

Expanding Medicaid: Mental and financial health improve, but no improvement shown in physical health

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New findings from the Oregon Health Insurance Experiment show that Medicaid coverage had no detectable effect on the prevalence of diabetes, high cholesterol, or high blood pressure, but substantially reduced depression, nearly eliminated catastrophic out-of-pocket expenditures, and increased the diagnosis of diabetes and the use of diabetes medication among low-income adults. The Oregon Health Insurance Experiment is the first use of a randomized controlled study design to evaluate the impact of covering the uninsured with Medicaid and provides important evidence for policy makers as the U.S. undertakes Medicaid expansion in 2014.

The study, led by Katherine Baicker, professor of health economics at Harvard School of Public Health and Amy Finkelstein, Ford professor of economics at MIT, appears in the May 2 issue of the *New England Journal of Medicine*.

"This study represents a rare opportunity to evaluate the costs and benefits of expanding [public insurance](#) using the gold standard of scientific evidence—the [randomized controlled trial](#). Without a randomized evaluation, it's difficult to disentangle the effects of [Medicaid](#) from confounding factors like income and health needs that also affect outcomes," said Baicker, co-principal investigator of the study.

In 2008, Oregon held a lottery to give additional low-income, uninsured residents access to its [Medicaid program](#); about 90,000 individuals signed up for the lottery for the 10,000 available openings.

Approximately two years after the lottery, the researchers conducted more than 12,000 in-person interviews and health examinations of lottery participants in the Portland, Oregon metropolitan area, and compared outcomes between those randomly selected in the lottery and those not selected in order to determine the impact of Medicaid.

Some of the key findings:

Physical health

- Medicaid had no significant effect on measures of hypertension or [high cholesterol](#), or on the rates of diagnosis or use of medication for these conditions.
- Medicaid increased the probability of being diagnosed with diabetes after the lottery by 3.8 percentage points (compared to the 1.1% of the control group who were diagnosed with diabetes) and increased the use of diabetes medication by 5.4 percentage points (compared to the 6.4% of the control group who used diabetes medication), but had no effect on glycated hemoglobin (a measure of diabetic blood sugar control).

Mental health

- Medicaid reduced rates of depression by 9 percentage points (compared to the 30% of the [control group](#) screening positive for depression) and increased self-reported mental health.

Financial hardship

- Medicaid virtually eliminated out-of-pocket catastrophic medical expenditures (defined as out-of-pocket medical expenditures in excess of 30% of household income) and reduced other measures of financial strain.

Utilization and access

- Medicaid increased health care use, including use of physician services, prescription drugs, and preventive care.

"The study highlights the important financial protections that Medicaid provides, as well as the substantial improvements in mental health, but does not provide evidence that [Medicaid coverage](#) translates to measurable improvements in physical health in the first two years," said Finkelstein, co-principal investigator of the study.

The current study is part of an ongoing research program gathering a wide array of data sources to examine many different effects of Medicaid, and represents a collaboration between non-profit and academic researchers and state policy makers. A previous study looking at data collected about a year after the lottery found that Medicaid substantially increased health care use, increased self-reported [health](#), and reduced financial strain. More information can be found at <http://www.nber.org/oregon>.

More information: "The Oregon Experiment—Effects of Medicaid on Clinical Outcomes," Katherine Baicker, Sarah L. Taubman, Heidi L. Allen, Mira Bernstein, Jonathan H. Gruber, Joseph P. Newhouse, Eric C. Schneider, Bill J. Wright, Alan M. Zaslavsky, Amy N. Finkelstein, *NEJM*, May 2, 2013, 368;18

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