



AcademyHealth

## HSR Impact Summary

# Oregon Health Insurance Experiment

### SITUATIONAL OVERVIEW

For years, there has been heated debate about both the value of Medicaid coverage for beneficiaries and the costs of the program, but there has been scant definitive evidence. Although many studies compare health or utilization between the insured and uninsured, inferring the impact of health insurance is difficult because the insured and the uninsured may differ in a variety of ways (such as income or initial health), so if their outcomes are different it is not clear what effects the program itself had. Randomized controlled trials avoid such confounding factors, and are the gold standard in medical studies, but they are rarely possible in social policy research. With limited evidence available, policymakers lacked vital information to make program decisions. The Oregon Health Insurance Experiment capitalized on a rare opportunity to assess the value of insurance in a randomized, controlled design.

**AcademyHealth** is the professional home for health services researchers, policy analysts, and practitioners, and a leading, non-partisan resource for the best in health research and policy. AcademyHealth promotes the use of objective research and analysis to inform health policy and practice.



### Summary

In 2008, the state of Oregon drew names by lottery for its Medicaid program for low-income, uninsured adults, creating a first-of-its

kind opportunity to assess the effects of public insurance expansions on health care use, health, and other outcomes through both primary data collection and secondary data sources. Capitalizing on this opportunity, the Oregon Health Insurance Experiment, which represents a partnership between academic, non-profit, and public sector researchers, as well as public and private financing, offers timely and relevant information that policymakers need to make key program decisions. Initial findings have already resulted in publications in the *Quarterly Journal of Economics*, the *New England Journal of Medicine*, and *Health Affairs*; additional results will be arriving over the next several years.

### Methodological Advances

This study uses a randomized, controlled design – the gold standard for medical evidence – to evaluate the effects of Medicaid. Differences between the insured and uninsured in income, health, and other characteristics make it difficult to discern the effects of insurance itself without such a design. The allocation of the limited number of spots available in Oregon’s insurance program through lottery drawings created the unique opportunity for this design. The researchers compiled rich data from many sources to examine a wide range of potential effects of insurance, including both primary data

from surveys and physical measurements and administrative data such as hospital records.

### Key Findings to Date

Results from a study drawing on mail surveys and administrative data from the first year after random assignment indicate that enrollment in Medicaid substantially increases health care use, reduces financial strain, and improves self-reported health and well-being.

In the first year, insurance increased the likelihood of using outpatient care by 35 percent, using prescription drugs by 15 percent, having a mammogram by 60 percent, and being admitted to the hospital by 30 percent, but the study did not detect an effect on use of emergency departments. Insurance also increased the probability that individuals reported having a regular office or clinic for their primary care by 70 percent and the likelihood that they reported having a particular doctor that they usually saw by 55 percent.

The researchers also found increased financial security among the newly enrolled. Insurance decreased the probability of having an unpaid medical bill sent to a collection agency by 25 percent and the likelihood that individuals reported having to borrow money or skip payment on other bills because of medical expenses by 40 percent.

Insurance increased the probability that people reported themselves in good to excellent health (compared with fair or poor health) by 25 percent and the probability of not screening positive for depression by 10 percent.

*Continued on back page*

*Oregon Health Insurance Experiment (continued)*

## Policy Impact

This study has important implications for the costs and benefits of expanding Medicaid – a particularly salient issue in light of the choice states face to expand coverage under the Affordable Care Act. The initial results received extensive national and local coverage in print, radio, and television outlets – with stories appearing in *The New York Times*, *The Washington Post*, Associated Press, National Public Radio, and in scores of local newspapers, as well as editorial pages from the *Oregonian* and *The New York Times*. There has been extensive blog coverage of the findings by think tanks and analysts, and active commentary from policymakers on both sides of the aisle – from the White House blog to Senators’ speeches.

## Ongoing Research

The broad research program is expected to continue to yield insights into the effects of expanding public health insurance. Ongoing research will, among other things, incorporate measures of physical health, including blood pressure, cholesterol, diabetic blood sugar control, and obesity. It will also incorporate detailed information on emergency department utilization. This will give policymakers a much more complete picture of the implications of expanding Medicaid to low-income adults as they make crucial program decisions.

## What is health services research?

Health services research examines how people get access to health care, how much care costs, and what happens to patients as a result of this care. The main goals of health services research are to identify the most effective ways to organize, manage, finance, and deliver high quality care, reduce medical errors, and improve patient safety.

— Agency for Healthcare Research and Quality

## PUBLISHED PAPERS:

“The Oregon Health Insurance Experiment: Evidence from the First Year,” *Quarterly Journal of Economics*, Vol 127, no. 3, August 2012, pp 1057-1106 (A. Finkelstein, S. Taubman, B. Wright, M. Bernstein, J. Gruber, J. Newhouse, H. Allen, K. Baicker, and the Oregon Health Study Group)

“The Effects of Medicaid Coverage – Learning from the Oregon Experiment,” *New England Journal of Medicine*, 10.1056/nejmp1108222, Vol. 365, no. 8, pp 683-685, August 25, 2011 (K. Baicker, A. Finkelstein)

“What The Oregon Health Study Can Tell Us About Expanding Medicaid,” *Health Affairs*, Vol. 29, no. 8, August 2010 (H. Allen, K. Baicker, A. Finkelstein, S. Taubman, B. Wright, and the Oregon Health Study Group)

## RELATED READINGS

Angrist, Joshua, and Steve Pischke, *Mostly Harmless Econometrics: An Empiricist’s Companion* (Princeton, NJ: Princeton University Press, 2009)

Card, David, Carlos Dobkin, and Nicole Maestas, “The Impact of Nearly Universal Coverage on Health Care Utilization: Evidence from Medicare,” *American Economic Review*, 98 (2008), 2242–2258

Card, David, Carlos Dobkin, and Nicole Maestas, “Does Medicare Save Lives?” *Quarterly Journal of Economics*, 124 (2009), 597–636

Finkelstein, Amy, “The Aggregate Effects of Health Insurance: Evidence from the Introduction of Medicare,” *Quarterly Journal of Economics*, 122 (2007), 1–37

Finkelstein, Amy, and Robin McKnight, “What Did Medicare Do? The Initial Impact of Medicare on Mortality and Out-of-pocket Medical Spending,” *Journal of Public Economics*, 92 (2008), 1644–1669

Manning, Willard, Joseph Newhouse, Naihua Duan, Emmett Keeler, Arleen Leibowitz, and Susan Marquis, “Health Insurance and the Demand for Medical Care: Evidence from a Randomized Experiment,” *American Economic Review*, 77 (1987), 251–277

Newhouse, Joseph P. and the Insurance Experiment Group, *Free for All?: Lessons from the RAND Health Insurance Experiment* (Cambridge, MA: Harvard University Press, 1993)

