



## Medicaid Makes 'Big Difference' In Lives, Study Finds

by Julie Rovner  
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As high-level budget talks drag on in Washington, the Medicaid program for the poor remains a prime candidate for cuts. In recent months, Republicans have criticized Medicaid for badly serving its target population. But a new study — the first of its kind in nearly four decades — finds that Medicaid is making a bigger impact than even some of its supporters may have realized.

The study, being published as a working paper by the National Bureau of Economic Research, has a distinctly bipartisan flavor. Among its authors are Katherine Baicker of Harvard, who was an economic adviser to President George W. Bush, and MIT economist Jonathan Gruber, who has advised the Obama administration.

"What we found in a nutshell is that having Medicaid makes a big difference in people's lives," said Amy Finkelstein, another MIT economist and one of the study's principal investigators.

Overall, researchers found that compared to people without insurance, those with Medicaid had better access to and used more health care; they were less likely to experience unpaid medical bills; they were more likely to report being in good health; and they were less likely to report feeling depressed.

In fact, says Finkelstein, among those with Medicaid, "We report almost a one-third increase in the probability that you report yourself as being happy."

### Participating Doctors

The findings are dramatically at odds with the storyline coming from critics of the program.

"Medicaid Is Worse Than No Coverage At All," blared a headline on the opinion page of the *Wall Street Journal* back in March.

Scott Gottlieb, a physician and resident fellow at the conservative American Enterprise Institute and author of that column, says now that it overstates his opinion. But he does say there's a substantial body of academic work that shows people on Medicaid fare worse than those with private insurance.

"There's a large number of studies now that show poorer outcomes with Medicaid recipients," Gottlieb said in an interview. "What's happening, I think, is [the health of Medicaid patients] is suffering because the quality of the insurance is being driven down over time."

Both Gottlieb and John Goodman, president of the conservative National Center for Policy Analysis, say a big problem is that states pay doctors and other health care providers so little that patients have trouble finding someone to treat them.

"A Boston cabdriver told me the other day that she had to go through 20 doctors before she could find one who would see her," said Goodman. "I said, 'Are you going down the Yellow Pages?' And she said, 'No, I was going down the list that Medicaid gave me.'"

### **A Unique Opportunity**

Yet Finkelstein and her colleagues failed to find evidence to back up some conservative claims that doctors were more likely to accept patients who were uninsured and willing to pay cash than those with Medicaid.

"We see that the chance that you've gotten any outpatient care increases by 35 percent if you have Medicaid, relative to if you have none," she said. "The chances that they report having a regular office or clinic for their primary care increases by 70 percent. And the likelihood that they report having a particular doctor that they usually see increases by 55 percent."

And this is more than just dueling studies. The study by Finkelstein and colleagues from Harvard, the National Bureau of Economic Research and the state of Oregon is the first one of its type since the 1970s.

It came about because Oregon in 2008 decided it could expand its Medicaid program for nondisabled adults with incomes below the federal poverty line. But it could afford to add only 10,000 more people.

Knowing that far more people than that were eligible and likely to apply, officials decided to hold a lottery. Those who won got to apply for coverage; those who lost did not.

But the lottery also provided researchers a unique opportunity to compare a population that was nearly identical in every way except for health insurance status. Such a "randomized controlled trial" is considered the gold standard in medical and scientific research. It would have been unethical to design had Oregon not been doing it anyway, because researchers can't give some people insurance and withhold it from others.

"It was literally a once-in-a-lifetime opportunity," Finkelstein said.

Once the randomly selected people got Medicaid, the researchers entered them into the study, along with thousands of adults who lost the lottery and remained uninsured.

### **A Snapshot And A Springboard**

The importance of a study like this one, Finkelstein says, is that it can correct for things other studies can't. Studies that are less rigorous, she says, can produce odd results, leading to claims like those being made by Republicans that having Medicaid can make you sicker.

"But that's not because health insurance can make you sicker — it's because if you're sick, you're much more likely to go the extra mile or incur the additional expense to try to get health insurance," Finkelstein said.

The study out Thursday is only the first snapshot of the massive Oregon database. The researchers are calling it "The Oregon Health Insurance Experiment," echoing the famous "RAND Health Insurance Experiment" of the 1970s.

Finkelstein says researchers now plan to do personal interviews with 12,000 of the people included in the study, including performing medical tests such as measuring blood pressure and cholesterol, to get an even more definitive picture of how having Medicaid compares with being uninsured.