

When Interests Collide

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January 2017

Governor Sandoval

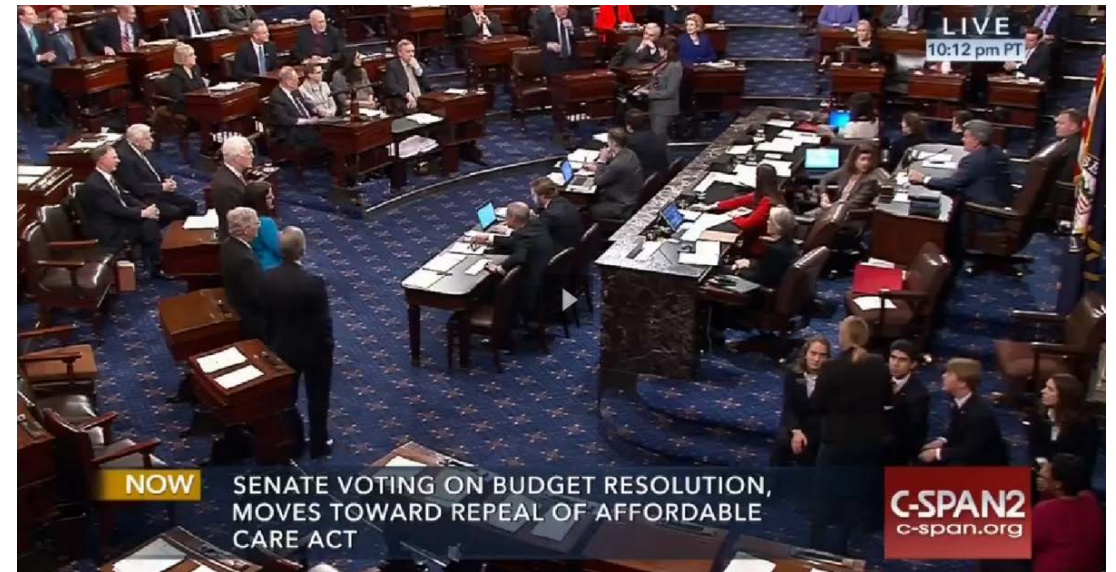
Going forward, we must ensure first that any new reforms do not mandate additional costs, and second leverage the advancements already made and paid for under the ACA. Moreover, you must ensure that individuals, families, children, aged, blind, disabled and mentally ill are not suddenly left without the care they need to live healthy, productive lives.

Letter to House Leadership, 5 January 2017

Support for vulnerable populations is a shared responsibility between the federal government and the states. In considering changes to Medicaid financing, it is critical that Congress continue to maintain a meaningful federal role in this partnership and does not shift costs to states. This includes the need for continued financial and programmatic flexibility to innovate and improve the efficiency of our Medicaid programs through new and existing health care transformation initiatives.

Letter to Majority Leader McCarthy, Chairman Brady, Chairman Walden and Chairman Foxx from the National Governors Association, 24 January 2017

