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Study: Medicaid reduces financial hardship, doesn't quickly improve physical health

By: Sarah Kliff – May 1, 2013

As heated fights over the health law's Medicaid expansion engulf state legislatures, a sweeping new study indicates that the program is unlikely to quickly improve enrollees' physical health.

The research, published Wednesday in the *New England Journal of Medicine*, did find that low-income people who recently gained Medicaid coverage in Oregon used more health-care services.

New Medicaid enrollees had less trouble paying their bills and saw significant improvements in mental health outcomes, with rates of depression falling by 30 percent.

But on a simple set of health measures, including cholesterol and blood pressure levels, the new Medicaid enrollees looked no different than a separate group, who applied for the benefit but were not selected in a lottery.

"It's disappointing," Zeke Emanuel, a former Obama health policy adviser, said. "This says there are benefits to providing Medicaid but that we also need to fix the system."

The new data could come to bear in states' decisions on whether to expand Medicaid to cover millions of low-income Americans in 2014, as the Affordable Care Act allows. Many states with large uninsured populations, most notably Florida and Ohio, have yet to decide whether to move forward.

The research uses data from Oregon, where the state held a lottery among low-income adults in 2008 for a limited Medicaid expansion. Of the 90,000 people who applied, 10,000 ultimately gained coverage.

The lottery gave researchers a unique opportunity to conduct the first randomized experiment on Medicaid coverage, by studying those who gained insurance through the lottery and comparing them against a similar group of adults who did not.

"We know, by construction, that those who won the lottery and those who lost the lottery are identical except that some got coverage," Amy Finkelstein, a study co-author and professor at the Massachusetts Institute of Technology, said. "We can attribute any differences to the effect of insurance."

For this reason, many experts regard the Oregon study as one of the most important health research projects currently underway.

“It’s probably one of the most important long-term studies on the effects of health insurance coverage,” Sara Collins, vice president at the Commonwealth Fund, said. “People are following it very closely.”

The first study of the Oregon lottery population, published in 2011, found that new Medicaid enrollees tended to self-report better health after gaining coverage. Catastrophic out-of-pocket spending was “virtually eliminated,” Finkelstein said, indicating that the public program provided helpful assistance in paying medical bills. The new paper published Wednesday delved into greater details on how patients used the health-care system and whether their health improved as a result.

It found that those who gained coverage tended to use more health care, making more trips to the doctor and receiving a higher number of prescriptions. Their annual medical spending was \$1,172 higher than those who did not gain coverage in the lottery.

This study also went beyond self-reported data on health and measured cholesterol, blood pressure and blood sugar levels, a factor used to diagnose diabetes, in over 12,000 people.

The researchers selected these measures because they are both easy to obtain and, according to medical literature, can be improved within two years by medical intervention.

In this population though, no changes materialized. The newly-insured population did not have better outcomes on these measures than the adults shut out of the lottery.

Where researchers did see big a big difference, however, was on mental health outcomes. In the group without coverage, 30 percent screened positive for depression. Among the newly-insured, the number fell to about 21 percent, a reduction of 30 percent.

Lead study author Katherine Baicker, a professor at Harvard University, said that, while this study showed few short-term physical health gains, that likely says little about improvements that could occur in the future.

A separate paper she published last year, also in the New England Journal of Medicine, found that, five years after expanding Medicaid, three states had lower mortality rates than neighboring states that left the program untouched.

“You might very well expect changes to accrue over a long time period,” Baicker said. “That being said, one might have hoped that these particular conditions were amenable to treatment in the time frame we studied.”

Opponents of the Medicaid expansion quickly seized on the findings to argue that states should not expand the program because it may not lead to better health outcomes.

“This throws up a huge stop sign in front of the Medicaid expansion,” Cato Institute health policy director Michael Cannon, a vocal critic of the health law, said. “The benefits are highly questionable.”

Collins, at the Commonwealth Fund, contended that Medicaid program had a significant impact on reducing financial hardship and improving mental health outcomes.

“The overall finding is they’re actually using more preventive services and going to the doctor more,” she said. “These health outcome changes take time.”