



Health Policy Snapshot

Health Insurance Coverage

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ISSUE BRIEF

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What is the link between having health insurance and enjoying better health and finances?

Early results of the Oregon health insurance experiment

Takeaways:

- The Oregon Health Insurance Experiment showed that having health insurance profoundly affects an individual's health and well-being. In the study, people with health insurance reported better health, both mental and physical, and better access to care than those without insurance.
- Having health insurance led to a substantial increase in health care utilization, including the use of preventive services and prescription drugs.
- Individuals with health insurance suffered fewer financial strains due to medical expenses and were less likely to have medical debt.

Overview

In 2008, Oregon created a lottery system giving some uninsured, low-income adults on a waiting list the chance to apply for Medicaid. In order to qualify for the program, one had to: be an adult age 19 to 64 not otherwise eligible for public insurance, be an Oregon resident, be uninsured for at least six months, and have an income below the federal poverty level and assets below \$2,000. Nearly 90,000 people

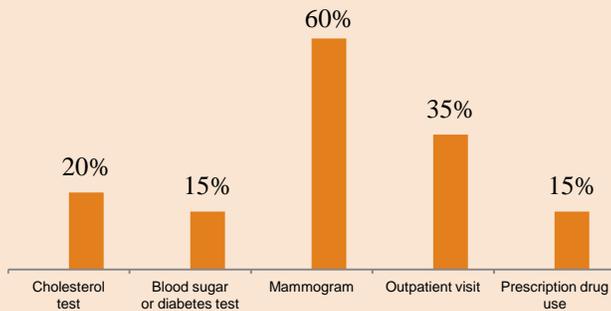
signed up for the lottery and 35,000 were selected. By randomly assigning health insurance to some but not others—something that has never been done in the United States—the Oregon Health Insurance Experiment established true treatment and control groups. This provided a unique opportunity to determine the effects of expanding access to public health care insurance on the use of health care services, financial strain, and health of low-income adults using the gold standard of scientific evidence.

BETTER HEALTH AND WELL-BEING

Approximately one year after enrollment, individuals selected for Medicaid coverage had better self-reported physical and mental health and access to care than those in the control group:

- **Better physical health.** Those who received insurance through the lottery reported better physical health than those in the control group and were 25 percent more likely to report their health as good, very good or excellent (rather than fair or poor).
- **Better mental health.** Those who were insured reported improved mental health and a general sense of improved well-being. They were 10 percent more likely than those in the control group to screen negative for depression.

Percent Increase in Probability of Health Services Use among Insured Relative to Control Group



Source: <http://www.rwjf.org/pr/product.jsp?id=72577>

MORE USE OF HEALTH CARE SERVICES

Oregon residents who were able to enroll in Medicaid through the lottery increased their use of health care services in appropriate settings.

- Better compliance with recommended preventive care.** Insurance coverage was associated with a 20 percent increase in the probability of having one's blood cholesterol checked, a 15 percent increase in the probability of being tested for high blood sugar or diabetes, and a 60 percent increase in the probability of having a mammogram in the last year.
- More outpatient visits.** Insurance is associated with a 35 percent increase in the probability of having an outpatient visit.
- Increased prescription drug use.** Having insurance was associated with an increase in the probability of taking a prescription drug.

POSITIVE FINANCIAL IMPACT

People who enrolled in Medicaid through the lottery had lower out-of-pocket medical spending and medical debt.

- Reduced financial strain on individuals.** Those selected for Medicaid coverage were 40 percent

less likely to borrow money or skip paying other bills to pay medical expenses, 25 percent less likely to have a medical bill sent to collection, and 35 percent less likely to have out-of-pocket medical spending than those in the control group.

- A reduction in unpaid debt to providers.** Because most medical debt is never paid, a decline in the probability of having unpaid medical bills as a result of expanded coverage suggests financial benefits for both the newly insured and their medical providers.

The study findings apply to a population of considerable policy interest: able-bodied, uninsured low-income adults who want insurance coverage. Starting in 2014 the Affordable Care Act (ACA) will expand insurance coverage to a very similar population. This study suggests that these people may enjoy better physical and mental health, use more health care services such as preventive care, and suffer less financial strain and medical debt, although it is important to note that the conditions in the experiment are not identical to the ones that will accompany ACA implementation.

The study group will continue to publish results, including analysis of new measures of physical health such as blood pressure, which will be informative to health policy decisions.

Adapted from the report, "The Oregon Health Experiment: Evidence from the First Year" by Amy Finkelstein, Sarah Taubman, Bill Wright, Mira Bernstein, Jonathan Gruber, Joseph Newhouse, Heidi Allen, Katherine Baicker and the Oregon Health Study Group, July 2011

WANT TO KNOW MORE?

- [The Oregon Health Insurance Experiment \(RWJF\)](#)
- [Using Data to Drive State Improvement in Enrollment and Retention Performance](#)
- [The Health Status of New Medicaid Enrollees Under Health Reform](#)
- [Maximizing Enrollment \(RWJF National Program\)](#)