

EXECUTIVE SUMMARY

MEDICAID REFORM AND EMERGENCY ROOM VISITS: Evidence from WV's Medicaid Redesign

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SUMMARY

In 2007, West Virginia made changes to its Medicaid system intended to reduce costs, increase personal responsibility, and decrease emergency room (ER) use. The redesign shows the potential for reducing ER visits by incentivizing Medicaid patients to work closely with primary care physicians and engage in better health behaviors.

WEST VIRGINIA'S PLAN

Starting in 2007, existing Medicaid recipients (and new enrollees) were moved from the traditional Medicaid program to the new Mountain Health Choices (MHC) program. They were given a choice of a “basic” or an “enhanced” Medicaid plan:

- The **“basic” plan** was less generous than the traditional Medicaid program.
- The **“enhanced” plan** provided more free services in return for the enrollees’ completing a health improvement plan with their primary care physicians and signing a personal responsibility agreement not to use the ER for non-emergency care and to engage in better health behaviors.

DID WEST VIRGINIA'S REDESIGN REDUCE ER VISITS?

- The “enhanced” plan resulted in a significantly lower probability of a primary-care treatable ER visit. The “enhanced” plan was effective in reducing certain types of ER visits for children. However, patients who experienced a benefit reduction on the “basic” plan had increased rates of ER visits. Adults experienced a 7 percent increase in the probability of an ER visit.
- Overall, the net effect was an increase in the probability of an ER visit since far more individuals chose (or were defaulted into) the “basic” plan than the “enhanced” plan.

POLICY IMPLICATIONS FOR OTHER STATES

To achieve a result of reducing Medicaid patient ER visits with a similar program design in other states, far more members would need to choose the enhanced plan.

Incentives matter. Additional incentives provided under an “enhanced” plan could potentially draw more participants to select this plan.

Marketing and outreach is key. State officials should equip doctors and welfare caseworkers with more information about “enhanced” plans to ensure that Medicaid patients are aware of their options and can make an informed decision about their coverage

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