

## THE IMPACT OF MEDICAID EXPANSION IN MONTANA

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Montana Legislature  
Modernization and Risk Analysis Committee

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Chairman Jones and members of the Modernization and Risk Analysis Committee, thank you for giving me the opportunity to comment on the impact of Medicaid expansion in Montana. I am sorry that I cannot participate in this hearing in person. It is an honor to submit this written testimony for your consideration. I am a postgraduate fellow at the Mercatus Center at George Mason University. My research focuses on state and federal health policy, particularly Medicaid. The opinions expressed here are my own and do not necessarily reflect those of my employer.

One of the Affordable Care Act's central objectives was to improve the health of low-income Americans by broadening access to health insurance. The expansion of Medicaid was a critical component of that effort.<sup>1</sup> When the law was passed in 2010, a substantial number of poor working-age adults in the United States were uninsured or experienced persistent churn in and out of insurance coverage, which undermined their financial stability and made it difficult for them to receive needed healthcare services. By providing stable health insurance through the expansion of Medicaid, policymakers hoped to increase access to healthcare, promote the use of preventative services, and ultimately improve the health of this population.

Whether these laudable goals were achieved, of course, is an entirely different question. Over the last decade, an enormous amount of scholarly research has evaluated the impact of Medicaid expansion. Although it is difficult to summarize this large and broad body of literature in just a few paragraphs, these studies support two central conclusions:

1. There is limited evidence that Medicaid expansion has generated durable improvements in health among those targeted to gain coverage.

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<sup>1</sup> The Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 1219 (2010).

2. There are signs that Medicaid expansion has had unintended side effects that harm original, pre-expansion Medicaid recipients by diverting resources to new enrollees.

I consider each of these points in turn.

## 1. LIMITED EVIDENCE OF DURABLE IMPROVEMENTS

The most reliable evidence of the impact of Medicaid coverage on the health of low-income adults comes from the Oregon Health Insurance Experiment of 2008.<sup>2</sup> Researchers compared low-income, uninsured, able-bodied adults who received Medicaid coverage through a random selection process to those who did not and found no discernible difference in the objective physical health (e.g., rates of hypertension and elevated cholesterol)<sup>3</sup> of the two groups and only small improvements in self-assessed measures of physical and mental health (i.e., responses to questions such as, “In general, how would you rate your current health?”).<sup>4</sup>

More recent studies have largely corroborated these findings, showing some evidence of short-term improvements in self-assessed health related to Medicaid expansion, including declines in psychological distress,<sup>5</sup> fewer days of self-assessed poor mental health,<sup>6</sup> and increases in self-assessed general health.<sup>7</sup> Other studies, however, have not found any statistically significant changes in self-assessed health status linked to Medicaid expansion.<sup>8</sup>

Several studies have examined the effects of expanding Medicaid on a more objective outcome: mortality. This literature is also mixed. While some studies have found that Medicaid expansion led to

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<sup>2</sup> Details on the Oregon Health Insurance Experiment are available from the National Bureau of Economic Research (NBER) website at <https://www.nber.org/programs-projects/projects-and-centers/oregon-health-insurance-experiment?page=1&perPage=50>.

<sup>3</sup> Katherine Baicker et al., “The Oregon Experiment—Effects of Medicaid on Clinical Outcomes,” *The New England Journal of Medicine* 368, no. 18 (May 2013): 1713–22.

<sup>4</sup> Amy Finkelstein et al., “The Oregon Health Insurance Experiment: Evidence from the First Year,” *The Quarterly Journal of Economics* 127, no. 3 (August 2012): 1057–1106.

<sup>5</sup> Stacey McMorro et al., “Medicaid Expansion Increased Coverage, Improved Affordability, and Reduced Psychological Distress for Low-Income Parents,” *Health Affairs (Project Hope)* 36, no. 5 (2017): 808–18.

<sup>6</sup> Kosali Simon, Aparna Soni, and John Cowley, “The Impact of Health Insurance on Preventive Care and Health Behaviors: Evidence from the First Two Years of the ACA Medicaid Expansions,” *Journal of Policy Analysis and Management* 36, no. 2 (Spring 2017): 390–417.

