Medicaid Expansion

Has Not Helped The Drug Crisis.

It May Be Making It Worse.

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KEY FINDINGS

14 OF THE 15 STATES WITH THE HIGHEST OVERDOSE RATE ARE MEDICAID EXPANSION STATES.

HALF OF THE STATES WITH THE LOWEST OVERDOSE RATE HAVE NOT EXPANDED MEDICAID AND ANOTHER TWO HAD ONLY EXPANDED DURING THE DATA YEAR.

THE 10 STATES WITH THE HIGHEST MEDICAID USAGE MORE THAN DOUBLED THEIR OVERDOSE RATE FROM 2014 TO 2020 AND THIS RATE WAS MORE THAN TWICE THAT OF THE 10 STATES WITH THE LOWEST MEDICAID USAGE.

MOTHERS ENROLLED IN MEDICAID GAVE BIRTH TO BABIES WITH NEONATAL ABSTINENCE SYNDROME (NAS) AT A HIGHER RATE THAN MOTHERS WITH ANY OTHER COVERAGE, INCLUDING THOSE WHO WERE UNINSURED.

IN WEST VIRGINIA, MORE THAN 85 PERCENT OF MOTHERS WHO GAVE BIRTH TO NAS BABIES WERE ON MEDICAID. IN ARIZONA, THAT FIGURE STOOD AT MORE THAN 92 PERCENT.

THE BOTTOM LINE:

DURING MEDICAID EXPANSION BATTLES, THE PROGRAM WAS TOUTED AS AN ANSWER TO THE DRUG CRISIS, BUT EVIDENCE FAILS TO SUPPORT THAT CLAIM.

Overview

The drug crisis crushing the nation arose largely because of the overuse of prescription opioids.[1] The epidemic cuts across demographics, affecting people throughout the country.[2] In 2021, the national age-adjusted drug overdose rate was 32.4 per 100,000 people, an increase from 6.8 in 2001.[3] Drug overdoses claimed more than 106,000 lives in 2021.[4]

Both politicians and policy experts hyped Medicaid expansion as an answer to rising overdose deaths.[5] Others warned that any cuts to Medicaid would surely make the crisis even worse.[6-7] However, seven years of data has not born this out.

THE DRUG CRISIS CRUSHING THE NATION AROSE LARGELY BECAUSE OF THE OVERUSE OF PRESCRIPTION OPIOIDS.

In 2017, FGA experts posed the question of whether Medicaid expansion actually makes the problem worse.[8] The data answers that question with a resounding, "yes."[9] As a report by the Committee on Homeland Security and Governmental Affairs under Senator Ron Johnson (R-WI) highlighted in 2018, "if Medicaid is helping to drive the epidemic, it stands to reason that expanding the program—particularly to people most susceptible to abuse—could worsen the problem."[10] He was right.

Medicaid expansion states and those with higher Medicaid usage continue to show higher rates of overdose deaths and other tragedies like NAS births. But this really should not be surprising based on what is known about the Medicaid program. It increases access to prescription painkillers, is full of fraud, and keeps able-bodied adults out of the workforce. These are all major contributors to the drug crisis, and as a result, Medicaid is more likely to contribute to the problem, not solve it.

To truly address the drug crisis, instead of enrolling more individuals in Medicaid, states and the federal government should reform the program to make sure it prioritizes the truly needy. This includes adding work requirements that will move able-bodied adults off Medicaid and back into the workforce.[11]

