Editor's Note

Lessons for Incentivizing Health Equity From a Medicaid Policy Experiment

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Randomized experiments in health policy are uncommon. However, there is much to learn from randomization as a path to more rigorous evaluation of intended and unintended policy effects, especially when researchers can compare a randomized population alongside an observational one.[1] In this issue of *JAMA Internal Medicine*, Wallace et al[2] describe such a natural experiment in Medicaid plan enrollment to examine a key question for the increasingly popular policy strategy of financially rewarding health plans for racial equity[3]: are racial differences in health care outcomes between plans the result of plan performance (eg, creating clinician networks or utilization management targeting equity), or do they simply reflect selection bias?

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In 2012, one state Medicaid program shifted from fee for service to primarily managed care. Patients were provided the option to choose from 1 of 5 managed care plans. Those who did not choose a plan within 30 days, comprising 70% of the population, were randomized to 1 of the same 5 plans. Wallace et al[2] compared outcomes of patients who chose a plan, and thus were prone to selection bias, to those randomized to the same plans. They found large differences between Black and White enrollees in health care utilization within each plan. Importantly, there was statistically significant variation in these racial differences across plans only for the enrollees who selected their plans, not for enrollees who were randomized to plans. In other words, to the extent that some plans had smaller racial differences in health outcomes than others, this seems to be a result of selection effects and not the result of those plans' efforts to improve.

Despite the focus on data more than a decade old, we believe that the findings of this unique study have important lessons for the current era, as the Centers for Medicare & Medicaid Services and other payers consider strategies to incentivize health equity. The findings by Wallace et al[2] that variation in racial differences within health plans was largely associated with selection bias should caution policymakers considering pay-for-equity models and highlight the importance of considering alternative approaches to promote equity, such as providing larger capitated payments for marginalized groups.

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