The Fed - Losing insurance and psychiatric hospitalizations

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We study the effect of losing insurance on psychiatric – mental health disorder (MHD) and substance use disorder (SUD) – hospital-based care. Psychiatric disorders cost the U.S. over $1T each year and hospitalizations provide important and valuable care for patients with these disorders. We use variation in public insurance coverage (Medicaid) eligibility offered by a large-scale and unexpected disenrollment in the state of Tennessee in 2005 that lead to 190,000 individuals losing their insurance. Medicaid enrollees are at elevated risk for psychiatric disorders. Following the disenrollment, hospitalizations for SUDs declined by 15.4 percent. Findings suggest that MHD hospitalizations declined by 4.2 percent, but the coefficient estimate is imprecise. The expected financing of hospital care received also changed, with the probability that Medicaid was listed as the expected payer for MHD and SUD hospitalizations declining by 27.5 percent and 30.8 percent respectively post-disenrollment. We provide suggestive evidence that psychiatric health declined post-disenrollment.

**Url:**<https://www.federalreserve.gov/econres/feds/losing-insurance-and-psychiatric-hospitalizations.htm>