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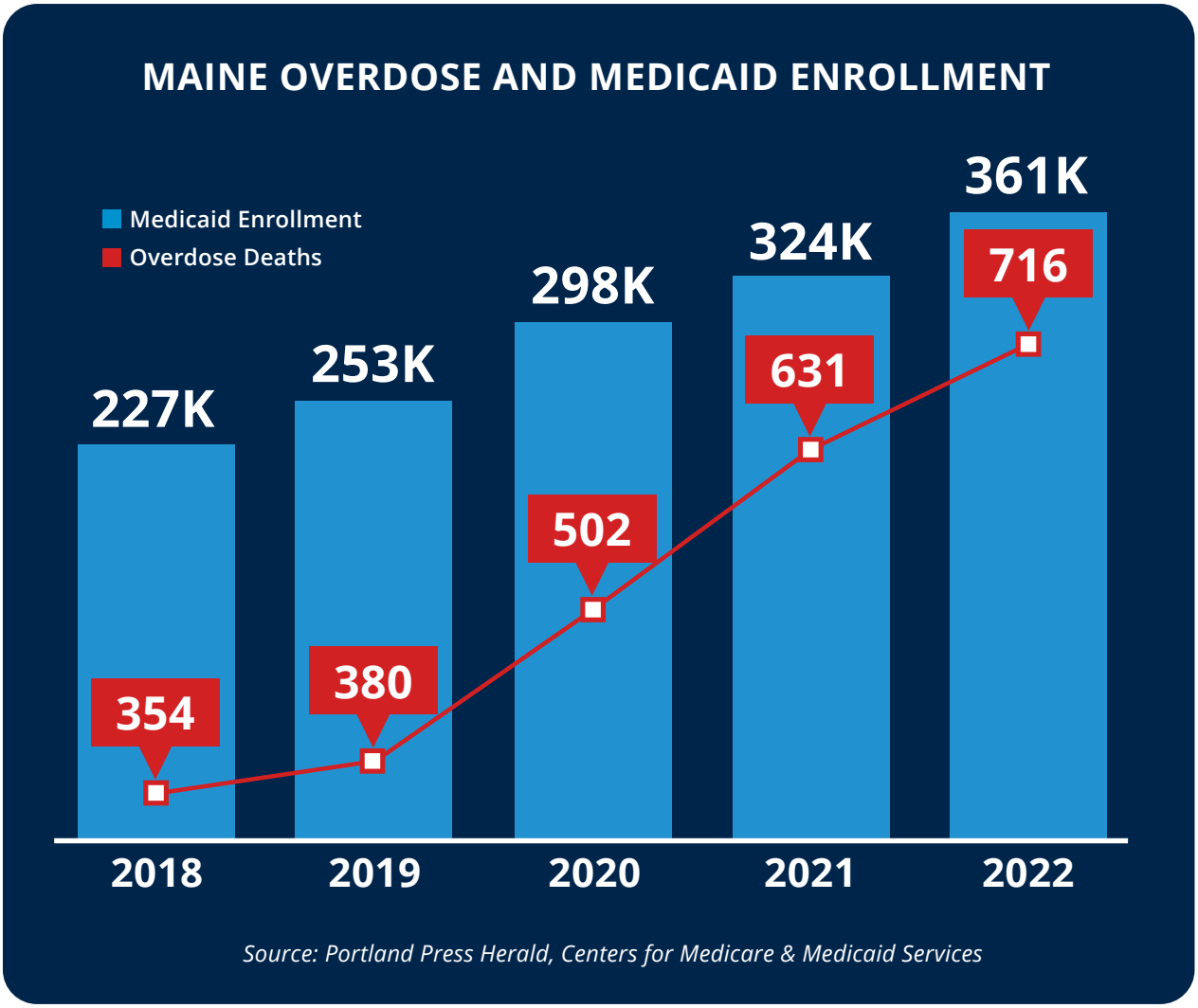
Medicaid expansion was wrongly sold as an answer to the opioid epidemic

After the passage of ObamaCare, liberals argued that Medicaid expansion was key to fighting back against the opioid epidemic.[12-13] When the Supreme Court ruled that the federal government could not coerce states into expanding Medicaid in NFIB v. Sebelius, this argument became even more important to encourage costly expansion.[14] The White House continues to claim that all the states that have not expanded Medicaid fail to provide adequate treatment to their citizens.[15]

Maine illustrates how a governor tried to use the opioid epidemic to make the case for expanding Medicaid. Governor Janet Mills's first executive order required "expeditious implementation" of Medicaid expansion.[16] Expanding Medicaid remains on the governor's website as one of the actions that is saving lives and preventing substance use disorders.[17] This step was also heralded as "effectively addressing the opioid epidemic."[18] Despite all this hype, Maine set a record for drug overdose deaths for the third straight year in 2022.[19]



