



Perspective

U.S. Governors and the Medicaid Expansion — No Quick Resolution in Sight

Benjamin D. Sommers, M.D., Ph.D., and Arnold M. Epstein, M.D.

With President Barack Obama's reelection in November, the Affordable Care Act (ACA) will remain the law of the land for the foreseeable future. But since the Supreme Court ruling on the

ACA, states have been grappling with the option the Court presented — whether to participate in the expansion of Medicaid eligibility to all adults with family incomes at or below 138% of the federal poverty level. In the aftermath of the 2012 election, it is uncertain how this process will play out, but what the states decide will play a critical role in the future of the U.S. health care system.

We undertook an in-depth exploration of the views expressed by governors about the ACA Medicaid expansion from the time of the Supreme Court ruling in June through 1 month after the November election. Al-

though governors are, of course, only part of the state-level policymaking process, they directly oversee each state's Medicaid program in the executive branch and often set the terms of debate with the legislature. We collected public statements (for full methods and references, see the Supplementary Appendix, available with the full text of this article at NEJM.org)^{1,2} from documents published in the summer and fall of 2012. In five states with newly elected governors, we included campaign statements from the winning candidate. We identified major themes voiced by governors and cross-tabulated them according to

whether each governor supports the expansion, opposes it, or remains undecided (see Table 1). We then identified any changes since the election.

Table 2 shows the most common themes, according to governors' support for or opposition to the Medicaid expansion. Among governors opposed to expanding Medicaid, statements about affordability and impact on state budgets were nearly universal (92%). Cost concerns fell into several categories. Some pointed to the so-called woodwork effect, in which the ACA could draw previously eligible but unenrolled persons into Medicaid, at greater cost to the state. More than half the governors opposing expansion predicted that the federal government would renege on the generous terms of the ACA and scale back its share of Medicaid

Table 1. Likelihood of U.S. Governors' Support for Expanding Medicaid under the ACA.*

State (Governor's Party)	View on Medicaid Expansion		State (Governor's Party)	View on Medicaid Expansion	
	Before Election	After Election†		Before Election	After Election†
Florida (R)	Oppose	Undecided	Alabama (R)	Undecided	Oppose
Georgia (R)	Oppose	Oppose	Alaska (R)	Undecided	Undecided
Iowa (R)	Oppose	Undecided	Arizona (R)	Undecided	Undecided
Louisiana (R)	Oppose	Oppose	Colorado (D)	Undecided	Support
Maine (R)	Oppose	Oppose	Idaho (R)	Undecided	Undecided
Mississippi (R)	Oppose	Oppose	Indiana (R)§	Undecided	Oppose
Nebraska (R)	Oppose	Oppose	Kansas (R)	Undecided	Undecided
South Carolina (R)	Oppose	Oppose	Kentucky (D)	Undecided	Undecided
Texas (R)	Oppose	Oppose	Michigan (R)	Undecided	Undecided
Virginia (R)	Oppose	Oppose	Missouri (D)	Undecided	Support
Arkansas (D)	Support	Support	Montana (D)§	Undecided	Support
California (D)	Support	Support	Nevada (R)	Undecided	Support
Connecticut (D)	Support	Support	New Hampshire (D)§	Undecided	Support
Delaware (D)	Support	Support	New Jersey (R)	Undecided	Undecided
District of Columbia (D)‡	Support	Support	New Mexico (R)	Undecided	Support
Hawaii (D)	Support	Support	North Carolina (R)§	Undecided	Undecided
Illinois (D)	Support	Support	North Dakota (R)	Undecided	Undecided
Maryland (D)	Support	Support	Ohio (R)	Undecided	Undecided
Massachusetts (D)	Support	Support	Oklahoma (R)	Undecided	Oppose
Minnesota (D)	Support	Support	Pennsylvania (R)	Undecided	Undecided
New York (D)	Support	Support	South Dakota (R)	Undecided	Oppose
Oregon (D)	Support	Support	Tennessee (R)	Undecided	Undecided
Rhode Island (I)	Support	Support	Utah (R)	Undecided	Undecided
Vermont (D)	Support	Support	West Virginia (D)	Undecided	Undecided
Washington (D)§	Support	Support	Wisconsin (R)	Undecided	Undecided
			Wyoming (R)	Undecided	Oppose

* ACA denotes Affordable Care Act, D Democrat, I Independent, and R Republican.

† "After election" refers to views as of January 13, 2013. In states with newly elected governors, "before election" refers to the views of the outgoing governor, and "after election" refers to the views of the governor-elect.

‡ The mayor is the head of the government of the District of Columbia. In our analysis, we therefore treated the mayor of the District of Columbia as the figure comparable to the governors in the 50 states.

§ In these states, a new governor was elected in November 2012.

spending. Newly elected Governor Mike Pence (R-IN) compared the expansion to "the classic gift of a baby elephant. . . . The federal government says,

"We'll pay for all the hay — for the first few years."

