



The GOP Civil War over Medicaid Expansion in the States

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The Affordable Care Act (also known as “ObamaCare”) funds the expansion of Medicaid in the states to include people just above the official poverty line. Although the architects of the original health reform law enacted in 2010 assumed that all states would participate in this expansion, the June 2012 Supreme Court decision upholding most of the law left states free to refuse the expansion without losing existing Medicaid funding. This turned the Medicaid expansion into a major political battle. Most Democratic-run states endorsed expansion quickly, but states with Republicans partially or fully in control have experienced fights pitting business associations that often favor accepting new federal Medicaid funding against ideological conservative groups determined to block all aspects of health reform implementation. As of fall 2015, twenty GOP-run or influenced states had not adopted expansion. Our research uses statistical models and case studies to explain state choices. We examine both endorsements by governors and official decisions about expansion, usually through enactments or defeats in state legislatures.

Why Many GOP Governors and Business Groups Have Embraced Expansion

Even in very conservative states, Medicaid expansion has often been supported by business groups and governors. By law, the federal government pays all costs for the first three years, and 90% of costs in 2020 and beyond. By accepting expansion, states receive millions to billions of dollars helpful to health care businesses, state budgets, and overall economic activity.

In addition, hospitals and other medical care providers have extra incentives to support Medicaid expansion because, in the expectation that most low-income patients would gain coverage, the 2010 law gradually reduces payments to providers serving large shares of the uninsured. To avoid deep financial losses, doctors and hospitals have pressed for states to expand Medicaid – lobbying through their own associations and, in many instances, through local, state, and regional Chambers of Commerce. Responding to economic pressures, governors in 18 GOP-controlled states have signaled support for expanding Medicaid, and by 2015 ten Republican-dominated states officially decided to accept expansion.

Conservative Opposition from Three Intertwined Networks

But health providers, Chambers of Commerce, and liberals are not the only ones active in state Medicaid debates. Fierce opposition to expansion has come from right-wing activists, and above all from three networks of conservative organizations operating within and across the states.

- The **American Legislative Exchange Council** organizes lawmakers, private sector firms, and conservative activists to write and promote right-leaning model bills, including efforts to stymie

implementation of the Affordable Care Act. Affiliated legislators, including party leaders, have worked to stop Medicaid expansion through floor votes or committee maneuvers.

- The **State Policy Network** consists of free-market think tanks and policy communications organizations operating in all fifty states. Affiliated think tanks provide research and media support for conservative efforts to stymie Medicaid expansion. Several think tanks in this network, most notably Florida's Foundation for Government Accountability, have also intervened across many states with presentations, polls, legislative testimony, and media blitzes to whip up public and legislative opposition to Medicaid expansions.
- **Americans for Prosperity** is a nationally run, federated organization with 34 state chapters capable of launching protests, rallies, and media campaigns in policy battles and elections. Many state chapters have pressured GOP state lawmakers to vote against Medicaid expansion – using threats of arousing constituents against them or challenging them in coming elections.

How the GOP Civil War Has Played Out across the States

Our empirical research shows that states where Republicans control the governorship and both chambers in the legislature, or two out of three, have gone one way or another in decisions about Medicaid expansion in significant part because of the balance of capacities and pressures between these two dueling factions. Where mainstream business interests operating through Chambers of Commerce endorsed expansion and commanded the upper hand over the conservative networks, states tended to move ahead. But when businesses stood on the sidelines or were poorly equipped to lobby state governments, the best-established conservative networks with relatively substantial resources have managed to stymie expansion efforts. We have established this finding with statistical models. In addition, case studies reveal the dynamics.

- In **Michigan**, conservative networks faced off against well-organized business supporters of expansion, including the state Chamber of Commerce and many regional chambers outside of major cities. Although legislators in the American Legislative Exchange Council teamed up with Americans for Prosperity activists and the free-market Mackinac Institute in opposition, a business-oriented GOP governor managed to maneuver a 2013 expansion bill through the Republican legislature. Reluctant votes for the proposal came from conservative lawmakers pressed by economically vital health businesses in their districts.
- **Virginia** defeated expansion in 2013 and 2014. Here, the state Chamber of Commerce was a timid supporter and small business groups were strongly opposed. Right networks were highly active, with Americans for Prosperity-Virginia orchestrating demonstrations, ads, and polls, while think tanks sponsored oppositional research and legislative leaders in the American Legislative Exchange Council bottled up bipartisan expansion bills.

What is Next for Medicaid Expansion – and the GOP?

Whether holdout states will expand Medicaid to include all low-income uninsured Americans depends on shifting balances of power in Republican politics. This high stakes battle is but one of several ongoing GOP civil wars pitting ideologues determined to remove government from markets and social-welfare provision against many business leaders and associations that hope, as in the past, to use government spending to bolster their own profitable operations.

Read more in Alexander Hertel-Fernandez, Theda Skocpol, and Daniel Lynch, "Business Associations, Conservative Networks, and the Ongoing Republican War Over Medicaid Expansion." *Journal of Health Politics, Policy, and Law* (forthcoming).