Republicans in Congress



June 2017

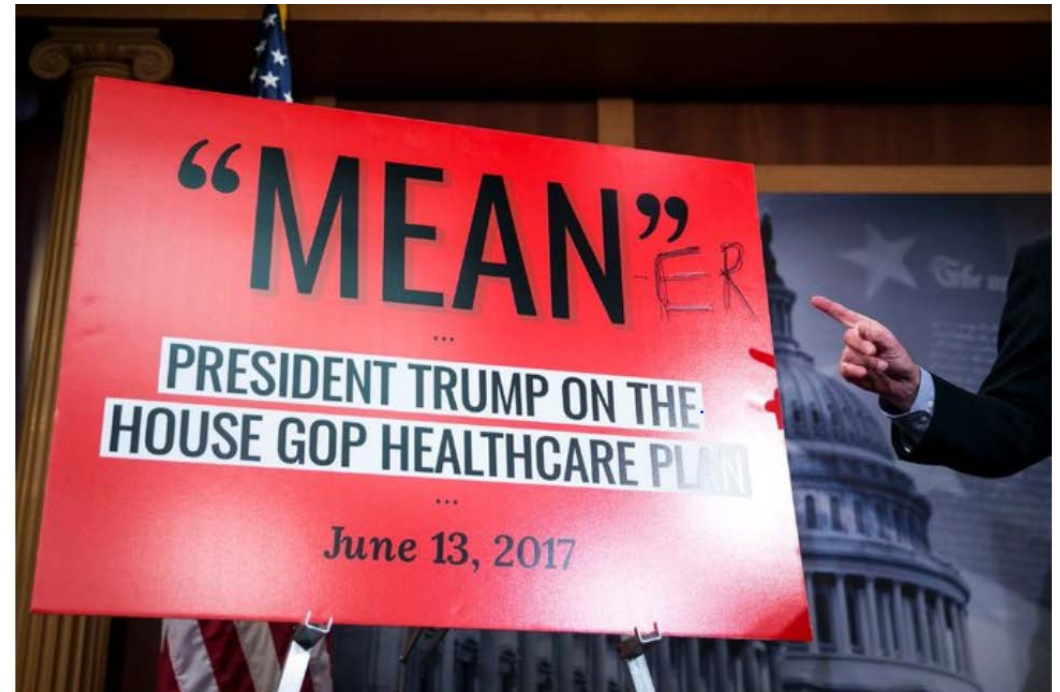
Governor Sandoval

Unfortunately, H.R. 1628, as passed by the House, does not meet these challenges. It calls into question coverage for the vulnerable and fails to provide the necessary resources to ensure that no one is left out, while shifting significant costs to the states. Medicaid provisions included in this bill are particularly problematic. Instead, we recommend Congress address factors we can all agree need fixing.

Letter to Majority Leader Mitch McConnell and Minority Leader Chuck Schumer from Governors Kasich, Hickenlooper, Bullock, Baker, Sandoval, Wolf, and Edwards, 16 June 2017



Republicans in Congress



Senator Chuck Schumer of New York, the Democratic leader, held a news conference at which he criticized the Republican health care bill on Thursday. Al Drago for The New York Times

July 2017

Governor Sandoval

Congress should be working to make health insurance more affordable while stabilizing the health insurance market, but this bill and similar proposals won't accomplish these goals. The bill still threatens coverage for millions of hardworking, middle class Americans. The bill's Medicaid provisions shift costs to states and fail to provide the necessary resources to ensure that no one is left out, including the working poor or those suffering from mental illness or addiction. The Senate should also reject efforts to amend the bill into a "skinny repeal," which is expected to accelerate health plans leaving the individual market, increase premiums, and result in fewer Americans having access to coverage.

Letter to Majority Leader Mitch McConnell and Minority Leader Chuck Schumer from Governors Hickenlooper, Bullock, Sandoval, Hogan, Wolf, Edwards, McAuliffe, Baker, Kasich, and Scott, 26 July 2017

Republicans in Congress



September 2017

Governor Sandoval

As you continue to consider changes to the American health care system, we ask you not to consider the Graham-Cassidy-Heller-Johnson amendment and renew support for bipartisan efforts to make health care more available and affordable for all Americans. Only open, bipartisan approaches can achieve true, lasting reforms.

Letter to Majority Leader Mitch McConnell and Minority Leader Chuck Schumer from Governors Hickenlooper, Walker, Wolf, Edwards, Baker, Kasich, Bullock, McAuliffe, Sandoval, and Scott, 19 September 2017

Republicans in Congress



Majority Leader Mitch McConnell said the Graham-Cassidy bill is dead, and the Senate's focus is now on tax reform. Photo: Ron Sachs / MediaPunch via IPx

Why do we see governors diverge from
their national co-partisans on major
policy issues?

