



**MEDICAID:
POLITICAL DURABILITY, DEMOCRATIC PROCESS,
AND HEALTH CARE REFORM**

Professor Frank J. Thompson
Rutgers - Newark
&
Rutgers Center for State Health Policy - New Brunswick

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Medicaid: A Snapshot

- Federal grant costing the national government and the states over \$300 billion annually; federal contribution targeted at 57 percent of total; state allocations based on per capita income ranging from 50% to nearly 80%
- Over 50 million recipients in a given year with considerable churning; about 70 percent children and mothers; about 30 percent elderly and people with disabilities
- Means-tested program that increasingly serves low-income working people
- Very broad service package that goes beyond the medical model to cover long-term care
- Provider payment as the Achilles' heel

Medicaid Durability In An Era of “Unsustainable Entitlements”

- A widely held perception that, absent meaningful reforms, spending on the major federal entitlement programs is unsustainable
- Cost escalation as source -- rounding up the usual suspects
- Unsustainable entitlements as political artifact -- “starve the beast”
 - Tax cuts and the creation of deficit and debt as a central strategic insight of the conservative movement over three decades
 - Clinton: cleaning up the fiscal mess and paying the price
 - G.W. Bush quoting his grandmother: “I’ve learned if you leave cookies out on a plate, they always get eaten.”
 - Success of anti-tax movement in the states

Contending Perspectives on Medicaid Durability

- Pessimistic perspective
 - A program for the poor is a poor program – universalism more potent politically
 - Federalism and the constraining effects of interstate economic competition
 - Declining trust in government over the last half century
- More optimistic perspective
 - A fragmented political system dependent on supermajorities plus partisan polarization
 - De-stigmatization and the rise of supportive constituencies
 - Fiscal federalism: shared costs and the intergovernmental lobby

Why Target The Period Starting With Clinton?

- Features at least four interesting political alignments at the national level
- Encompasses successful and failed legislative initiatives to modify Medicaid
- Has years of robust economic growth and years of stagnation and downturn
- Unprecedented transformation of the program through executive branch action
 - The proliferation of Medicaid demonstration and programmatic waivers
 - Points to the growing significance of “executive federalism”

Executive Branch Dominance And Medicaid Durability

- The little noticed, technical, “small and boring decisions” of government often do as much or more to shape the health care system as more publicized policy choices – David Mechanic
- The Hacker thesis: a hidden politics of social policy retrenchment
- Executive federalism as a particular but not exclusive focus of this research
 - The dynamics and implications of waivers and related executive action
 - Waivers and other executive action as vehicles for retrenchment?
 - The alternative – as vehicles for enhancing Medicaid durability?

Particular Foci (Possible Chapters)

- The big picture
 - Failed efforts to convert Medicaid to a capped, block grant
 - The politics of federal match
 - Trend data on enrollment and expenditures in the aggregate and by state
- The effort to expand coverage for children – mandates and SCHIP
- Medicaid demonstration waivers as a vehicle for reinvention
- Medicaid programmatic waivers and the transformation of long-term care
 - Rebalancing toward home and community-based services
 - Curbing the Medicaid entitlement

Research Approach: Major Sources Of Evidence

- Vast scholarly and professional literature on Medicaid including work of think tanks
- Archival sources
 - Government documents from executive branch, statutes, regulations, legislative hearings, waiver proposals and evaluations, web pages of government agencies etc.
 - Newspapers especially in selected sample states
 - Files of key stakeholders such as the National Governors Association
- Data from CMS, the Census Bureau, AARP, and the Kaiser Commission
- Open-ended, semi-structured interviews with key national and state stakeholders

Quantitative Overview Of Medicaid Durability, 1993-

- Trend data on aggregate expenditures
 - By target group – women and children, elderly, people with disabilities
 - By function – inpatient hospital, outpatient medical, long-term care
- Trend data on aggregate enrollments by target group
- State-by-state trend data on expenditures and enrollments
 - Typology – high, medium, and low growth, etc.
 - Variation over time – accordion or ratchet metaphor?

Sample States For Visits And Targeted Investigation

- Some criteria for selection: variation on standard demographic and geographic indicators, baseline cases on take-up of children, political ideology, political institutions (e.g., related to legislative professionalism), novelty of approaches via waivers and other means, state variation based on quantitative typology
- Likely states: Colorado, Florida, Massachusetts, Minnesota, Missouri, New Jersey, Washington
- Other possibilities: Arizona, Ohio, Tennessee, Vermont, West Virginia, Wisconsin

Executive Federalism And Democratic Process

- Concerns of advocates and broader issues
- Do waiver approval and state plan amendment processes provide adequate transparency and opportunities for stakeholders (especially the disadvantaged) to voice their interests?
- Legislative branches at national and state levels shunted to the sidelines?
- Implications, if any, for Medicaid durability

Implications For Health Care Reform

- Through the lens of political viability
- Role in state reform initiatives such as Massachusetts and Minnesota
- Policy and administrative options for expanding coverage to more children and adults
- Policy and administrative options for elderly and those with disabilities
- Medicaid's possible role in comprehensive national reform