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Ryan Poverty Report's Criticism of Medicaid Misrepresents Research Literature

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House Budget Committee Chairman Paul Ryan (R-WI) is expected to once again propose to convert Medicaid to a block grant when he unveils his budget plan this week.[1] Even though a block grant would significantly cut federal funding for state Medicaid programs and likely result in deep cuts to beneficiaries and health care providers, Chairman Ryan is likely to cite material in his recent report on safety net programs and poverty as evidence that Medicaid warrants such a radical restructuring.[2]

As we and other analysts have explained, however, the Ryan poverty report includes misleading or selective presentations of data and research that it uses to portray various programs in a negative light, while downplaying or omitting various research and data that point to a different conclusion.[3] That is particularly the case when it comes to the report's discussion of Medicaid.

Medicaid Serves Disadvantaged Populations and Is Not Harmful to Health

Chairman Ryan's report implies that Medicaid isn't working. It cites several studies finding that people enrolled in Medicaid tend to be in worse health than those enrolled in other sources of coverage, implying that Medicaid somehow harms beneficiaries' health. For example, the report notes that "dual eligibles" — low-income seniors and people with disabilities enrolled in both Medicaid and Medicare — are in worse health than other seniors who receive Medicare alone.

But Medicaid is known to serve a sicker group of people with greater health care needs associated with low-income and disability than the privately insured population.[4] Similarly, as is well known, dual eligibles are in considerably poorer health than other Medicare beneficiaries because they are

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[1] For analysis of Congressman Ryan's 2013 Medicaid block grant proposal see, Edwin Park and Matt Broaddus, "Ryan Block Grant Proposal Would Cut Medicaid by Nearly One-Third by 2023 and More After That," Center on Budget and Policy Priorities, March 26, 2013, http://www.cbpp.org/cms/?fa=view&id=3941.

[2] House Budget Committee Majority Staff, *The War on Poverty: 50 Years Later, A House Budget Committee Report,* March 3, 2014, http://budget.house.gov/uploadedfiles/war_on_poverty.pdf.

[3] For analysis of Congressman Ryan's report on poverty, see Sharon Parrott, "Commentary: Ryan Report Distorts Safety Net's Picture," Center on Budget and Policy Priorities, March 4, 2013, http://www.cbpp.org/cms/?fa=view&id=4095.

[4] Jack Hadley and John Holahan, "Is Health Care Spending Higher Under Medicaid or Private Insurance?" *Inquiry,* Winter 2003, 40(4): 323-342.

more likely to be disabled, to require long-term services and supports like nursing home care, to have cognitive or mental impairments, and to have three or more chronic illnesses like diabetes.[5]

The Ryan report also fails to recognize the wide body of literature showing that Medicaid provides low-income Americans with access to needed preventive services and medical care. Numerous studies show that Medicaid has helped make millions of American children and adults healthier by improving access to preventive and primary care and by protecting against (and providing care for) serious diseases.[6]

Ryan Poverty Report Misuses Research on Medicaid

The Ryan report misuses or mischaracterizes various pieces of research on Medicaid. (Several researchers cited in the Ryan report have found similar problems in how the report portrays other programs and research related to them.) Examples include:

- The report says that a landmark study of the Oregon Medicaid program finds that "Medicaid coverage has little effect on patients' health." In reality, the study in question found Medicaid to have some important beneficial effects. It found that people enrolled in Medicaid were more likely than similar people who were uninsured to use preventive care, which can have important long-term health benefits. It also found that Medicaid resulted in improvement in diagnosing and treating depression.

  Medicaid detractors have noted that the study didn't find evidence that Medicaid improved the health of people who are at risk of heart disease or have high blood pressure, high cholesterol, or diabetes. But as other health experts have explained, the study's design made it extremely difficult to find such results, for two basic reasons: the sample sizes were too small and the study has data for only 17 months after people enrolled in Medicaid.

