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Spending on Medicaid doesn't actually help the poor

By: Jennifer Rubin – May 2, 2013

It is accepted gospel on the left that compassion is conterminous with the amount the federal government spends on something. Cutting even the rate of growth for spending on programs for transportation, education and health care, therefore, means one is not only mean-spirited but also anti-transportation, anti-education and anti-health care. Now along comes a study to upset all of the liberal syllogisms.

Michael Cannon of the Cato Institute explains: "Oregon officials randomly assigned thousands of low-income Medicaid applicants — basically, the most vulnerable portion of the group that would receive coverage under ObamaCare's Medicaid expansion — either to receive Medicaid coverage, or nothing. Health economists then compared the people who got Medicaid to the people who didn't. The OHIE [Oregon Health Insurance Experiment] is the only randomized, controlled study ever conducted on the effects of having health insurance versus no health insurance."

What did they find? The study concludes: "This randomized, controlled study showed that Medicaid coverage generated no significant improvements in measured physical health outcomes in the first 2 years, but it did increase use of health care services, raise rates of diabetes detection and management, lower rates of depression, and reduce financial strain."

From this Cannon concludes: "If Medicaid partisans are still determined to *do something*, the only responsible route is to launch similar experiments in other states, with an even larger sample size, to determine if there is anything the OHIE might have missed. Or they could design smaller, lower-cost, more targeted efforts to reduce depression and financial strain among the poor. . . . This study shows there is absolutely no warrant to expand Medicaid at all."

Indeed governors who knuckled under pressure from liberals to expand the already wasteful, fraud-ridden Medicaid program should revisit the issue, and not only because the promised federal subsidy (100 percent to start) may not materialize, leaving states holding the bag.

Most of the MSM hasn't yet digested, even acknowledged the study and its implications for the liberal welfare state.

What comment was made by left-wing defenders of the administration's philosophy of spend-spend-spend was unserious. ("The problem with the Oregon study, which is described in more detail below, is we don't really know what we're learning. It's not clear, for instance, if the results are applicable to all health insurance, to all Medicaid insurance, or just to Oregon's Medicaid program." Umm, *well then stop expanding it via*

Obamacare and figure it out, right?) This is a giant red blinking light and rather than speed through on the way to a fiscal smash-up, we should stop, reform Medicaid and proceed with caution, not undertake a gigantic expansion of a flawed program we now have reason to believe doesn't work. And if expanded coverage doesn't make us healthier, than the entire premise underlying Obamacare is wrong, and we should repeal the whole thing.
If there had been a giant trial of a heart medication with lousy results we wouldn't proceed in mass-marketing the drug; we might even take it off the shelves.

So rather than expand a problematic program why not reform it first? That's the approach of Senate Finance Committee ranking member Orinn Hatch (R-Utah) and House Commerce Committee chairman Fred Upton (R-Mich.) who introduced their "Making Medicaid Work" plan on Wednesday.
The plan explains:

Medicaid, a program run by bureaucrats at multiple levels of government, has been on the GAO's high risk program list for years. The program wastes more than $30 billion per year on improper payments draining scarce resources from patient care.

Given the program's shared funding structure, patient care improvements get lost in the tug-of-war between federal bureaucrats and state politicians.

Not only is Medicaid failing patients, the program's financial troubles threaten economic opportunity. Federal Medicaid spending alone will reach nearly $5 trillion over the next decade a significant driver of the compounding debt burden facing the next generation of Americans considering the nearly $17 trillion debt that Americans currently live under. The financial challenges are not just a federal debt-driver, but a state taxpayer liability as well.

The plan was generally ignored by the mainstream media, but it is an important step in devising alternatives to Obamacare and to reforming entitlements. In a press release Hatch explained:
The blueprint offers states a menu of options from which to individualize care, improve outcomes, and reduce costs by:

• Allowing states to design individualized benefit packages based on quality-driven models;

• Encouraging states to reform their health care delivery system through increased provider transparency and value-based purchasing;

• Releasing states from existing federal barriers that often deter states from developing innovative coordinated care models;

• Modernizing an outdated waiver process that often prohibits states from being bold in testing new models of coverage and care; and

• Ensuring the financial alignment of medical assistance payments for the needs of discrete Medicaid population categories through a per capita financial framework – one that provides budget predictability for federal and state taxpayers while protecting the investment in each Medicaid enrollee.

The recommendation for per capita financing, an idea championed by Democrats in the 1990's, is key. The plan states:

Similar to the reforms proposed in the 1990s, federal per capita caps would be placed on the four major beneficiary groups outlined by the Congressional Budget Office (CBO): aged, blind and disabled, children, and adults. The overall federal per capita allotment would be based on the product of the state's number of enrollees in each of the four population category and the per capita amount for each population category.

In this way, "States that achieve certain benchmarks on cost reduction, access, and quality would be awarded bonus funding from a defined pool of federal dollars. These award funds could be used for innovative public health initiatives in the state to reduce overall health care costs, lower the incidence of chronic disease, or achieve other state health care goals."

This and the plan's other recommendations are infinitely superior and more politically viable, I would argue, than simply block-granting Medicaid and shipping it to the states. And before we willy-nilly dump billions more into an existing Medicaid program we now *know* to have dubious value, we should try to reform the plan and then test it out in other experiments akin to the Oregon study.

The House should hold hearings on such a plan and, irrespective of any budget deal, pass a Medicaid reform act. Then let the Senate Democrats insist on spending more money for no perceptible outcome and reject genuine reform of what is already recognized as the worst run of the major entitlement programs.

In the meantime, Republicans, in the context of Medicaid, education spending, Head Start and other federal programs, need to push back against the notion that more spending equates to concern about health care for the poor, education and preschool. Liberals claim the moral high ground by virtue of their *intention* to help the poor, but in fact *results* are what matter. Poverty is at all time high levels, Medicaid is of dubious value, Head Start is a documented failure and federal education spending has not delivered improved results. Assuaging liberal guilt and employing armies of public sector bureaucrats shouldn't be the ends of legislation. Republicans should denounce flawed programs that don't help the poor and then offer alternatives that will serve the stated ends of improved healthcare and education.