



Insight

The Commonwealth Fund Report on Medicaid Falls Short

CONOR RYAN | JULY 1, 2015

The coverage expansion under the Affordable Care Act relies heavily on expanding eligibility for Medicaid, which raises important questions on the efficacy of the program. Proponents of the law applaud the expansion as a windfall for low-income households, while critics maintain that Medicaid provides poor access relative to private coverage and does not measurably improve the health of beneficiaries. In an attempt to answer these questions, the Commonwealth Fund [has weighed in](#), suggesting that Medicaid beneficiaries are, in many respects, just as well off or better in Medicaid as in private coverage. The report has led some proponents of Medicaid expansion to exaggerate the findings.

The Commonwealth Fund's findings are not based on actual access to care and health care outcomes. Instead, the findings are based on their biennial health insurance survey, which relies on participants covered by Medicaid, private insurance, or without insurance to judge their perceived availability and quality of health care. Aside from the obvious caveat that the perceptions of survey respondents may not be an accurate reflection of reality, comparing the opinions on access and health care of groups that vary drastically by socioeconomic status and ethnicity is a fraught exercise. A large body of research is devoted to studying how an individual's background and environment impact perceptions of their own health and the health care he or she receives.^[1] The Center for Medicare and Medicaid Services, when using survey results to rate plan quality, applies adjustments based on age, education, and income. The survey results are valuable to assess each group's perception of their health care but don't serve as a good comparison measure of actual access between the various groups.

Beyond possible biases in the survey responses, the findings demonstrate that insured individuals tend to have better perceptions of their care than the uninsured, but do not show any statistical difference between perceptions of the privately insured and Medicaid beneficiaries. One interpretation of this result is that the access and quality ratings of each population are indistinguishable from one another. But it is more likely that the survey sample sizes are too small to create estimates that are precise enough to distinguish from one another. The Commonwealth Fund doesn't report the standard deviation of their estimates, so it is difficult to know how much weight to put on the specific estimates. (The estimates are at least precise enough to be statistically different from responses of uninsured individuals.)

The Commonwealth Fund publication may bolster talking points, but it distracts from a growing literature on the actual effects of Medicaid. For example, the Oregon Health Insurance Experiment found that Medicaid coverage had no significant impact on physical health outcomes, but did reduce financial strain and increase the use of health care services.^[2] A more recent report using the same experiment found that Medicaid provides roughly 20 cents in benefit to the enrollees for every 1 dollar spent and that much of the remaining benefit goes to parties that would have otherwise provided uncompensated care.^[3] Meanwhile, other researchers have been able to identify strong positive effects of Medicaid coverage for children that can extend into their adult life.^[4]

The Medicaid program is an important resource for low-income Americans, but the costs and benefits of the program need to be carefully studied. State budgets are increasingly strained by Medicaid expenditures, and the

future of the program relies on the ability of policy makers to reinforce its strengths and address its weaknesses, which are best found through rigorous analysis.

[1] Campbell JL et al, “Age, Gender Socioeconomic, and Ethic Differences in Patients’ Assessments of Primary Care,” Quality in Health Care, 2001, available at:
<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1757978/pdf/v010p00090.pdf>