Comparison of Medicaid Expansion in Three Conservative States

201501004-SP

RTI Project Number 0214722.000

Prepared by:

STEPHANIE KISSAM, MPH

AMY MILLS, BA

ELYSHA THEIS, BA

ERIN BOLAND, BA

KYLE EMERY, MS

ALTON WRIGHT, MPP

HEATHER KANE, PhD

Prepared for:

Kansas Health Foundation

309 East Douglas Avenue | Wichita, KS 67202

RTI International

3040 Cornwallis Road | Research Triangle Park, NC 27709

Executive Summary

Background and methods

As part of the 10-year evaluation plan for the Kansas Health Institute (KHI), the Kansas Health Foundation (KHF) sponsored this study to learn what works in influencing decision-makers' perceptions of a health policy issue in three politically conservative states. In 2012, the Supreme Court ruled that states have the option to expand Medicaid to non-pregnant, non-disabled adults under age 65 with income less than 138% of the federal poverty line. Although intended as part of the 2010 Patient Protection and Affordable Care Act, once states had the choice to expand Medicaid, the issue proved controversial in many states, including Kansas, Nebraska, and Utah.

Researchers at RTI International interviewed 91 legislators, public officials, provider associations, business leaders, consumer advocates in Kansas, Nebraska, and Utah across two rounds - fall 2015 and fall 2016 - to understand the main factors influencing the debate around Medicaid expansion. We also reviewed news articles and social media posts, legislation and legislative testimony, and grey literature such as research briefs in all three states to understand how the debate unfolded. In our analysis, we sought to answer the question:

- In a similar political climate, to what extent does nonpartisan evidence inform legislative decision-making?

Summary of findings

None of the three states selected for this case study have decided to expand Medicaid fully, despite evidence of some positive effects from expansion. For example, 2015 Census Bureau data indicate that expansion states have lower uninsurance rate than non-expansion states (7.2 percent versus 12.3 percent).[1] Other studies project a net positive financial gain to the state budgets in expansion states for at least some amount of time.[2,3] Studies in Kansas, Nebraska, and Utah estimate similar results for these states, but several factors that may hinder these types of data and reports from being persuasive to decision-makers.

The political climate can stifle the ability for individuals and organizations to bring evidence to decision-makers. Governors in Kansas and Nebraska, and the House Speakers in Kansas and Utah, all strong opposed Medicaid expansion. Respondents noted several implications of this opposition. First, in Kansas, legislative leadership prevented discussion of Medicaid expansion-related bills in committees, removing a key venue for debate. Second, stakeholders with multiple issues before the legislature hesitated to spend their limited political capital on advocating for Medicaid expansion in the face of known opposition among political leadership. In Utah, where Governor Herbert favored Medicaid expansion, significantly more debate occurred in the legislature around different Medicaid expansion proposals, opening opportunities for presenting evidence on the implications of expansion. Ultimately, the Utah legislature passed a limited form of expansion in 2016. Finally, the political opposition to a health policy issue like expansion may be grounded in ideological concerns that cannot be argued on the basis of evidence or data. Common arguments against Medicaid expansion in all three states centered on (a) mistrust of the federal government to pay its share, (b)

concerns about the effects of federal spending on expansion on the federal debt, and (c) the association of Medicaid expansion with "Obamacare," which is unpopular among some constituencies.

Organizational capacity helps to form early and sustained coalitions who can focus attention on evidence/data in the public debate. Despite known opposition to Medicaid expansion among powerful elected officials, lead organizations with long-standing staff and broad missions in Nebraska and Utah formed multi-stakeholder coalitions earlier and for a more sustained period than in Kansas. Nebraska's coalition, led by Nebraska Appleseed, joined the hospital association and consumer advocates in coordinating research sponsorship and media messages. The Utah Health Policy Project became the home for Utah's Cover the Gap Coalition, which actively engaged the medical community as early as 2013 to support Medicaid expansion. In these two states, grassroots lobbying activity and media focus on Medicaid expansion helped to keep the issue in the public arena. Kansas, in contrast, saw the hospital association first working quietly with the executive branch to identify options for expansion, and only later come out as a strong vocal proponent of expansion (by 2014-2015). After the legislative session in 2016, the Alliance for a Healthy Kansas organized providers and consumers around community meetings, which offered venues for presenting data and evidence.

