

## EXPANDING MEDICAID IS COST-EFFECTIVE AND POPULAR, SO WHY ARE MANY STATES STILL RESISTING?

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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 previously 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 enroll about a quarter of their populations.

However, before the ink from President Obama's signature on Affordable Care was dry, more than 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 September 2014, well into the first year of Medicaid expansion, 23 states are still refusing to go forward. In those states, a coverage gap of more than 4.3 million exists. Ironically, in the states not going forward some lower-middle income people will be able to get federal subsidies to purchase private insurance plans on state exchanges, but their poorer neighbors who would have been included in the Medicaid expansion fall into the gap and will have no options.

### Which States are Refusing to Expand Medicaid?

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 just over a majority of the U.S. population. A few additional states such as Maine and Florida may accept the expansion for 2015 depending on the outcome of the November 2014 elections.

Partisan alignments do not explain everything, because nine states with Republican governors have broken from their party's predominant position. In Arizona, Iowa, Michigan, Nevada, New Jersey, New Mexico, North Dakota, Pennsylvania, and Ohio, Republican governors have supported Medicaid expansion and persuaded bipartisan majorities in their legislatures to go along. Other Republican governors are trying to do the same, especially in Indiana and Utah.

### 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 for 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 in 2012 and 2013, a graduate student and I estimated state-level public popular support for 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.

More recent evidence suggests that support for expansion has grown. A September 2014 Morning Consult poll revealed that “62% of all voters in states that have not expanded Medicaid coverage believe all states should expand the program.” Big majorities of Democrats and Independents feel this way, although only 36% of Republicans in these states currently agree.

In sum, **racial gaps as well as partisan and ideological opposition fuel state-level resistance to expanding Medicaid.** In GOP-led states in the Deep South, resistant authorities are catering only to conservative-minded whites, instead of responding to the needs and preferences of all of their citizens. But even in the Deep South, resistance is bound to soften as fiscal realities hit home and pressures build from providers, hospitals, and the public. Affordable Care aims to extend health insurance to all Americans. Leaving out many of the poor will not be sustainable.

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