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Racial Disparities in Service Use among Medicaid Beneficiaries after Mandatory Enrollment in Managed Care: A Difference-in-Differences Approach

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Managed care may improve access to health care to previously underserved populations when providers need plan enrollees. However, capitation and utilization management often give providers the incentive to withhold care. Managed care organizations have yet to demonstrate that racial disparities in treatment are not exacerbated. Using Medicaid eligibility, claims, and managed care encounter data, we examine racial disparities in service use among Medicaid beneficiaries after mandatory enrollment in managed care. We use count data models adjusted for nonrandom selection within difference-in-differences econometric approaches. The results show that mandatory enrollment has disproportionately reduced the relative use of physician and inpatient services among African-American beneficiaries.

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