Plan for the Talk

- How should we think about the behavior of Sandoval and other Republican governors in 2017?
- What did we see during the 2017 ACA repeal fight, and how does it compare to previous national health policy debates?
- What should we watch going forward?

Overview of the ACA's State-Based Provisions

- Medicaid expansion
 - Under *NFIB v. Sebelius* (2012), states could not be required to expand Medicaid
 - As of 2018, 32 states have chosen to do so
 - This includes 11 states who had a Republican governor at the time of expansion
- State-based marketplaces
 - States can create their own marketplaces or rely on the federal government to do so
 - Under *King v. Burwell* (2015), individuals can access subsidies and tax credits on either kind of exchange
- Ability to pursue flexibility in the form of waivers
 - Medicaid waivers
 - ACA-specific waivers

What We Know About States' ACA Implementation Decisions

- Largely a partisan story

(Barrilleaux and Rainey 2014; Jacobs and Callaghan 2013)

- Biggest predictors of opposition were whether a state's governor was a Republican and whether Republicans controlled the legislature
- Also helps explain differences in speed

- But other things mattered, too

(Hertel-Fernandez, Skocpol, and Lynch 2016; Rose 2015; Jacobs and Callaghan 2013)

- Strength of organized business support, especially relative to pressure from conservative networks
- Pro-expansion health care providers were especially important
- States with higher existing levels of Medicaid benefits moved faster

- Limited evidence of need driving decision-making

(Barrilleaux and Rainey 2014; Jacobs and Callaghan 2013)

- Uninsured population
- Amount of existing payments to high-need hospitals
- Per capita income

Are Governors Being Driven By Electoral Concerns?

- One possible explanation is that governors are afraid of being blamed for their national colleagues' decision to cut benefits.
- How good are voters at distinguishing which level of government is responsible for something?
- Answer: they can do it, but only sometimes, in certain circumstances.

(Arceneaux 2006, Malhotra and Kuo 2008)

Are Governors Being Driven By Electoral Concerns?

- An alternative electoral story: what happens at the state level is really about what's happening at the national level.

- Or, it's the president, all the way down.

(Rogers 2016; Sances 2017)

- State legislators' electoral fate is largely determined by presidential approval
- Evidence that voters punish the president's party even for local tax increases enacted via direct democracy.

- Partisanship also plays a role. When responsibility in a policy area is shared, voters assign blame to whichever actor is of the other party.

(Brown 2010)

What We Know About the ACA and Political Behavior

- Evidence that Medicaid beneficiaries are significantly less likely to register, vote, and take other kinds of political action.

