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Oregon Medicaid study provides fodder for both side of expansion debate

By: Laura Maggi – May 7, 2013

As Louisiana lawmakers consider whether to expand health insurance for the poor, possibly through a plan that would use federal dollars to buy private coverage, a critical study released last week seems destined to be a focus of attention. Researchers who studied a group of adults in Oregon who received Medicaid coverage in 2008 found that new enrollees saw significant financial benefits, but not improved overall health outcomes.

On the plus side, the study concluded that adults who got onto Medicaid were protected from "catastrophic health care expenses." They also showed a decrease in the rate of depression and got better access to medical treatment and check-ups.

At the same time, however, the study didn't find improvements in some crucial health benchmarks: the prevalence of high cholesterol and hypertension. While people with diabetes were more likely to be diagnosed after going on Medicaid, and recipients were more likely to take medication, the study also found that high blood sugar levels nonetheless remained constant.

The state of Oregon gave academics an opportunity to study the impacts of that state's decision to provide Medicaid to about 10,000 adults. The state in 2008 held lotteries for people on the program waiting list, allowing researchers to examine what happened with those who got coverage and people who didn't.

The mixed results have spurred heated reactions in the week since the study was published in the *New England Journal of Medicine*. It comes as states are deciding whether to comply with a key component of the Affordable Care Act: expanding their Medicaid programs to cover more poor people.

The federal health law envisioned that health insurance would be provided to as many as 14 million low-income Americans through the Medicaid program, which is managed by individual states. But the U.S Supreme Court decision upholding the law imposed a twist, allowing states to opt out of that expansion.

Not surprisingly, what the study actually means depends in large part on the eye of the beholder.

Kevin Kane of the libertarian Pelican Institute highlighted the lack of significant positive health outcomes found by the Oregon study on the group's website, saying the study proves that it just doesn't make sense to put more people into the federal program.

"These outcomes could actually get worse if Medicaid is expanded, as existing

beneficiaries will be forced to compete for access to medical services with the newly enrolled," he wrote.

But a blog post by Steve Spires of the left-leaning Louisiana Budget Project emphasized the diabetes diagnosis improvement, as well as the drop in depression. Spires also noted a study from last year that found improved mortality rates associated with a more generous Medicaid program.

"The research is clear that any health coverage -- be it Medicaid or private insurance -- brings health benefits and is far preferable to being uninsured," Spires wrote.

The likelihood of a Medicaid expansion of any sort in Louisiana appears slim. While the Senate Health and Welfare Committee approved Senate Bill 125 by Sen. Karen Carter Peterson, D-New Orleans, to buy private coverage for low-income families, it's unclear what the legislation's fate will be. It will be considered next by the Senate Finance Committee.

Even if the legislation passed the full Senate, the House health committee earlier this session rejected a different proposal to allow adults with incomes up to 138 percent of the poverty level to receive Medicaid coverage. Perhaps most crucially, Gov. Bobby Jindal, who has veto power, has maintained he's staunchly opposed to expanding the Medicaid program or providing expanded coverage through private insurers, saying it's potentially too expensive for the state in the long run.

The idea of using the federal Medicaid expansion funds -- which cover the state's full cost of insuring the new enrollees in the first three years -- to buy insurance was first embraced by lawmakers in Arkansas. It's been given a green light in theory by federal regulators, although they will still need to authorize the specific proposal that Arkansas presents.

Sara Collins, a vice president at the CommonWealth Fund, said the financial benefits of Medicaid coverage highlighted by the Oregon study would apply similarly in a privatized approach, as long as the coverage also required minimal out-of-pocket expenses. "If states take a different approach using private forms of coverage, it would just be really important that those costs protections be the same," she said.

Ideological opponents of the Medicaid expansion, however, have argued that focusing on the financial aspect of the study ignores the lackluster findings regarding health outcomes.

"The absence of physical-health improvements indicts the entire enterprise," wrote Michael Cannon with the Cato Institute on The New York Times' website. "Supporters have an obligation to show that the \$2 trillion in entitlements ObamaCare will launch next year would actually improve enrollees' health."