The Economics of Medicaid: Assessing the Costs and Consequences

Jason J. Fichtner
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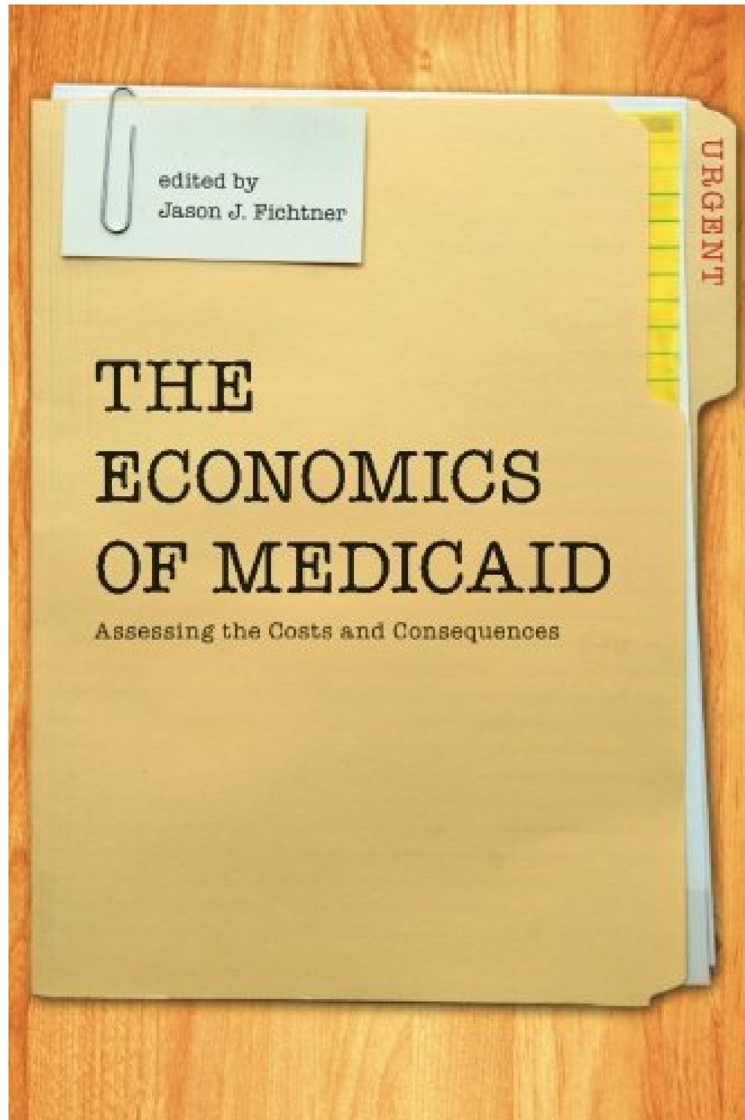

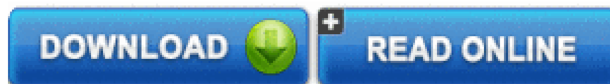

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Jason J. Fichtner : The Economics of Medicaid: Assessing the Costs and Consequences before purchasing it in order to gage whether or not it would be worth my time, and all praised The Economics of Medicaid: Assessing the Costs and Consequences:

3 of 3 people found the following review helpful. A good look at the issues; a little weak on solutionsBy JustinHocaYou have to be a Medicaid wonk to like these books. This book is a compilation of papers produced by the Mercatus Center, a free market voice out of George Mason University (free PDF download). Contributors include

