Demonstration Waivers, States As Laboratories, and Program Evaluations

State Flexibility In A New Era: What Are The Research Priorities For 1115 Expansion and 1332 Waiver Evaluations

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Can Waivers Turn States Into Laboratories?

Two types of questions demonstrations help answer.

**Implementation Questions vs Impact Questions**

Planning and design matter for both types of questions.

What can we do to make the evaluations more convincing, useful, generalizable?
What are the questions?

Implementation: How do you do that thing?

What problems arise when you replace standard Medicaid with an alternative?

How do you harmonize data from multiple private insurance companies?

How do you ensure the MCOs comply with the contract?
What are the questions?

Impact: What would have happened in the absence of the waiver?

- Do people visit the ER less under a (specific) Medicaid Managed Care program than they would have under FFS Medicaid?

- Does expanding Medicaid coverage lead to labor supply reductions in the expansion population?

- Does expanding Medicaid coverage lead to higher utilization of preventive health services?
Example: Healthy Indiana Plan 2.0

Implementation Questions:

What’s the best way to set up accounts, explain things, collect money?

How often will people skip payments? Get kicked off rolls? How much does it cost to operate the Power Accounts?

HIP Plus
Income < 133% FPL
No Copayments
Power Account Premium
2% of Income: $1-27 a month.
Example: Healthy Indiana Plan 2.0

Impact Questions

- Does the premium reduce take up relative to a zero premium Medicaid expansion?
- Does the income-adjusted premium create work disincentives?
- Does paying a premium make people consume health services more or less than under a zero premium model?

HIP Plus
- Income < 133% FPL
- No Copayments
- Power Account Premium 2% of Income: $1-27 a month.
Who tries to answer these questions? Who should try?

Implementation

Governments, research firms, consulting firms
Mechanisms for dissemination, debate, peer review?

Impact

Research firms, academic policy analysts, government departments.
Many studies appear in scientific journals.
Do they answer “practically” relevant questions?

Collaboration between researchers and governments/insurers can improve quality of data, measurement, etc.
What matters for implementation questions?

**Qualitative Record Keeping:** What options did you consider? Why did you choose a particular approach? What challenges came up?

Without this material it will be hard for other states to benefit and hard to develop good impact evaluations.

**Quantitative Measurement:** Questions about enrollment, utilization, and churn are conceptually straightforward but a challenge in practice

Define concepts how to measure/approximate the concepts with data.

Determine the databases you need to construct the measure.

Ensure measures are computed correctly.

Report measures on a schedule. Interpret them. Etc.
What matters for impact questions?

**Research Design:** It would be great if waivers were developed with research design in mind. (What does that mean?)

- Can access/eligibility for the demonstration be systematically controlled?
- What is the treatment in this waiver program? Who is the comparison group?
- What data will you need in order to put the research design into practice?
- How will you explain the results to people?
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How well do the research designs work?

**Random Assignment:** Gold Standard for internal validity. (Statistical theory)

**Regression Discontinuity:** Statistical theory is compelling. Threats to validity are detectable. Methodological studies find RDDs reproduce RCT.

**CITS & DID:** Workhorse Research Design Theory seems to apply in some situations and not others. (Depends on the nature of the likely confounding factors.) Not many methodological studies that compare DID with RCT. (Some studies are in progress.)

**Matching:** Theory applies when you have the right covariates. Studies based on health care data will often have “rich” covariates from the claims history. But matching for new patients is a challenge. Methodological studies return mixed results. Matching seems to work pretty well in education research, mixed performance in job training, not clear about Medicaid.
Methodological Challenges: What’s Next?

What is the best way to implement a cross-state evaluation using DID/CITS methods?

Hybrid Methods may help: Matched DID, Synthetic Control.

Medicaid focused Within Study Comparisons may be useful.

How can we improve the external validity of research designs that have high internal validity?

Extrapolation from RCT and RDD studies.

What types of demonstration projects and research designs answer the most important questions for other states?