<sup>7</sup> Benjamin D. Sommers et al., “Changes in Utilization and Health among Low-income Adults after Medicaid Expansion or Expanded Private Insurance,” *JAMA Internal Medicine* 17, no. 10 (October 2016): 1501–9.

<sup>8</sup> Benjamin D. Sommers et al., “Changes in Self-reported Insurance Coverage, Access to Care, and Health under the Affordable Care Act,” *JAMA* 314, no. 4 (July 2015): 366–74; Laura R. Wherry and Sarah Miller, “Early Coverage, Access, Utilization, and Health Effects Associated with the Affordable Care Act Medicaid Expansions: A Quasi-experimental Study,” *Annals of Internal Medicine* 164, no. 12 (April 2016): 795–803; and Sarah Miller and Laura R. Wherry, “Health and Access to Care during the First Two Years of the ACA Medicaid Expansions,” *The New England Journal of Medicine* 376, no. 10 (March 2017): 947–56.

modest reductions in overall mortality<sup>9</sup> and deaths from specific illnesses—including cancer<sup>10</sup> and cardiovascular disease<sup>11</sup>—other analyses have not found any evidence that Medicaid expansion affected overall mortality<sup>12</sup> or opioid-related overdose deaths specifically.<sup>13</sup> One study even suggested that overall mortality trends may have worsened in states that expanded Medicaid compared to states that did not.<sup>14</sup>

Another study estimated that while Medicaid expansion led to a small reduction in mortality across the country, its effect on Montana’s mortality rate was around zero.<sup>15</sup>

## 2. UNINTENDED SIDE EFFECTS: HARM TO ORIGINAL MEDICAID RECIPIENTS

Discussions of Medicaid expansion typically focus on its effects on low-income adults who gained access under the Affordable Care Act. This new population is important, of course. But potential spillover effects of Medicaid expansion on the rest of the Medicaid population—namely, those who were eligible under pre-expansion rules—must also be considered.

Several studies suggest that Medicaid expansion has undermined access to timely, high-quality care for the original Medicaid population. Medicaid expansion has been linked to longer wait times for appointments,<sup>16</sup> slower ambulance response times,<sup>17</sup> and greater delays in the emergency room.<sup>18</sup> This is largely because the increase in demand for healthcare services from newly covered Medicaid beneficiaries has left fewer providers to care for patients already on the program.

This strain on the health system has been particularly acute in Montana for two reasons. First, the newly eligible group accounted for 40 percent of total Medicaid enrollment in Montana in 2019—the second-highest proportion in the country.<sup>19</sup> The larger the newly eligible population, the more the

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<sup>9</sup> Sarah Miller, Norman Johnson, and Laura R. Wherry, “Medicaid and Mortality: New Evidence from Linked Survey and Administrative Data,” *The Quarterly Journal of Economics* 136, no. 3 (2021): 1783–1829; Benjamin D. Sommers, Katherine Baicker, and Arnold M. Epstein, “Mortality and Access to Care among Adults after State Medicaid Expansions,” *The New England Journal of Medicine* 367, no. 11 (September 2012): 1025–34; and Mark Borgschulte and Jacob Vogler, “Did the ACA Medicaid Expansion Save Lives?” *Journal of Health Economics* 72 (July 2020): 102333.

<sup>10</sup> Miranda B. Lam et al., “Medicaid Expansion and Mortality among Patients with Breast, Lung, and Colorectal Cancer,” *JAMA Network Open* 3, no. 11 (November 2020): e2024366.

<sup>11</sup> Sameed Ahmed M. Khatana et al., “Association of Medicaid Expansion with Cardiovascular Mortality,” *JAMA Cardiology* 4, no. 7 (July 2019): 671–9.

<sup>12</sup> Charles J. Courtemanche et al., “Revisiting the Connection between State Medicaid Expansions and Adult Mortality,” (NBER Working Paper No. 30818, National Bureau of Economic Research, Cambridge, MA, January 2023).