Evidence perceived as partisan is less persuasive. An organized coalition of individuals and groups may keep a focus on evidence or data around an issue, but decision-makers ignore evidence or data sponsored by groups that have a clear partisan position. Kansas is the only state with an entity – KHI – that maintains a neutral position. In Utah and Nebraska, the large number of reports with data on the potential impact of expansion from both pro- and anti-expansion groups became cacophonous, and perhaps crowded out debate on a single set of facts on (a) the number of people gaining insurance coverage, (b) the state budget, (c) the state health care system, and (d) the state economy.

Implications for KHI and KHF

Together, our findings point to a dilemma for KHI and KHF. Nonpartisan sources of information are rare, and may be more effective in persuading decision-makers than data and reports that are sponsored by organizations and coalitions with a clear partisan position. These neutral sources of information need effective messengers to make sure decision-makers receive this information early and in a sustained manner. However, if a source of information is used only by one side of a debate, the source may no longer seem neutral.

Among these three states, Kansas was alone in having a highly visible organization in the Medicaid expansion debate that maintained a neutral stance: the Kansas Health Institute (KHI). Numerous respondents mentioned KHI as an important, credible source of information about Medicaid expansion. KHI's level of visibility on this issue has remained constant over time, and they have produced reports that answer questions voiced by individuals on both sides of the debate.

For KHI, it is critical to maintain and cultivate perception of being nonpartisan for it to be effective. One potentially promising avenue for maintaining a neutral stance is to develop evidence that defines a range of policy alternatives even before an issue reaches a decision-making stage.

For KHF, one consideration is to identify the best messengers to amplify the dissemination of nonpartisan evidence produced out of KHI. Established organizations with broad issue base have potential

capacity to respond early in debates. For many public health issues, untapped opportunities to connect with local governments may exist; for example, in Utah more focus was on the benefits of Medicaid expansion for recently incarcerated individuals and individuals with mental illness – two populations that impact local government services specifically. Finally, effective coalitions can bridge provider and consumer interests, thereby avoiding wedge issues (like passing Medicaid expansion using a provider tax, or with cost-sharing requirements consumers) that can weaken alliances and diminish their voice for evidence.

Summary of Individual State-Level Findings

Kansas

The discussion around Medicaid expansion in Kansas has been relatively muted. Because of strong opposition from the Governor and legislative leadership, some organizations that favor Medicaid expansion, like the Kansas Hospital Association, were slow to vocalize in their support in 2012-2014, and no bill on Medicaid expansion received a hearing in the Kansas legislature until March 2015. By then, most provider groups reported the benefits of speaking in favor of Medicaid expansion outweighed the potential political costs of opposing the Governor's position on the issue. At the 2015 hearing, only a few groups spoke in opposition, and no new groups have emerged in opposition to expansion because expansion remains unlikely.

In December 2015, a rural hospital closed, highlighting the threat of hospitals' financial insolvency exacerbated by Kansas's failure to expand Medicaid eligibility. In May 2016, a more formal Alliance for a Healthy Kansas formed with support from health care foundations, provider associations, consumer groups, businesses, and religious leaders, and undertook community forums that received popular press attention. Other groups continued to emerge as more vocal proponents of expansion, including the mental health community, counties, and local chambers of commerce. By the August 2016 primaries, the issue of Medicaid expansion became linked with the state budget/tax policy crisis and school funding issues, and voters rejected bids from candidates who would continue to take a "limited government" approach to all three topic areas.

The most common arguments used for expansion have focused on economic impact on the state and providers. The most common arguments against expansion are mistrust of the federal government and concerns about the impact on the state budget.

The costs of not expanding Medicaid, combined with the continued ill effects of tax policy and education funding on the fiscal climate in Kansas, have galvanized support for expansion from new voices that were slow to emerge because of overwhelming opposition from the Governor and his administration. Furthermore, as the Governor reaches his term limit, his influence and threat to punish political opponents may be fading. At the same time, after the failure of 2016 legislation supported by KHA but not consumer advocates because of some of its policy features, respondents predicted that broader alliances within provider groups and across providers and consumers would form. This stands in contrast to the pre-2016 legislative session political environment, in which little (if any) coordination between the hospital association and other advocates for expansion occurred. Each has done their part to keep the issue of expansion in front of key legislators, and as a result, Kansas has seen small movements on this issue – like the first legislative hearing on the issue in 2015. Key stakeholders that respondents previously identified as missing in the debate, such as the larger business community, have also now become more vocal than before.

