



Expanding Medicaid is Cost-Effective and Popular, So Why are Many States Still Resisting?

Colleen M. Grogan, University of Chicago

The Affordable Care Act aims to expand health coverage to more than 30 million Americans not currently insured by building on our country's current public and private insurance systems. Although media coverage has focused most attention on the new health exchanges where private insurance plans are sold, the original legislation envisaged an even greater role for expanded state-run Medicaid programs. Original estimates suggested that some 16 million Americans would gain basic health insurance through full Medicaid expansions, at least equal to the numbers expected to purchase private insurance plans on the exchanges. Even before this new expansion was authorized, Medicaid was a huge and popular part of U.S. health coverage. More than half of all Americans said in a survey for the Kaiser Family Foundation that they had either benefitted themselves or had a family member or close friend who got help from Medicaid.

Potential Reach and Ongoing Controversies

Fully expanded Medicaid would have an especially dramatic effect in U.S. states that have heretofore strictly limited eligibility despite high rates of poverty among their residents. Full expansion by 2019 would allow Medicaid to help over a third of the population in Arkansas, the District of Columbia, Louisiana, Mississippi, New Mexico, and West Virginia. Another fifteen states, many in the South, would have about a quarter of their populations enrolled.

However, before the ink from President Obama's signature on Affordable Care was dry, about half of the states signaled strong opposition. Lawsuits made their way through the federal courts, and when the Supreme Court upheld most of the law in June 2012, it also surprised most observers by ruling that state authorities could refuse the Medicaid expansion without losing previous federal funding. This turned the Medicaid expansion into a hot-button political issue.

As of early 2014, with expanded Medicaid going into effect, 24 states have refused to go forward. In those two dozen states, a coverage gap of about five million looms. Ironically, in the states refusing to implement the Medicaid provisions of health reform, many lower-middle income people will be able to get federal subsidies to purchase private insurance plans, but their poorer neighbors who would have been included in the Medicaid expansion will have no options.

Which States are Refusing?

Like all the arguments about Affordable Care, debates about the Medicaid expansion are polarized along partisan and ideological lines. Almost all states with a Democratic governor have decided to move forward with the expansion, while most states with Republican governors and legislative majorities are not moving

forward so far. The states doing the expansion encompass over half of the U.S. population. One large state, Virginia, saw the governorship and one chamber of the legislature recently switch from Republican to Democratic control and is likely to move soon toward some kind of expanded Medicaid. Other states may move forward for 2015.

Partisan alignments do not explain everything, because some states with Republican governors have broken from the predominant GOP position to expand Medicaid. In Arizona, Michigan, North Dakota, Ohio, and Utah, Republican governors have come out in support of the Medicaid expansion and persuaded bipartisan majorities in their legislatures to go along. Republican governors are trying to do the same in several other states. In New Hampshire and Missouri, Democratic governors are urging Republican legislative majorities to accept expansion.

The Roots of Acceptance and Resistance

Powerful factors are pushing even Republican-led states toward expansion. Affordable Care promises 100% federal funding for the first three years of the Medicaid expansion, declining to a 90% federal subsidy by 2020 and beyond. Although some governors claim that their states cannot cover the eventual ten percent of costs, hospital associations and lobbies for health care providers and businesses argue that states cannot afford to refuse generous federal subsidies. On the assumption that all states would expand Medicaid, the original Affordable Care legislation mandated a steady reduction starting in 2014 for extra payments to defray the costs of care for the uninsured. Yet the uninsured will still get sick, have accidents, and show up at community health centers and hospital emergency rooms. States that refuse new federal monies will have to make up the difference from state or local taxes, or else see vital health institutions go out of business. Social injustices aside, these states will face fiscal strains and lose jobs and profits. The mystery of why two dozen states are holding out deepens when citizen preferences are taken into account. Based on national surveys conducted by the Kaiser Family Foundation, a graduate student colleague and I estimated state-level public popular support for the Medicaid expansion.

- In all but eleven sparsely populated states in the Inner West, more than 45% of the public supports Medicaid expansion; and clear majorities want expansion in most states of the Northeast, upper Midwest, West, and South.
- In southern states where non-expansion leaves up to two-thirds of the poor without coverage, majority public support is especially strong – including in Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, and Florida.
- But there are big racial gaps in public views, with a remarkable 83% of African Americans in favor of Medicaid expansion, compared with 45% of white non-Hispanic Americans.

As these facts reveal, **racial gaps as well as partisanship fuels state-level resistance to expanding Medicaid.** In GOP-led states in the Deep South resistant authorities are catering to whites only, instead of responding to all of their citizens. But state resistance will likely not last. Despite (and hopefully because of) injustices, resistant governors and legislators will continue to hear calls for expansion. Fiscal realities will hit home, and pressures will build from public opinion as well as from providers and hospitals. Affordable Care is meant to extend health insurance to all Americans, and leaving out many of the poor will not be sustainable.

Read more in Colleen Grogan and Sungguen Park, "Expanding Access to Public Insurance in the States: Public Opinion and Policy Responsiveness," Association for Public Policy Analysis and Management, November 2013.