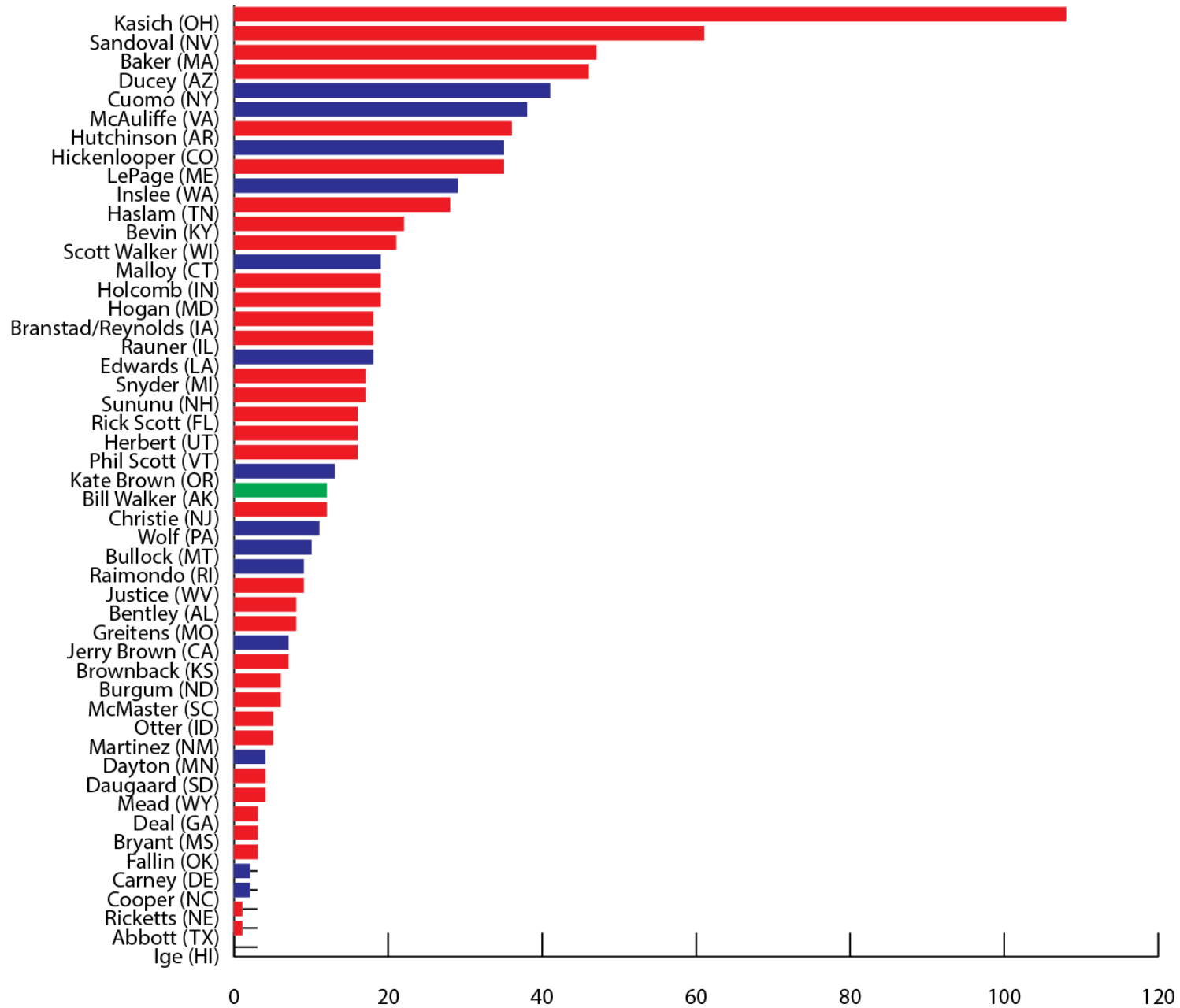
(Michener 2016, 2017)

- Evidence that Medicaid expansion increased political participation.

But:

- Increase in turnout for new beneficiaries but also a backlash effect among conservative voters
- Didn't necessarily persist past 2014

(Haselswerdt 2017; Clinton and Sances 2017)

