



## Medicaid Really Does Matter— And Here's a Study Proving It

Negotiations are underway on a deficit reduction package that will be part of a critical vote to extend the debt ceiling. Health care programs, particularly Medicaid, are on the chopping block, but a new study has just been published that unequivocally shows the positive value of Medicaid. The study is titled “The Oregon Health Insurance Experiment: Evidence from the First Year.”

### What's different about this study?

It's the methodology. Compared to other studies about the effects of Medicaid, this study is more like a true, controlled experiment. In most studies that measure the effects of health insurance, researchers compare people who have insurance to those who don't. But people who don't have insurance can be different from the insured in many ways (e.g., educational level, employment status, income, health status, etc.). It's very difficult to control for all those variables and get a true assessment of the effects of health insurance alone. However, this study was conducted using a *randomized, controlled design*—a gold standard in medical research. This kind of design is infrequently used in research on health insurance because of the ethical problems that would come with having a study where one group is denied coverage.

### How did they do the study?

In 2008, Oregon had a limited number of openings for its Medicaid program. The state decided to establish a waiting list for the program, drawing names by lottery to fill the openings. This random selection process gave health economists the opportunity to study people who got onto Medicaid through the lottery and those who remained uninsured. Using this approach, researchers were able to really understand the implications of insurance status alone, since the lottery system divided the groups by chance, essentially giving the researchers an apples-to-apples comparison that is rare in these types of studies.

### What does the study say about Medicaid?

The study talks a lot about the positive effects of having insurance, but it's important to remember that the insurance that people got was *Medicaid*. And here's what the study found:

- **Medicaid improved access to health care.**

Having Medicaid increased individuals' access to outpatient care, prescription drugs, and hospital care. It increased the use of recommended preventive care, and those with Medicaid were much more likely to have a regular source of care.

- **Medicaid improved financial security.**  
Having Medicaid meant a reduction in unpaid medical bills, lower out-of-pocket medical expenses, and it decreased the likelihood that someone would have to borrow money or skip other expenses to pay medical bills. That's good for the financial security of people with Medicaid, and it's good for doctors and other health care providers who rely on Medicaid payments.
- **Medicaid improved reported health status.**  
The people who had Medicaid were more likely to report that they were in good health and less likely to say that their health had declined over the past six months. They were also less likely to have depression.

### What does this mean for the budget debate right now?

Proposals on the table would slash federal Medicaid funding, directly or indirectly, through spending caps or by changing the federal payment rate. These proposals would shift costs to states, making it more likely that states would cut their Medicaid programs. In the deficit debate, some have questioned the value of Medicaid for those who rely on it. This study proves that having Medicaid is valuable—Medicaid improves people's health, their financial security, and their well-being.

**Tell members of Congress not to cut Medicaid.  
It really does matter to people in your state!**

The study, "The Oregon Health Insurance Experiment: Evidence from the First Year," by Amy Finkelstein et al., can be found online at <http://www.hsph.harvard.edu/news/press-releases/2011-releases/medicaid-benefits-oregon-study.html>.



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