Exploding Asthma and ADHD Caseloads: The Role of Medicaid Managed Care

In the U.S., nearly 11% of school-age children have been diagnosed with ADHD, and approximately 10% of children suffer from asthma. In the last decade, the number of children diagnosed with these conditions has inexplicably been on the rise. This paper proposes a novel explanation of this trend. First, the increase is concentrated in the Medicaid caseload nationwide. Second, nearly 80% of states transitioned their Medicaid programs from fee-for-service (FFS) reimbursement to managed care (MMC) by 2016. Using Medicaid claims from South Carolina, we show that this change contributed to the increase in asthma and ADHD caseloads. Empirically, we rely on exogenous variation in MMC enrollment due a change in the ?default? Medicaid plan from FFS or MMC, and an increase in the availability of MMC. We find that the transition from FFS to MMC explains most of the rise in the number of Medicaid children being treated for ADHD and asthma. These results can be explained by the incentives created by the risk adjustment and quality control systems in MMC.

Reference Information

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