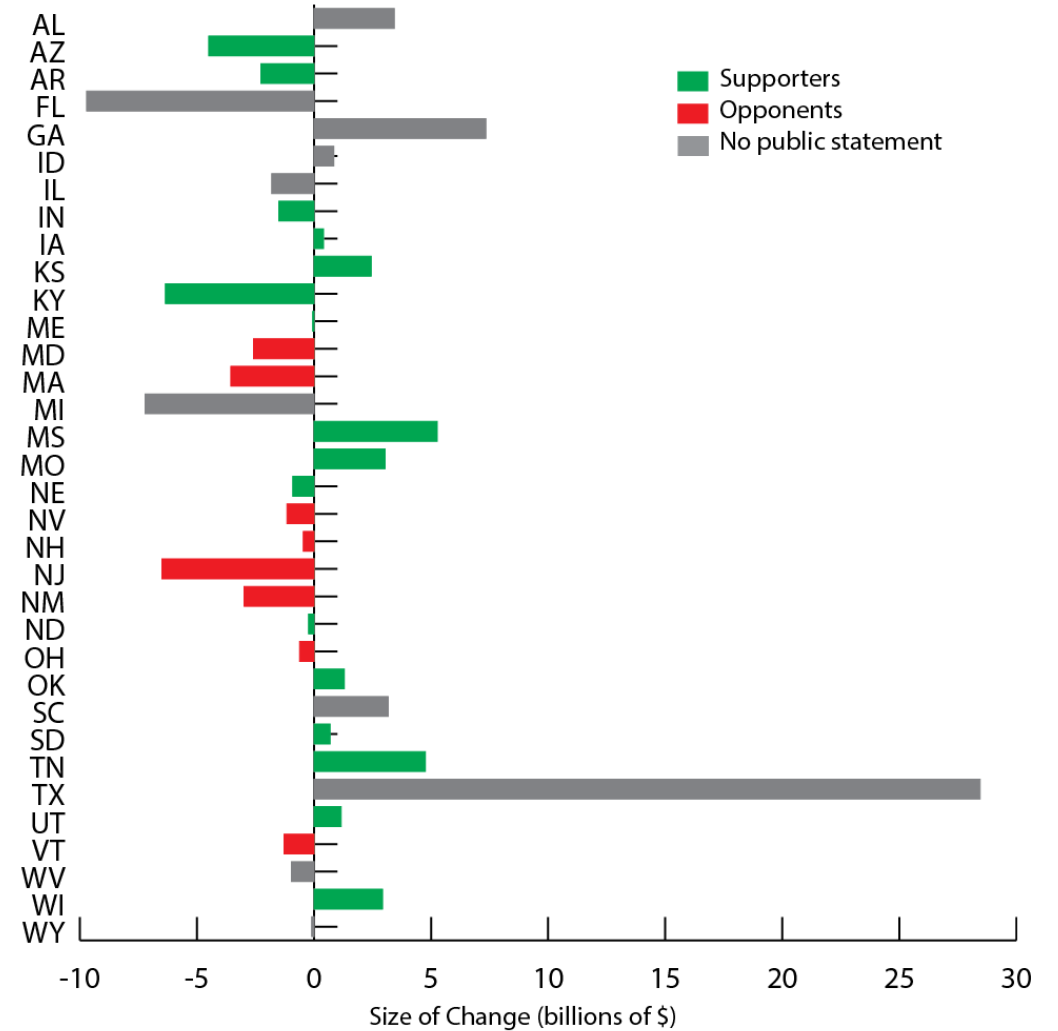


Number of newspaper articles between January and September 2017

Did Electoral Incentives Matter?

- 17 Republican governors in states that expanded Medicaid
 - 5 are term-limited and can't run again
 - 7 are running for re-election in 2018
 - 5 are not running in 2018
- Most active group was the term-limited governors, including Sandoval and Kasich
- Second most active group was those running for re-election. Includes repeal proponents Ducey and Hutchinson and opponents Baker, Hogan, and Scott.

