

# Public health does not 'lose out' when merged with Medicaid programs

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State public health departments do not necessarily lose funding when merged with larger Medicaid programs, according to a just-released study. The findings from this first-of-a-kind research should help allay concerns that when such mergers occur they automatically lead to cutbacks in public health, says lead author Paula Lantz, PhD, who is chair of the Department of Health Policy at the George Washington University School of Public Health and Health Services (SPHHS).

"The concern has been that such mergers have led to [public health](#) departments receiving fewer economic resources," says Lantz. "We found no evidence in this study to support that widespread assumption," she said.

Lantz, who conducted the study while at the University of Michigan School of Public Health, led a team that studied organizational change in state health-related departments from 1990 to 2009. The researchers discovered that in many cases states kept the same organizational structure in place during the 20-year period.

However, the team did find that consolidating public [health departments](#) with Medicaid departments did occur with some frequency: The researchers found that 27 states (54 percent) had housed the two functions together at one point in the 20-year period. And when they did so, the funding allocated to the public health department remained unchanged, Lantz said.

That finding runs counter to the belief that when public health merges with Medicaid, which comprised on average 16 percent of states' entire budgets during the study period, public health as a smaller entity loses out in terms of resources and focus. In fact, this study found that in states that adopted this kind of merger, the Medicaid program, not public health, showed a 5 percent decline in funding.

This research didn't uncover the underlying reasons for that observed decline in Medicaid funding. However, one theory that needs to be verified suggests that when strong public health departments merge with Medicaid there's more attention paid to health promotion. An effective public health agency might help save the Medicaid program money by preventing costly diseases or health problems before they get a chance to start, Lantz says.

Despite the importance of understanding the impact of state restructuring on public health there has been virtually no research on this topic, Lantz said. To begin to fill that gap, the researchers collected primary data from all 50 states, including a look at old websites, progress reports and state organizational charts. In some cases, the researchers conducted interviews with long-time state staffers who could fill in the details about restructuring of state agencies related to health.

The team produced a database with time-varying information on state budget allocations related to health in four key areas: public health; Medicaid; mental health and human services. Overall, the team found that 18 [states](#) had at least one change that involved consolidation or decoupling these departments or areas during the study period. States grouped different areas together for varying reasons but they often made such moves to integrate [health services](#) and achieve administrative efficiencies, the authors said.

This study found no detrimental impact on public health departments

after a Medicaid merger but the researchers looked back at historical data and did not project what might happen in the future, Lantz says. For example, state Medicaid budgets might swell in order to carry out the details of the Affordable Care Act (ACA). Additional research must be done to find out if such mergers will result in funding being pulled from public health programs as health reform gets fully implemented, she adds.

The study, "[State Government Organization of Health Services, 1990-2009: Correlates and Consequences](#)," appears online in the *Journal of Public Health Management and Practice*.

Provided by George Washington University

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