Nebraska

Medicaid expansion is a contentious political issue in Nebraska. Many in Nebraska see the Patient Protection and Affordable Care Act or "Obamacare" as an overreach of government, an extension of a welfare program, and something that the state of Nebraska cannot afford. Unique features of the Nebraska legislature, including its unicameral and nonpartisan structure, have facilitated discussion and resolution of divisive issues in the past. However, Medicaid expansion in Nebraska remains controversial.

Proponents of expansion led by Senators Kathy Campbell and John McCollister have proposed legislation to expand Medicaid 4 years in a row, starting in 2013, without success. Nebraska Appleseed and a coalition of other advocacy organizations have argued that expanding Medicaid is the "right thing to do." These proponents have also argued expansion would bring an economic boon to Nebraska, and have released numerous reports and white papers, conducted grassroots campaigns, and lobbied legislators. Opponents such as Governor Rickets and the Platte Institute argue that Medicaid is broken. Opponents also argue expanding Medicaid would take resources away from those Nebraskans who opponents view as actually vulnerable (those who currently qualify for Medicaid), and the federal government cannot be trusted to sustain 90% of the Federal Medicaid Assistance Percentage past 2020. The governor consistently states his opposition to expansion in the yearly state of the state address. Opponents, including the governor, also publish articles opposing expansion.

After the 2015 legislative session, state senators gathered feedback from opponents in an attempt to create a bill with a majority consensus on passing legislature that would expand Medicaid. In 2016, with the help of Senator Campbell, Senator John McCollister put forth legislative bill (LB) 1032, the transitional healthcare bill to expand Medicaid through a Section 1115 waiver to purchase private insurance for Nebraskans who do not have access to insurance through their employer. This model for expansion is currently in place in Arkansas. However, LB 1032 received fewer votes than the previous year's Medicaid expansion bill. The lack of support was attributed to fatigue among advocates and a result of the bill not having a fiscal note.

Utah

Although Medicaid expansion continues to be a contentious debate in the state, Utah is one of the rare politically conservative states that has actively and consistently pursued expanding Medicaid behind the strong support of Governor Herbert and leaders in the Utah State Senate. Proponents of expansion argue the state has a moral duty to cover the uninsured and cite the numerous economic benefits their state would receive by expanding Medicaid. At the same time, opponents of expansion raise the perils of increasing Utah's reliance on the federal government and the economic ruin that the cost of expanding Medicaid would result in. Proponents and opponents of expansion have both advanced their positions through a variety of activities including (1) traditional media publications, (2) social media campaigns, (3) public demonstrations and town halls, (4) conducting or sponsoring research, and (5) testifying in legislative hearings.

From 2012 to 2015, advocates of expansion successfully developed both public and legislative support for Medicaid expansion by publicizing personal stories of the suffering of still-uninsured Utahns as well as continually stressing the economic benefits of expansion. With this support, Utah's governor and leaders in the state senate proposed and lobbied for several Medicaid expansion bills which were all ultimately defeated in Utah's House of Representatives. Opponents of Medicaid expansion successfully

stymied proposals from the Governor or Utah State Senate by raising doubts over the accuracy of the costs projected for expansion as well as the state's ability to fund expansion. After three years of watching their proposals fail in the Utah House, Governor Herbert and state senate leaders conceded that full expansion, as had been proposed, was unlikely to ever pass the politically conservative house and that the state's best prospects were to accept whatever expansion plan might be approved by the House, no matter how limited.

In 2016, advocates for full Medicaid expansion continued to lobby as they had done over the previous four years but no longer had the support of Governor Herbert or leaders in the Utah Senate necessary to advance their proposals through the legislative process. However, members of the Utah House were able to finally pass and enact a limited expansion plan under the state's existing Medicaid program to cover a narrow group of Utahns suffering from substance use disorders and chronical homelessness as well as certain individuals in the criminal justice system. Although many advocates desired a broader expansion plan, they accepted this limited expansion as a 'something over nothing' solution to start helping even a small segment of needy Utahns while establishing a policy that could be expanded further in the future. Previous opponents of Medicaid expansion also supported this limited expansion plan after reasoning that it would help address two critical state issues in crime and homelessness and that it provided the state with greater fiscal certainty with the plan's budgetary caps and narrowly defined population. Despite passing even a limited form of Medicaid expansion, many individuals on either side of the debate are skeptical that this plan will receive the federal approval it requires.