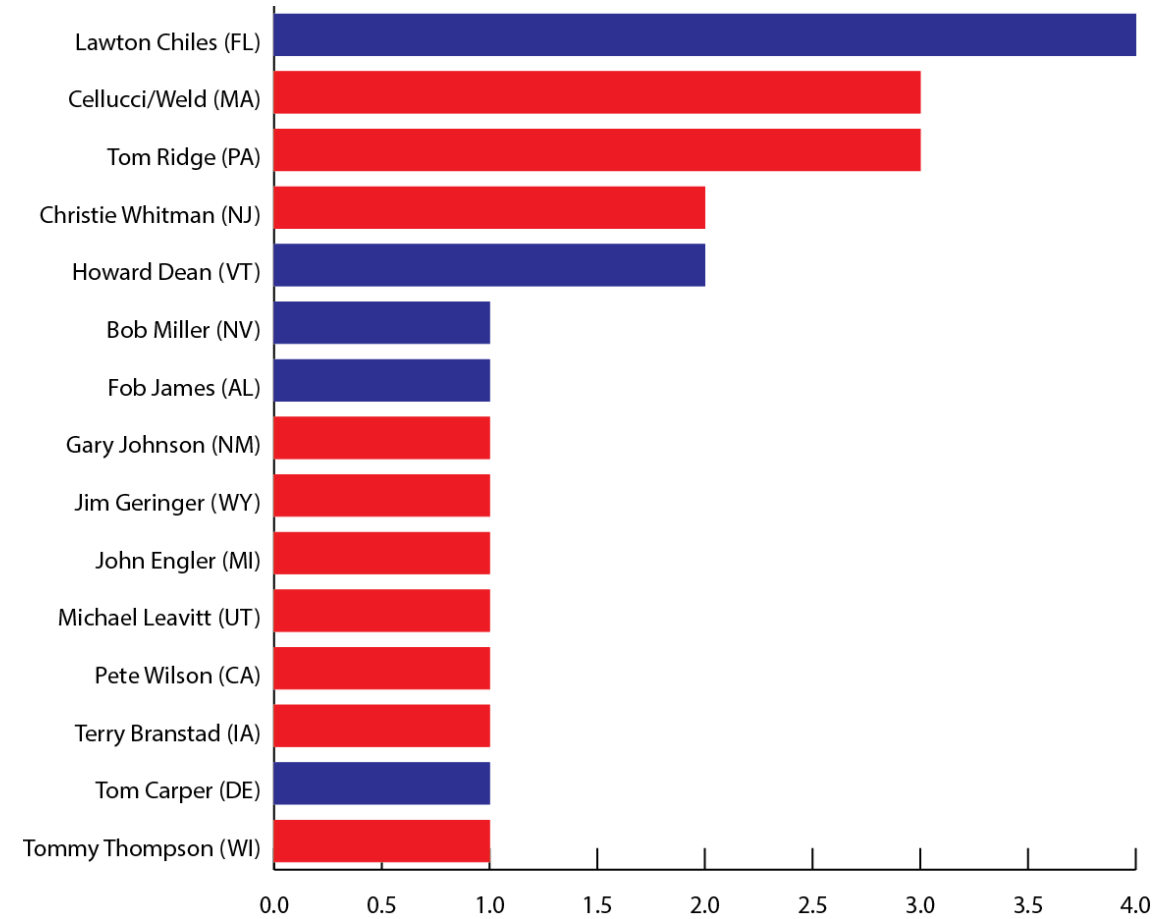
Change in Federal Funding Under GCHJ from ACA Block Grant and Medicaid Per Capita Cap, (in billions of \$), 2020-2026



Source: Kaiser Family Foundation, Table 2: <http://www.kff.org/health-reform/is-sue-brief/state-by-state-estimates-of-changes-in-federal-spending-on-health-care-under-the-graham-cassidy-bill/>

Was it about policy effects?

Is 2017 Unusual?



Key Differences Between 1997 and 2017

- Divided vs. unified government
- Losses vs. gains
- Bipartisan
- Incremental change
- Popular beneficiaries
 - “As chief implementers of federal law, governors welcome the opportunity the budget provides for governors to build on their successes in extending health insurance to more children.” —Governor Bob Miller (D-Nev.)

Conclusion

- Little reason to expect that governors' behavior was driven by concerns that Medicaid beneficiaries would punish them electorally.
- An electoral story that emphasizes broader place of ACA in national politics is more likely.
- Some suggestive evidence that policy effects may have played a role.

What to Watch Going Forward

- Now that major legislative efforts to repeal ACA have ended, where else might we see state-federal tension?
 - Massachusetts proposal to adopt a drug formulary for Medicaid beneficiaries
 - Idaho proposal to allow for sale of non-ACA compliant plans
- Are there other policy areas where we will see this play out?
 - Education
 - Environment