  The study's authors noted that some patients' cholesterol levels did fall but that researchers would need a larger sample of patients before they could see whether such improvement was statistically significant. In addition, the study didn't have a large enough sample of people with high blood pressure to identify the effects of Medicaid on that condition.[7]

  Moreover, as noted, the study found that people obtaining Medicaid were much more likely to receive preventive care and to have a regular office or clinic where they could go for primary care. These positive developments can take years, or even decades, to show their beneficial effect on patients' health. The study also determined that Medicaid coverage

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[5] Gretchen Jacobsen, Tricia Neuman, and Anthony Damico, "Medicare's Role for Dual Eligible Beneficiaries," Kaiser Family Foundation, April 2012, http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8138-02.pdf.

[6] Genevieve Kenney and Christine Coyer, "National Findings on Access to Health Care and Service Use for Children Enrolled in Medicaid or CHIP," Urban Institute, March 31, 2012, http://www.urban.org/publications/1001629.html; Sharon Long *et al.,* "National Findings on Access to Health Care and Service Use for Non-elderly Adults Enrolled in Medicaid," Urban Institute, June 22, 2012, http://www.urban.org/publications/1001623.html.

[7] Austin Frakt and Aaron Carroll, "Zombie Medicaid Arguments," *Incidental Economist*, March 3, 2014, http://theincidentaleconomist.com/wordpress/zombie-medicaid-arguments/; Judy Solomon, "Oregon Medicaid Study *Strengthens* – Not Weakens – Case to Expand Medicaid," *Off the Charts* blog, May 3, 2013, http://www.offthechartsblog.org/oregon-medicaid-study-strengthens-not-weakens-case-to-expand-medicaid/.

sharply reduced financial hardship caused by health care costs and "almost completely eliminated catastrophic out-of-pocket medical expenditures."[8]

Ryan's report also ignores various other studies that have found positive effects of Medicaid on people's health. Economists Aaron Carroll and Austin Frakt wrote in a critique of the Ryan report, "And, like all health insurance, [Medicaid] makes people healthier and saves lives. . . . Studies confirm this." They noted that, for example, "methodologically stronger studies have shown that Medicaid is good for HIV mortality, child health, infant mortality, and more."[9]

- On another front, the Ryan report cites a Congressional Budget Office (CBO) estimate that spending on Medicaid will rise by an average of 8 percent per year over the next decade. It fails to note that this projection was pushed up by the short-term spending increase resulting from implementation of the Affordable Care Act's Medicaid expansion. (This is akin to the higher Medicare spending that resulted from the start of the Medicare drug benefit in 2006.) Once the Medicaid expansion is fully implemented, CBO projects long-term annual Medicaid growth at 5.5 percent.

  Moreover, the Ryan report ignores the findings that Medicaid costs per beneficiary are much lower, and are projected to grow more slowly, than costs under private health insurance. Research has found that after controlling for health status, it costs about 20 percent less to cover an adult in Medicaid than through private insurance, and 27 percent less to cover a child. From 2012 to 2021, per-beneficiary costs are projected to grow 3.6 percent annually for Medicaid, compared to 5 percent for private insurance.[10]

The literature indicates that Medicaid improves health and provides critical financial protection for vulnerable low-income people. Converting Medicaid into a block grant at sharply shrunken funding levels, as Chairman Ryan has proposed in the past and is likely to propose once again — bolstered by his flawed report — would adversely affect millions of low-income Americans' ability to secure health coverage and receive needed health care.

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[8] Katherine Baicker *et al.,* "The Oregon Experiment – Effects of Medicaid on Clinical Outcomes," *The New England Journal of Medicine,* 368;18, May 2, 2013.

[9] Frakt and Carroll, *op. cit.*

[10] Edwin Park and Matt Broaddus, "Correcting Five Myths About Medicaid," Center on Budget and Policy Priorities, September 24, 2013, http://www.cbpp.org/cms/?fa=view&id=4023; Paul Van de Water, "Medicare and Medicaid Spending Trends Don't Justify Restructuring," *Off the Charts* Blog, August 10, 2012, http://www.offthechartsblog.org/medicare-and-medicaid-spending-trends-dont-justify-restructuring/.