Charles Blahous, a public trustee for Medicare and Social Security, and James Capretta who worked in OMB during G.W. Bush's term. This was good to read after having read Medicaid and Devolution by the left-leaning Brookings Institute in the 1990s. Economics of Medicaid rehashes and addresses some of the arguments for and against state block funding for Medicaid, a Medicaid reform proposal preferred by conservatives, that Devolution highlighted.The latest data from the Centers for Medicare Medicaid services tell us that 59.1 million Americans were enrolled in Medicaid in 2013 (up 0.7% from 2012), roughly 20% of the population. About 40 percent of all U.S. births are funded by Medicaid. Enrollment in 2022 is projected to be 80.9 million, a rate of 3.3% growth over this period as states expand Medicaid under the Affordable Care Act.Medicaid and the Affordable Care Act are problematic primarily because they are expensive: "Some 72 million people will have received Medicaid benefits at some point during the year 2013. Over the next decade, Medicaid will spend $7.5 trillion, with federal payments accounting for $4.3 trillion." They are expensive for all Americans because Medicaid, while run by states, is subsidized with federal tax dollars. State budgets pay about 43 cents of every Medicaid dollar. In 2010, Medicaid payments per beneficiary were $2,129 for children and $3,102 for the adult category but $15,339 for the elderly and $15,752 for the disabled; the average payment per elderly Medicaid recipient for nursing home care was about $35,000. 64 percent of total Medicaid spending is on the 24 percent of enrollees who are elderly or disabled. CMS projects that expenditure growth per enrollee will average 4% from 2013-2022, with newly-eligibles being less costly than the rest of the population.As health care costs and Medicaid burdens began to rise in the 1990s, most states shifted to managed care to manage costs; Medicaid is about 24% of state budgets. In 2009, 71 percent of Medicaid recipients were enrolled in managed care. However, several studies show that managed care has not succeeded in reducing costs, at least in the short-run. Managed care itself is not a panacea and its cost benefits come over a longer period of time as overall health of the population improves (and needs less late-in-life expensive care).Most disturbing, especially with the ACA and Medicaid expansion, is the number of physicians who do not accept new Medicaid patients. "In a study conducted by MIT economists Jonathan Gruber and David Rodriguez, nearly 60 percent of the 3,860 physicians surveyed reported higher fees from the uninsured than from Medicaid. Low fees coupled with excessive paperwork and late payments make it difficult for physicians to accept Medicaid patients...The 2008 Health Tracking Physician Survey found that only about half of all physicians will accept new Medicaid patients." One chapter is written by a physician who explains the dilemma of accepting Medicaid patients. If you're an OB/GYN with a Medicaid patient who comes in with symptoms that could perhaps be related to a pregnancy but need to be diagnosed by a different practitioner, but that service is not covered under Medicaid, then Medicaid has failed you.Several authors point to studies which show a negative correlation between Medicaid and good health outcomes. There is an endogeneity problem here that is rarely admitted (and nowhere in the book)-- part of the reason Medicaid patients suffer poorer outcomes than private insurance patients receiving similar care is because there are a host of other health problems already associated with low-income people, like smoking, obesity, and diabetes. Correlation does not mean causality. There is also a lack of understanding that the recent swelling of Medicaid rolls was a phenomenon of the last recession. Looking at Kentucky data, the numbers of people who would have been eligible prior to the ACA is trending downward as the economy improves. These facts are neglected by the authors, which is a weakness of the book.A few solutions are proposed, but none quite as detailed as Avik Roy's recent prescriptions. Besides block grants to states, a per-capita grant of federal funds is proposed. This proposal includes higher rates for individuals who are in special/waiver programs like long-term care. Indiana's waiver experiment with health savings accounts is also applauded, but the authors do not mention Indiana's tight restrictions on who can receive Medicaid. In all states that use managed care, there are still many waiver and fee-for-service programs that are difficult to budget for and it is difficult to find simple solutions. This level of complexity and diversity among the states is not highlighted very well in the work.In all, the up-to-date information in this book and studies cited were very helpful. Some of the numbers are cherry-picked; rates of cost growth, for example, depend on your starting and ending points. 3.5 stars out of 5.

Top experts explain everything you wanted to know about Medicaidmdash;from federal-state financing to potential reforms Medicaid, originally considered an afterthought to Medicare, is today the largest health insurance provider in the United States. Under the Affordable Care Act, the Congressional Budget Office projects Medicaid enrollment to increase nearly 30 percent by 2024 and federal spending on the program to double over the next decade. For the states, Medicaid is already the largest single budget item, and its rapid growth threatens to further crowd out other spending priorities. In this collection of essays, nine experts discuss the escalating costs and consequences of a program that provides second-class health care at first-class costs. The authors begin with an explanation of Medicaidrsquo;s complex state-federal funding structure. Next, they examine how the systemrsquo;s conflicting incentives discourage both cost savings and efficient care. The final chapters address the pros and cons of the most mainstream Medicaid reform proposals and offer alternative solutions. This book offers a timely assessment of how Medicaid works, its most problematic components, and howmdash;or ifmdash;its current structure can be adequately reformed to provide quality care for those in need at sustainable costs. Contributors include: Joseph Antos, American Enterprise Institute Charles Blahous, Mercatus Center at George Mason University Darcy Nikol Bryan, MD, practicing physician James

C. Capretta, Ethics and Public Policy Center Robert F. Graboyes, Mercatus Center at George Mason University June Orsquo;Neill, Baruch College, CUNY Nina Owcharenko, Heritage Foundation Thomas Miller, American Enterprise Institute