<sup>13</sup> Susan L. Averett, Julie K. Smith, and Yang Wang, “Medicaid Expansion and Opioid Deaths,” *Health Economics* 28, no. 12 (December 2019): 1491–6.

<sup>14</sup> Brian Blase and David Balat, “Is Medicaid Expansion Worth It?” Texas Public Policy Foundation, April 2020.

<sup>15</sup> Brian P. Lee, Jennifer L. Dodge, and Norah A. Terrault, “Medicaid Expansion and Variability in Mortality in the USA: A National, Observational Cohort Study,” *The Lancet Public Health* 7, no. 1 (January 2022): e48–e55.

<sup>16</sup> Miller and Wherry, “Health and Access to Care,” 2017; and Walter R. Hsiang et al., “Medicaid Patients Have Greater Difficulty Scheduling Health Care Appointments Compared with Private Insurance Patients: A Meta-analysis,” *INQUIRY: The Journal of Health Care Organization, Provision, and Financing* 56 (2019): 56.

<sup>17</sup> Charles J. Courtemanche et al., “The Affordable Care Act and Ambulance Response Times,” *Journal of Health Economics* 67 (September 2019): 102213.

<sup>18</sup> Lindsay Allen, Cong T. Gian, and Kosali Simon, “The Impact of Medicaid Expansion on Emergency Department Wait Times,” *Health Services Research* 57, no. 2 (2022): 294–9.

<sup>19</sup> Kaiser Family Foundation, State Health Facts (database), “Medicaid Enrollees by Enrollment Group,” accessed 2023, <https://www.kff.org/medicaid/state-indicator/distribution-of-medicaid-enrollees-by-enrollment->

original Medicaid population is likely to be crowded out of receiving care. Second, nearly half of Montana's population lives in an area with shortages of primary care providers.<sup>20</sup> Adjusted for population, the number of providers in Montana is 11 percent lower than the national average.<sup>21</sup>

My own research indicates that two sub-groups of the original Medicaid population may have been particularly harmed: children and near-elderly adults.

- My colleague and I found that in states that expanded Medicaid in January 2014, per-capita Medicaid spending on children has grown less than one-third as fast than in states that opted not to expand Medicaid.<sup>22</sup> This implies that children in expansion states may face new barriers to care.
- In separate research, my co-authors and I found that Medicaid expansion was associated with an 11 percent increase in symptoms of depression among older adults who had been on Medicaid before expansion and remained on Medicaid after expansion was implemented.<sup>23</sup> We uncovered even larger negative effects among rural residents and those living in areas without enough mental health providers. This is consistent with the idea that expanding eligibility to thousands of new enrollees has made it difficult for the neediest to obtain mental health treatment.

As you help to chart the future of Medicaid in Montana, I urge you to consider the unintended side effects of Medicaid expansion on the health of those for whom the program was originally intended.

Thank you again for the opportunity to share my thoughts on this important topic. I would be happy to answer any questions by email: [lsigaud@mercatus.gmu.edu](mailto:lsigaud@mercatus.gmu.edu).

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<sup>20</sup> Kaiser Family Foundation, State Health Facts (database), "Primary Care Health Professional Shortage Areas (HPSAs)," accessed 2023, <https://www.kff.org/other/state-indicator/primary-care-health-professional-shortage-areas-hpsas/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>.

<sup>21</sup> Centers for Disease Control and Prevention, "Active physicians and physicians in patient care, by state: United States, selected years 1975–2019" (dataset), accessed 2023, <https://www.cdc.gov/nchs/data/hus/2020-2021/DocSt.pdf>.

<sup>22</sup> Charles Blahous and Liam Sigaud, "The Affordable Care Act's Medicaid Expansion Is Shifting Resources Away from Low-Income Children," (Mercatus Research Paper, Mercatus Center at George Mason University, Arlington, VA, December 2022).

<sup>23</sup> Markus Bjoerkheim, Kofi Ampaabeng, and Liam Sigaud, "The Effect of the Affordable Care Act's Medicaid Expansion on the Mental Health of Already-Enrolled Medicaid Beneficiaries" (Mercatus Working Paper, Mercatus Center at George Mason University, Arlington, VA, July 2023).