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***How the Newly Insured Use Health Services:
a Lesson for the U.S. from Medicare***

Editor's note: The Congressional Budget Office estimates that about 32 million previously uninsured people will gain coverage by 2016, when health care reforms are fully implemented. But will these newly insured people use the health care system in the same ways as others? Is insurance enough to change patterns of use? The example of Medicare may provide some insight. This Issue Brief summarizes research that investigates how health care use and patterns change among the uninsured and insured once they gain Medicare coverage at age 65.

***Personal, system-related,
and financial factors influence
how the uninsured use
health care***

In 2010, 50 million people lacked health insurance in the U.S. The uninsured use fewer health services and have lower health spending than insured people. When they do use health care they are more likely to use the emergency room and hospital services, but less likely to use outpatient care. These patterns are related to the out-of-pocket costs they face and their challenges in finding adequate care without insurance. But providing them with insurance may not eliminate these differences in care.

- Health care reform will decrease the number of uninsured by providing subsidies for coverage. But will a newly insured person use health services the way a previously insured person used health services? There are several reasons why not. On average, the uninsured have less education and income than the insured, and also differ in ways more difficult to measure and observe, such as proximity to health providers, degree of risk aversion, and preferences for medical care. Because of these unobserved differences, it is difficult to know how the nation's newly insured individuals will seek and use care.
- Some hints might be provided by the nation's experience with Medicare. Medicare eligibility at age 65 results in an abrupt decline in the probability of being uninsured in the U.S. How the previously uninsured use Medicare services may provide insight into the likely effects of increasing coverage to the under-65 population through health care reform.

Study examines health care use among previously uninsured Medicare beneficiaries

Polsky and colleagues analyzed the use of health services after age 65 for the previously uninsured compared to the previously insured. They used Medicare claims data linked to data from two different surveys – the Health and Retirement Survey (HRS) and the National Health Interview Survey (NHIS).

- The NHIS is a cross-sectional, annual survey of more than 27,000 households in the U.S. The investigators studied NHIS respondents who were aged 63 or 64 at the time of the NHIS survey, from 1994-2005. They linked this information to Medicare data from 1991-2007.
- The HRS is a longitudinal panel study of Americans aged 51-61 that began in 1992. Respondents and their spouses have been re-interviewed every two years since the start. Their information is linked to Medicare claims through 2005.
- The study included 5,090 NHIS respondents, (574 uninsured, 3,245 privately insured, and 1,271 publicly insured) who were followed for an average of 2.6 years, and 4,108 HRS respondents, (500 uninsured, 2,892 privately insured, and 716 publicly insured) who were followed for an average of 4.8 years of Medicare data. Insurance status was based on a point-in-time measure at age 63 or 64 years.
- The investigators analyzed the association of pre-65 insurance status with subsequent Medicare expenditures, as well as on other measures of the use of health services after age 65, including the number of hospitalizations and physician visits.

Previously uninsured people have similar Medicare expenditures to those who had been privately insured, but use physician visits less, and hospital visits more

The study found that Medicare expenditures and the number of hospital stays beginning at age 65 are similar among the previously uninsured compared to those who were privately insured. However, the previously uninsured have different patterns of use.

- After adjusting for health status and sociodemographic factors, the previously uninsured have 16% fewer physician visits after turning 65 compared to those who had been privately insured (about 2 visits less a year). The previously uninsured also have 18% more visits to hospital emergency departments and 43% more visits to hospital outpatient departments.
 - Differences in supplemental insurance coverage do not explain the lower number of physician visits among the previously uninsured.
 - Those with previous public insurance are the highest users of health care after age 65. They have 30% higher Medicare expenditures, and 13% more office visits than those who were privately insured. These individuals qualified for public insurance before age 65 usually because of high medical needs or disability, which might account for their persistently higher expenditures after age 65.
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Study examines whether health status improves for the uninsured when they obtain Medicare coverage

Ultimately, the goal of increasing insurance coverage is to improve health. Thus, Polsky and colleagues used HRS data to compare trajectories in self-reported health status between insured and uninsured adults before and after age eligibility for Medicare. They excluded people who had qualified for public insurance before age 65.

- The study included 5,479 people observed over an average of 6.5 biannual waves. Those uninsured at age 59 or 60 were considered the uninsured group (738 people) and those insured at age 59 or 60 (4,741 people) were considered the insured group.
- At each wave, respondents rated their health on a five-point scale. They also answered questions about mobility, agility, pain, and depressive symptoms. Mortality was reported by surviving family members or through links with the National Death Index.
- The investigators adjusted for sociodemographic characteristics and estimated the impact of Medicare by simulating the health status trajectories from age 59 or 60 to ages 73 or 74 for both uninsured and insured people. The simulations provide an estimate of the difference between health status from 65 and 73 under Medicare compared to the hypothetical situation that the previous insurance status had been maintained.

Medicare coverage at age 65 for the previously uninsured is not linked to improvements in overall health status

The results support previous correlation studies in that the health status of the uninsured is significantly different from that of the insured both before Medicare-eligible age and afterwards.

- The study found no significant health effect for the uninsured relative to the insured upon reaching Medicare eligibility. The changes in the trajectory of health status from ages 65-73 for the previously uninsured relative to the previously insured are small and not statistically significant.
- Similarly, with the exception of depressive symptoms, the uninsured did not benefit more than the insured on other measures of health. For depression, however, there was 5.1 percentage point difference in depression that can be attributed to Medicare coverage for the previously uninsured.
- The study found no association between mortality and Medicare coverage for the previously uninsured.

POLICY IMPLICATIONS

Even after obtaining Medicare coverage at age 65, those who were uninsured prior to age 65 continue to use the health care system differently from those who were privately insured. Medicare coverage may not be sufficient in the short term for the previously uninsured to overcome access problems or to change longstanding patterns of use. It remains an open question whether people under 65 who gain insurance through health reforms will continue to use the health system differently from those who are accustomed to accessing the system with insurance, but these results suggest that they might.

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POLICY IMPLICATIONS

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- Further research is needed to understand why the previously uninsured continue to use the health care system differently from the previously insured after the age of 65. Other policies that facilitate access to physician services among the previously uninsured may be necessary to substantially alter the type of health care they use and thereby improve their health status.
- Our findings suggest that there will be little short-term cost savings to Medicare from expanding coverage in the under-65 group, given that spending did not differ between the previously uninsured and privately insured.
- In the context of the absence of health improvement for the uninsured, this work suggests that more attention be paid to issues of non-financial barriers to care as health care reforms are implemented.

This Issue Brief is based on the following articles: S.D. Decker, J.A. Doshi, A.E. Knaup, D. Polsky. Health service use among the previously uninsured: is subsidized health insurance enough? Health Economics, published online August 2011, DOI:10.1002/hec.1780; D. Polsky, J.A. Doshi, J. Escarce, W. Manning, S.M. Paddock, L. Cen, J. Rogowski. The health effects of Medicare for the near-elderly uninsured. Health Services Research, June 2009, vol. 44, pp. 926-945.

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Issue Brief



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