Beyond cost, governors expressed concern about the lack of state flexibility or their belief

that Medicaid may foster dependence among beneficiaries. For instance, Dennis Daugaard (R-SD) declared that "able-bodied adults should be self-reliant" — in con-

Table 2. Common Themes in Governors' Statements on Expanding Medicaid, Stratified by Support for or Opposition to the Expansion.*

Group and Theme	No. of Governors (%)
13 Governors opposing Medicaid expansion	
Concerns about impact on state budget	12 (92)
States need more flexibility, freedom from federal oversight	9 (69)
Federal government will renege on funding	7 (54)
States would have to raise taxes to pay for it	7 (54)
Uncertainty, need more information	7 (54)
Medicaid is a "broken program," harms its beneficiaries	5 (38)
Entitlement programs create dependency	4 (31)
18 Governors supporting Medicaid expansion	
Medicaid will help cover the uninsured	14 (78)
Expansion bolsters state's preexisting efforts in health care	11 (61)
Will save state or taxpayers money	7 (39)
Medicaid will improve people's health	4 (22)
20 Undecided governors	
Uncertainty, need more information	15 (75)
Concerns about impact on state budget	11 (55)
States need more flexibility, freedom from federal oversight	9 (45)
Worried about having to cut funding for education and other programs	6 (30)
Waiting until after election to make decision	6 (30)

* Data are based on an analysis of 253 articles published between June 28 and December 7, 2012. Support for or opposition to the Medicaid expansion was determined on the basis of the most recent comments made by governors, their administrations, or both. Since the time of this analysis, 3 additional governors announced their support for the expansion in early January, bringing the revised total to 21 governors in support and 17 undecided. See the Supplementary Appendix for details on methods and a full reference list.

trast to children or people with disabilities, the traditional Medicaid beneficiaries. Others argued that Medicaid itself is the problem, calling it a "broken program" that provides poor care. Most vividly, Rick Perry (R-TX) said that adding uninsured Texans to Medicaid is "not unlike adding a thousand people to the Titanic."

Governors supporting the expansion focused on the desire to expand coverage to uninsured persons, arguing that insurance would lead to greater access to

care and improved health. Jay Nixon (D-MO) explained, "This will improve the health and the quality of life for hundreds of thousands of Missourians." Many governors who support the Medicaid expansion argued that it builds on previous coverage expansions in their states and that it would actually save their states money by replacing local dollars with federal funds. Peter Shumlin (D-VT) explained that opponents "are acting like we are not already paying for this. What we're proposing . . . is to pay

less for something that we are already paying for right now."

Among uncommitted governors, there were three dominant themes. First, three quarters of these governors said they needed more information on federal requirements, cost and enrollment projections, and policy alternatives. Second, affordability was a key concern, including the possibility of decreased federal funding in the future; as Jan Brewer (R-AZ) explained, "At any whim they could just pull the money. So yeah, I'm a little gunshy." Finally, early on, nearly one third of undecided governors said they were waiting until the election to evaluate their options.

Although some may have expected the uncertainty to resolve swiftly after the election, that has not happened: as of January 2013, a total of 15 of the 26 governors who were undecided before the election remained undecided (see Table 1). Some of this uncertainty reflects ongoing efforts to gather information about what will be permissible under the law. Several governors petitioned Medicaid to permit partial expansions, such as including only people with incomes of up to 100% of the federal poverty level. They reasoned that the federal government would pay the full cost of tax credits for people with incomes between 100 and 138% of the poverty level who sought health insurance through an exchange, whereas under the Medicaid expansion, states will have to pay 10% of the costs in the long run. However, the Department of Health and Human Services recently clarified that partial expansions would not be permitted.³

Some ACA supporters contended that governors' opposition

after the Supreme Court ruling was simply preelection political posturing and that most states would find the ACA's generous federal funding impossible to refuse.⁴ Some of the movement since the election bolsters this perspective: six governors have newly announced their support, including the first two Republican governors to publicly endorse the expansion. Two other governors who previously opposed the expansion have now indicated that their minds are not completely made up. Rick Scott (R-FL), previously one of the most vocal opponents of the law, explained, "The election is over, and President Obama won. I'm responsible for the families of Florida. . . . If I can get to yes, I want to get to yes."

However, not everyone changing position has endorsed expanding Medicaid. Five previously undecided Republican governors are now opposed, and some governors say they won't decide until 2015 or 2016. Some opposition may remain a negotiating ploy by governors with respect to opposing lawmakers or the federal government, but predictions of a rapid, pro-expansion resolution were apparently mistaken. Moreover, governors are

only part of the story; several statehouses (including the Republican-led Missouri legislature and the newly Democratic Maine legislature) plan to oppose their governors' positions on the expansion.

Overall, these results demonstrate governors' conflicting views about the value of expanding insurance coverage versus the costs and federal oversight involved in doing so through Medicaid. As the dust has settled after the elections, no clear consensus has emerged, with 17 states still undecided and well under half supporting Medicaid expansion. It now appears that the ACA's 2014 coverage expansion will have large unintended gaps, as low-income adults in at least a dozen states remain ineligible for any kind of public subsidy for health insurance. Although those with incomes above 100% of the federal poverty level will be eligible for tax credits for exchange coverage in states that decline to expand Medicaid, that will still leave millions of adults living below the poverty level without health insurance and without the means of acquiring it.

Though Medicaid was initially enacted in 1965, nine states did

not participate until 1970 or later, and it took nearly 20 years before the last holdout joined.⁵ One can only speculate about whether that history is about to be repeated, with insurance coverage for millions and the fate of the ACA hanging in the balance.

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From the Department of Health Policy and Management, Harvard School of Public Health, Boston.

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