



In Many States, ObamaCare Has a Surprising Ally - The Chamber of Commerce

Alexander W. Hertel-Fernandez, Columbia University

The fifty state governments have turned out to have an even more central role in implementing the expansion of health insurance coverage than was originally envisaged in the Affordable Care Act legislated by Congress in 2010. When the Supreme Court upheld the law in June 2012, it also ruled that state-level authorities could decide whether or not to accept new federal funding to expand their Medicaid programs to people just above the poverty line. Health reform's architects envisioned this Medicaid expansion as a main vehicle for covering uninsured Americans – fully half of whom qualify for expanded Medicaid. But even though the federal government is slated to pay for almost all of the cost, partisan wars have raged in the states about whether to accept the expansion. As of mid-2014, two dozen largely Republican-led states have not yet taken action.

Although the states largely split on partisan lines, a number of states with GOP governors or Republican legislative majorities have agreed to expand Medicaid – and more such states may yet agree given divisions in forces in and around the GOP. Tea Party ultra-conservatives are uniformly against expansion, and some groups with business backers, like Americans For Prosperity, are very active opponents of the measure. But in many states, a key broad-based business association, the Chamber of Commerce, has lent its considerable clout to forces pushing for Medicaid expansion. Given that neither the national Chamber nor its state affiliates are known for supporting President Obama or boosting Democratic initiatives, why has this happened? Preliminary findings from my research shed light on these questions.

The Pattern of Chamber Support

Publicly available records allowed me to identify Chamber positions about Medicaid expansion in most states, and I then contacted Chamber spokespersons to fill in missing information. As my data show, although Chambers of Commerce in 24 states have remained on the sidelines, Chambers in another 24 states have publicly come out in support of Medicaid expansion. State Chamber endorsements are most likely in the Midwest and Mountain states, and least likely in New England and the South Atlantic region. Ironically, in several states, such as Arizona and Missouri, Chambers have actually waged high-profile political campaigns to lobby GOP-led legislatures for Medicaid expansion even while continuing to decry the Affordable Care Act overall.

Medicaid expansion was quickly accepted by all 14 states governed by Democrats, and Chamber support or lack thereof may not have mattered much in those states. But the position of the state Chamber of Commerce is clearly highly relevant in GOP-dominated states. Tellingly, state Chambers endorsed Medicaid expansion in all four states dominated by Republicans after 2010 that chose to sign on for 2014 – specifically, Arizona, Michigan, Ohio, and North Dakota. Chambers are also supporting expansion in Missouri and Virginia, where the issue is still being debated.

Why Many Chambers Support New Medicaid Coverage

What explains variation in state chamber stances? I am still looking into the factors at work, but three stand out so far across the fifty states.

- Chambers are more likely to come out in favor of the expansion if health care providers hold leadership positions. Only 25% of state Chambers without a health provider on their board of directors supported the Medicaid expansion, while 55% of Chambers with a health provider on their boards did so. This makes sense since health providers stand to benefit if formerly uninsured patients start paying for care. What is more, health providers face major losses in states that do not accept the new Medicaid funds, because the Affordable Care Act cuts back on previous payments to hospitals that provide uncompensated care to uninsured patients.

- More precisely, state chambers are especially likely to come out in favor of Medicaid expansion when providers serve on boards *and* a relatively larger pool of new enrollees would be covered. In states where providers do not serve on Chamber boards, moving from the smallest to the largest forecasted change in the new enrollee pools has no effect on the probability that the Chamber will endorse expansion. But in states where health providers do sit on boards, the probability of Chamber endorsement skyrockets as the potential new enrollee pool grows. In interviews, Chamber members say decisions to support expansion have not been ideological, but rather driven by the worries of providers, insurers, and employers about having to pay the cost of uncompensated health care.
- A final explanatory factor is whether or not state chambers have a dedicated staffer for health policy issues. Chambers with such policy expertise were more likely to support the expansion. According to chamber leaders, having a trusted health policy expert who can make the economic case for expansion especially helped to persuade employers not in the health care industry.

My initial findings have implications for how we think both about business mobilization in American politics and about the future of the Affordable Care Act. National business associations like the U.S. Chamber of Commerce and the National Federation of Independent Businesses have been critical of the Affordable Care Act, and some groups, such as the American Legislative Exchange Council, have worked tirelessly to block and undermine the implementation of health reforms. But at the level of the states, business groups are often more pragmatic in the stances they take about reform implementation – which can introduce clear-cut splits with national groups pursuing more ideologically driven positions.

As time passes, growing state-level business support for the federally subsidized Medicaid expansion may prove to be a central force sustaining the implementation of the Affordable Care Act, especially in otherwise very conservative states. More work is needed to identify the precise factors that lead states to expand their Medicaid programs, but Chamber support appears to have been important in those Republican-controlled states that have already moved forward. Overall, growing business support for this central part of the Affordable Care Act bodes well for health reform. In past major episodes of U.S. social policy expansion such as Social Security and Medicare, businesses have largely climbed on board during implementation, even if they opposed the original enactments. For Affordable Care, it may be déjà vu all over again.