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Title

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Permalink

<https://escholarship.org/uc/item/1vv4s412>

Journal

New England Journal of Medicine, 368(18)

ISSN

0028-4793

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Publication Date

2013-05-02

DOI

10.1056/nejme1302107

Peer reviewed

Protecting Finances and Improving Access to Care with Medicaid

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On the eve of a substantial expansion in health insurance coverage through the implementation of the Affordable Care Act (ACA), there is still much to learn about the effects of health insurance — particularly about the effects of Medicaid coverage.

Insurance has three main purposes: to protect financial assets in the event of illness, to improve access to care, and to protect health.¹ Some analysts have expressed skepticism about whether having Medicaid is any better than being uninsured.² However, in this issue of the *Journal*, Baicker et al.³ report the results of a study of a Medicaid waiver program in Oregon that was implemented through a lottery; these results confirm the capacity of Medicaid to quickly and positively accomplish at least two of the three goals of insurance. The rigorous experimental design of the study makes it particularly valuable, since most of what is known about the effects of health insurance comes from observational studies.^{4,5}

First, Baicker and colleagues found that insurance provided a low-income population with considerable financial protection. Among the adults who received Medicaid, the risk of catastrophic expenditures was virtually eliminated, the likelihood of having medical debt was reduced by more than 20%, and the proportion of the population who borrowed money or skipped payments on other bills to pay medical expenses was decreased by more than half.

Second, Medicaid was associated with dramatically improved access to care. Patients reported a 50% improvement in the probability of having a usual source of care and a similar increase in office visits. There was a 30% increase in the number of women who underwent screening with the Papanicolaou smear, a doubling in the use of mammography in women 50 years of age or older, an almost 20% improvement in the probability of receiving all needed care, and an almost 10-percentage-point improvement in the probability of receiving high-quality care. As expected, the availability of insurance coverage was associated with an increase in the use of health care services. However, the 35% increase in expenditures was ap-

proximately half of what observational studies would have suggested, and this increase suggests that the previous estimates of the effects of insurance expansion on the use of health care services and expenditures may be too large.⁶ This finding may reflect the fact that the expansion of coverage in this study was through Medicaid rather than through commercial insurance, a relatively high level of care was available to uninsured persons through the safety-net providers in Portland, Oregon, or there was bias in previous estimates from observational studies.

It is less clear how well Medicaid accomplished the third goal — improving health. On the positive side, Medicaid coverage was associated with an estimated 30% relative reduction in the proportion of people with positive results on screening for depression and a 10% relative increase in the proportion who rated their health as being the same or better as compared with the previous year. Medicaid coverage was associated with an increase in the likelihood of receiving a diagnosis of depression, and a portion of the decrease in the proportion of people with positive results on screening for depression probably resulted from additional treatment. Some of the improvement may have also come from the psychological benefit of having insurance protection. Reduced rates of depression have immediate benefits for patients and society because depression is not only very debilitating, but it also reduces the likelihood of employment⁷ and increases problems with parenting.⁸

However, Medicaid coverage did not significantly improve blood-pressure control, cholesterol levels, or glycated hemoglobin levels.

The minimal effects of Medicaid coverage on measures of physical health are not entirely surprising given the many steps needed between the availability of insurance coverage and the delivery of appropriate care.⁹ In addition, the short follow-up period of the study, the small number of persons with chronic conditions in the study sample, and the limited number of outcomes may have contributed to a false negative result. This study did not or could not address many important potential health benefits

of health insurance, including early detection of cancer, a reduction in sick days from school or work, and a reduction in mortality.

The study by Baicker et al. is a demonstration of how a strong research design can be applied to a natural experiment, but in the end the experiment is not on a scale that allows us to confidently estimate the outcome of the large-scale expansion of coverage anticipated in 2014. Medicaid is the largest public insurance program in the nation, and it is anticipated to expand so that it covers an additional 14 million persons, primarily nonelderly adults, when the ACA is fully implemented.¹⁰ Unlike the Oregon health experiment, the ACA will not be implemented through a randomized design. We hope and expect that virtually all states will expand Medicaid coverage in short order. The study by Baicker et al. shows that low-income people benefit considerably from Medicaid coverage. However, although a delay in expansion is clearly bad news for low-income people, the good news for health service researchers is that variation in the timing of the Medicaid expansion will provide an opportunity to more fully assess the effects of insurance expansion on health.

Disclosure forms provided by the authors are available with the full text of this article at NEJM.org.

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DOI: 10.1056/NEJMe1302107

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