period after the expansion of Oregon’s Medicaid program. The researchers have collected data for a follow-up study for which they conducted physical surveys of recipients to determine their health levels.

Although she says she’s unsure when this data will be published, Baicker says it “will be very helpful in interpreting how much of the improvements in physical health people have been telling us about are attributable to these objective measures of physical health.”