Robert Wood Johnson Foundation

Do Reductions in Medicaid/SCHIP Enrollment Increase Emergency Department Use Among Low-Income Persons?

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Research Highlight

POLICY PERSPECTIVE

AS THE NATION CONSIDERS CHANGES IN THE MEDICAID PROGRAM, IT IS IMPORTANT FOR POLICY-MAKERS TO UNDERSTAND THE IMPACT OF SUCH CHANGES. CUNNINGHAM'S STUDY SHOWS THAT POLICY CHANGES THAT RESULT IN A REDUCTION IN MEDICAID ENROLLMENTS WOULD INCREASE EMERGENCY DEPARTMENT (ED) USE BY UNINSURED PERSONS, ALTHOUGH SUCH CHANGES WOULD HAVE LITTLE IMPACT ON OVERALL ED VOLUME. SUCH AN INCREASE IN THE USE OF THE ED BY THE UNINSURED WOULD LIKELY INCREASE THE AMOUNT OF UNCOMPENSATED CARE PROVIDED BY HOSPITALS. POLICY CHANGES THAT DECREASE PHYSICIAN PAYMENTS WOULD ALSO INCREASE THE USE OF THE ED.

Background

Policy-makers are considering fundamentally restructuring the Medicaid program. Such restructuring could result in funding cuts, restrictions on eligibility, increased premiums and/or cost-sharing, reductions in provider reimbursement, and changes in benefits. Cost-containment efforts that reduce program eligibility, introduce enrollment caps or increase the use of premiums raise concerns that ineligible patients will turn to already overcrowded emergency departments (ED) for health care. Medicaid cuts could also have a domino effect on Community Health Centers and the number of physicians who accept Medicaid patients. Community Health Centers depend on Medicaid for more than one-third of their revenue, so cuts in spending would reduce their capacity to care for uninsured and low-income patients and contribute to potential ED overcrowding. Physician reimbursement rates are already low in many states; more cuts could result in even fewer physicians accepting Medicaid patients.

A recent paper funded by the Kaiser Family Foundation and the Robert Wood Johnson Foundation examines the implications of Medicaid/SCHIP cost containment efforts on the use of hospital EDs. Peter Cunningham, a senior health researcher at the Center for Studying Health System Change, analyzed data on 34,500 nonelderly, low-income individuals from the 2000–01 and 2003 Community Tracking Study household surveys and simulated the impact of Medicaid policy change. His results suggest that a 25 percent decrease in Medicaid/SCHIP enrollment would lead to an increase in ED visits by the uninsured but little change in overall ED volume. The cost of the increased use of the ED by the uninsured would likely be shifted to safety net providers and state and local governments in the form of uncompensated care.

Key Findings

- **A 25 percent reduction in Medicaid/SCHIP enrollment would increase the number of ED visits by uninsured patients but would have little impact on overall ED use among low-income people.** A 25 percent decrease in enrollment would increase the number of ED visits made by the uninsured approximately 5 percentage points. This policy change would decrease ED visits by low-income adults by less than 2 percent.
- **If enrollment reductions are focused on those in poor or fair health or children, the increase in the proportion of ED visits by the uninsured would be larger.** ED visits by the uninsured would increase 6 percentage points to 30 percent of all ED visits for those with fair or poor health. ED visits by uninsured children would increase 9 percentage points to 24 percent of all ED visits.

- **A 10 percent decrease in the rate that physicians accept Medicaid patients would increase the probability of ED use by approximately 4 percentage points.** The effects of reductions in Community Health Center capacity are not as large; a 10 percent decrease in Community Health Centers' capacity is associated with a less than 1 percentage point increase in the likelihood of an ED visit.

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Resources

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McCaig LF, Burt CW. *National Hospital Ambulatory Medical Care Survey: 2003 Emergency Department Summary. Advance data from vital and health statistics*; No 358. Hyattsville, MD: National Center for Health Statistics; 2005. *http://www.cdc.gov/nchs/data/ad/ad358.pdf*

Mann C and Artiga S. *The Impact of Recent Changes in Health Care Coverage for Low-Income People: A First Look at the Research Following Changes in Oregon's Medicaid Plan*. Washington, D.C.: Kaiser Commission on Medicaid and the Uninsured, June 2004. *http://www.kff.org/medicaid/7100a.cfm*

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The details of the research methodology are described extensively in an online Research Brief, available at *http://www.healthaffairs.org/RWJ/Cunningham_ResearchBrief.pdf*