



## Medicaid Expansion: Evidence and Alternatives

By: John David Dyche – May 14, 2013

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Kentucky Governor Steve Beshear's decision to expand Medicaid came mere days after the most significant study of the issue concluded that extending Medicaid coverage to the previously uninsured "generated no significant improvements in measured physical health outcomes in the first 2 years."

Translation: When it comes to actual health results, putting the uninsured on Medicaid is not better than nothing.

In 2008 Oregon extended Medicaid to 10,000 uninsured low-income adults chosen by lottery. The Oregon Health Study, or Health Insurance Experiment, followed both those who did and did not get the new benefit.

According to the Study, "the only difference between the treatment and control group" was the coverage, so "any differences in outcomes for the two groups can be attributed to health insurance." The Study thus provides "the chance to find out what really happens when you insure the uninsured."

This is important because, as Reihan Salam says in National Review, "If our goal is to improve the well-being of low-income individuals, we'd ideally want to know whether extending insurance coverage is the best, most cost-effective strategy" compared to other options.

Also, as Avik Roy, a Senior Fellow at the Manhattan Institute for Policy Research and former Mitt Romney advisor, correctly observes, "The moral legitimacy of any approach to health reform comes from whether or not it truly helps the poor, in a manner that is also respectful to the middle-income taxpayers who are struggling to pay their own bills."

The Study results published in The New England Journal of Medicine showed that extending Medicaid did "increase use of health care services, raise rates of diabetes detection and management, lower rates of depression, and reduce financial strain," but as Michael F. Cannon of the Cato Institute correctly notes, however, "It is likely those gains could be achieved at a much lower cost than through an extremely expensive program like Medicaid."

Roy speaks for many anti-expansion conservatives when he says in Forbes that he is not against spending money on health care for the poor, but is opposed to wasting money on it. "There are so many market-based alternatives to Medicaid, alternatives that would offer uninsured, low-income Americans the opportunity to see the doctor of their choice, and gain access to high-quality, private-sector health care."

Roy suggests one such option is "a new health program for low-income Americans, one that pays primary care physicians \$150 a month to see each patient, whether they are healthy or sick." That "would give Medicaid patients what they really need: first-class primary care physicians to manage their chronic cardiovascular and metabolic conditions."

He would add "a \$2,000-a-year catastrophic plan to protect the poor against financial ruin." Roy says the "total annual cost of such a program would be \$3,800 per person, 37 percent less than what Obamacare's Medicaid expansion costs."

Any reform should also hold recipients of publicly-funded health benefits accountable for living a healthy, prudent lifestyle. They should not be able to waste their limited resources on counterproductive spending for alcohol, cigarettes, lottery tickets, and, of course, illegal drugs and still get Medicaid.

Making Medicaid to a block grant program would let states implement such reforms or the many others conservatives have offered. But Democrats like Barack Obama and Steve Beshear are mired in an outdated Twentieth Century mindset. Their mantra is, "More money for more of the same," even if it demonstrably does not work.

Expanding Medicaid is estimated to cost \$642 billion of Medicaid's \$7.4 trillion tab over the next decade. Neither Washington nor Frankfort has the money to pay for it. Money needed for other government functions will go to ineffective Medicaid instead.

Democrats' media allies will demonize anti-expansion conservatives as "mean-spirited." But offering alternatives that might actually improve health outcomes and cost less is more compassionate to all concerned than squandering money by expanding a dysfunctional program.

Expanding Medicaid may make some politicians feel good. Fixing Medicaid might actually make the poor healthier.