



July 2011

When people get health insurance for the first time . . .

They go to the doctor. And therefore, they become healthier – so goes the conventional wisdom. One major premise of health reform is exactly this: more people going to the doctor (or hospital or clinic) means more healthy people.

But what actually happens when people get shiny new health ID cards? Let's look west for a fascinating answer.

The state of Oregon had what is called a “natural” experiment. Due to tight budgets in 2008, they allowed people to enroll in Medicaid by lottery. Only 10,000 people could be covered out of the 90,000 who applied. So people were (literally) randomly chosen to get Medicaid or to stay uninsured. Nerdy social scientists everywhere got very excited. They now had an experimental and a control group that were comparable in every way, except one had a lucky number.

The New York Times reported the first results: “[First Study of Its Kind Shows Benefits of Providing Medical Insurance to Poor](#)”. No surprise that the newly insured group were more likely to see a doctor, get a prescription, or be admitted to a hospital. The women had more mammograms and were much more likely to identify a particular doctor or clinic as their usual place for care. A 2009 study had similar results: previously uninsured people used significantly more care when they joined Medicare.

The higher use of medical services is not nearly as interesting to me as the newly insured Oregonians perception of their health status. They were 25 percent more likely to rate their health as good or excellent, and 40 percent less likely to say that their health had worsened in the past year.

People who feel good about their health can do other positive things. They can hold down a job and take care of their children. Is it the medical care? Probably in part, but the positive effect of having health insurance is also about *feeling* well. Call it a placebo effect or unintended side effect of being insured.

I wonder how demand for medical care will change in 2014, if the Supreme Court upholds the requirement that everyone be insured. But I also wonder how everyone's health will change, whether they ever touch a stethoscope or not.

Of course, I'm easily entertained!

By Linda K. Riddell, MS
Health Economy, LLC
www.HealthEconomy.net