Source: Portland Press Herald, Centers for Medicare & Medicaid Services

The belief in Medicaid as a tool to combat drug overdoses was echoed by other governors and senators. In response to a proposal to phase out Medicaid expansion, Governor Roy Cooper (D-NC) declared, "we cannot have millions of Americans lose their health coverage and still effectively attack this crisis. We can't significantly reduce Medicaid spending and still be successful in fighting opioid addiction."[20] Senator Bob Casey (D-PA), speaking along with Senator Joe Manchin (D-WV) addressed the same proposal, "this is a critical time for the opioid epidemic and a critical time for Medicaid because of the connection between the two."[21]

However, data fails to show that people in states that have not expanded Medicaid or that have low Medicaid usage have suffered disproportionately from drug overdoses or related tragedies. If anything, the opposite is true.

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Increasing Medicaid coverage does not reduce overdoses

Comparing age-adjusted overdose death rates using the latest data from the Centers for Disease Control and Prevention reveals a stark difference between states that had expanded Medicaid and those that had not. At the time the data comes from, 36 states and Washington, D.C. had implemented Medicaid expansion and 14 states had not. Of the 15 states with the highest age-adjusted overdose rates all but one, Tennessee, had expanded Medicaid.[22] While a majority of the country did expand Medicaid, these states represented an incredibly outsized 93 percent of the jurisdictions with the highest overdose rate.

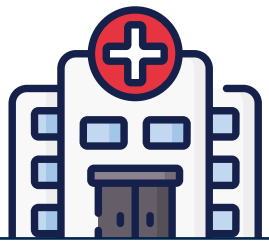
On the flip side, of the 10 states with the lowest age-adjusted overdose rates, five states had yet to expand, and two others had only expanded during that year.[23] These non-expansion states represent a small fraction of the total states but were vastly overrepresented in states with lower overdose rates.

This shows that simply expanding Medicaid did not help states turn the tide on the drug epidemic. A recent study also found that Medicaid expansion states saw a greater increase in drug overdose deaths during the first year of COVID-19 than non-expansion states.[24] Overall, expansion states had an age-adjusted overdose rate of 31.47 people per 100,000 and non-expansion states had a lower rate of 24.73 people per 100,000.[25]

But if Medicaid expansion was not a key to reducing overdose deaths, maybe simply enrolling more individuals in Medicaid, and having them utilize more Medicaid services, could be the answer. This also fails to be supported by the data.

From 2014 to 2020, the 10 states with the highest Medicaid usage rate more than doubled their overdose rate to 39.69 deaths per 100,000 people.[26] Over the same timeframe, the 10 states with the lowest Medicaid usage rate increased their overdose rate by less than a third, settling at 19.13 deaths per 100,000 people.[27]

It is not just overdose deaths, emergency department visits also fail to show the benefits of Medicaid in the drug crisis. A six-state study showed a higher rate of emergency department visits for suspected overdose in expansion states versus non-expansion states.[28] This should not be surprising since Medicaid and Medicare are responsible for two-thirds of all charges for opioid-related visits to the emergency department.[29]



A SIX-STATE STUDY SHOWED A HIGHER RATE OF EMERGENCY DEPARTMENT VISITS FOR SUSPECTED OVERDOSE IN EXPANSION STATES VERSUS NON-EXPANSION STATES.

Medicaid is linked to other harmful effects of drug use

While Medicaid fails to show improvement in outcomes for drug overdoses, the program also fails to prevent another harmful effect of drug use, NAS births. Medicaid mothers gave birth to NAS babies at nearly twice the overall rate and more than eight times the rate of mothers with private insurance.[30] Medicaid even exceeded the uninsured in the rate of NAS births, showing that moving uninsured expecting mothers to Medicaid may not even be beneficial in this aspect.[31]

Two recent studies from expansion states show how stark the differences between Medicaid and private insurance in covering NAS births can be.

A study of all newborns in West Virginia from 2017 to 2019 revealed that for every 1,000 births, there were 85.8 incidences of NAS covered by Medicaid but only 12.7 for private insurance.[32] Medicaid covered just a little more than half of all births in the state but a full 86 percent of NAS births.[33]

Likewise, a study covering births in Arizona from 2017 to 2021 showed that Medicaid covered just a little more than half of all births but more than 92 percent of NAS births.[34] This is an astounding number and national data hints that Medicaid covers a disproportionate share of NAS births across the country.

