

Summary of ‘Oregon Health Insurance Experiment’ by Taubman et al.

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1. Broad Question

What are the effects of the Oregon Medicaid lottery on health outcomes?

2. Specific Question

What are the effects of the Medicaid lottery on health care use, health outcomes like self-reported health, and financial strain, and how does this policy impact consumption smoothing via dispersing risk? Using administrative data and survey data, the authors then estimate causality using both ITT and LATE.

3. Why would a policy maker care

A policy maker would care about this because it provides empirical evidence into a policy which may be desirable to implement in their jurisdiction. The results of the study can inform decisions about whether to expand Medicaid coverage, as well as how to design and implement such programs effectively.

4. Why would an economist care

An economist would care about this because it provides insights into the effects of health insurance on health outcomes and financial strain, which are important topics in health economics. The study also uses an RCT, which is very desirable and robust method for estimating causal effects. The methodology and findings can contribute to not only health economics but also public economics and labor economics.

5. What do we learn about economics

We learn many things from this paper. Results wise, we find that Medicaid coverage through the lottery increased hospital admissions, especially when not

from emergency facilities, implying a higher degree of price sensitivity. Further, from the survey data, we find that Medicaid coverage led to significant increases in the number of prescription drugs used and outpatient visits. Overall, we see that Medicaid coverage led to a \$778 increase in annual health spending, a 25% increase. Further, we see increases in preventative care compliance like cholesterol checks, blood tests, and mammograms. They also report a significant decline in financial strain, with a 35% reduction in the probability of having to borrow money or skip payments due to medical expenses. Individuals also self-report better health and mental health, though this is harder to measure due to the self-reported nature. Overall, the authors find that Medicaid coverage leads to increased health care use, improved self-reported health, and reduced financial strain.

Overall, this paper provides strong evidence that expanding Medicaid coverage can have significant positive effects on health outcomes and financial well-being. The findings suggest that health insurance can improve access to care, increase the use of preventive services, and reduce financial strain associated with medical expenses. This has important implications for policymakers considering the expansion of Medicaid or similar programs.