The 10 states with the lowest Medicaid usage averaged fewer than four NAS births per 1,000 births.[35] But the rate for the 10 states with the highest Medicaid usage was almost three times as high at 11.49 NAS births per 1,000 births.[36] The same divergence is seen when comparing states that had expanded Medicaid, 9.18 NAS births, with states that had not expanded Medicaid, 5.12 NAS births.[37] This data should not come as a surprise as even the Centers for Medicare & Medicaid Services admit that "studies show a higher risk of opioid use during pregnancy among Medicaid beneficiaries."[38]

Medicaid is fraught with fraud that drives improper usage of services

It makes sense that states that increase Medicaid coverage would not see a reduction in the harmful effects of drug use when you look at the results from a Medicaid and CHIP Payment and Access Commission study.

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The study found that adults enrolled in Medicaid were more likely to report being dependent on or abusing pain relievers in the past year than both those covered by private insurance and uninsured.[39] The study also showed that while adults enrolled in Medicaid reported misusing pain relievers in the past 30 days at the same rate as the uninsured, this rate was twice that of those covered by private insurance.[40]

This in large part because Medicaid is fraught with fraud that drives improper usage of Medicaid benefits and services. The report from Senator Johnson's Senate committee highlighted 100 cases of Medicaid fraud related to opioids.[41] FGA's research highlights the serious problems with welfare fraud and the massive improper payment rates in the Medicaid program.[42-43] A program rife with fraud is only adding fuel to the fire in the drug crisis as millions more individuals are added to the program with little oversight.

The answer is to expand work, not Medicaid

If expanding Medicaid is not the magic formula to solve the drug crisis, what is? It turns out that the unemployed are nearly twice as likely as full-time workers to report non-medical use of prescription opioids and more than twice as likely to report non-medical use of prescription stimulants.[44]

THE UNEMPLOYED ARE NEARLY TWICE AS LIKELY AS FULL-TIME WORKERS TO REPORT NON-MEDICAL USE OF PRESCRIPTION OPIOIDS AND MORE THAN TWICE AS LIKELY TO REPORT NON-MEDICAL USE OF PRESCRIPTION STIMULANTS.

This makes Medicaid especially dangerous, as most able-bodied adults on Medicaid do not work at all.[45] Unfettered access to prescription painkillers or other opioids like Suboxone, combined with the lack of work among able-bodied Medicaid recipients is a killer—not just for state budgets, but for thousands of Americans.

To reduce this type of drug use and ultimately overdoses and deaths, able-bodied adults need to move off Medicaid and back into the workforce. The best way to do this is by implementing work requirements in programs like Medicaid and food stamps.[46-47] Some states have sought permission from the federal government to do this, but the Biden administration continues to block their path forward.[48-49] Thankfully, some leaders in Congress who care about solving the problem, like Rep. Jake LaTurner (R-KS), have introduced a bill that would implement work requirements in Medicaid.[50]

THE BOTTOM LINE: During Medicaid expansion battles, the program was touted as an answer to the drug crisis, but evidence fails to support that claim.

Instead of being the key to solving the drug crisis, Medicaid is at best neutral, and more likely making the problem worse. States with higher Medicaid usage have higher rates of overdose and NAS births. Depressingly, mothers enrolled in Medicaid give birth to babies with NAS at a higher rate than even the uninsured.

Even outside of Medicaid expansion states, enrollment in the program has increased dramatically across the country since 2020 because of the Medicaid handcuffs that kept states from removing anyone from Medicaid. There are now 100 million Americans on Medicaid.[51] Enrolling more people in Medicaid has not solved the drug overdose problem. In fact, the problem has only gotten worse.[52]

Rather than seeking to expand and increase Medicaid enrollment to combat the drug crisis, states and the federal government should increase workforce participation and get able-bodied adults off Medicaid and into jobs. They can accomplish this by supporting work requirements for government programs like Medicaid and food stamps.

> **States and the federal government should increase workforce participation and get able-bodied adults off Medicaid and into jobs.**

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