
Explaining States' Medicaid Expansion Decisions: Does Money Matter?

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PAPER 5

By Claire Wilka

Research Question

American health policy has been subjected to a recent spike in politically polarizing legislative debates, while outside interests attempt to gain access and influence to policymakers in their decision-making process. The current implementation of the Affordable Care Act (ACA) has been politically divisive at the national level – with Democrats typically in support of the entire bill and Republicans typically opposed to the entire bill, but many policymakers at the state level have made their own decisions on what to do when implementing certain ACA portions. For example, Republican governors Christie (NJ) and Brewer (AZ) both successfully pushed their state policymakers to accept Medicaid expansion, a major portion of the massive health reform bill, which almost all Republican Congressmen are opposed to. At the same time, health interest groups have spent more money than any other sector of interest at the state level in the last couple years advocating in support of the ACA. It is apparent that lobbyists and political influences have focused many of their resources on this complex area of policy. Therefore, what explains the variance in state decisions on the Medicaid expansion program?

There is very little research on what influences state health policy. What little research there is available has produced mixed results on how much influence outside interests exert (Hojnacki, Kimball, Baumgartner, Berry, Leech, 2012, p. 4). The Medicaid expansion program is unique for analysis purposes for two reasons. First, the ACA is one of the first “common denominator health laws,” meaning it is a national health law all 50 states will be exposed to, unlike typical health laws that vary from state to state. Second, the Supreme Court’s 2012 decision to give states the option to accept Medicaid expansion has created interesting variation in the states’ implementation of the program.

The findings of this research are important for health care interest groups in the US, especially in future health reform debates when the groups want to know if they have the ability to influence policy decisions. More specifically, some of the key players involved include the State Medical Associations, State Hospital Associations, health insurance groups, and pharmaceutical companies. Other interested parties include the federal Centers for Medicare and Medicaid Services, state governors and state party organizations.

The dependent variable is whether or not a state accepts Medicaid expansion. Originally, the Affordable Care Act required all 50 states to expand Medicaid eligibility levels to an ACA-established minimum. Any state that refused to expand its program would lose all Medicaid funding from the federal government. However, a 2012 Supreme Court decision ruled that the federal government could not withhold Medicaid funding for states refusing to expand Medicaid. This decision effectively allowed state officials to opt out of providing Medicaid coverage to residents between the ages of nineteen and sixty-five who have a household income below 138% of the federal poverty level. Twenty-six states have chosen to do so (The Advisory Board Company, 2013). While many in the health care field believe Medicaid expansion, mostly paid for by the federal government, will help provide insured medical coverage for low-income Americans who currently cannot pay for their medical care, others believe the federal and state government should not increase public funding when the country already has a debt problem.

This paper will specifically look at interest group activity as a potential factor to explain a state's Medicaid expansion decision. Scholars generally have looked at activity, which includes both interest group density (the number of health groups registered in each state) and interest groups' monetary contributions to political campaigns, to explain policy outcomes. They have

often included other factors to explain policy decisions, such as the political party of the state government (both the governor and state legislature) and public opinion on the issue.

However, according to Potters and Sloof (1996), most studies on interest group power only give insight into a particular, confined aspect of interest group politics. This lack of the entire political picture often weakens interest group influence findings. Previous studies find interest groups' campaign contributions to government officials to have an influential effect on policy outcomes. However, these findings currently lack the concept of interparty competition. This paper argues that the monetary contributions from health interest groups matter more in states with a high level of interparty competition because as electoral races between Democrats and Republicans get more competitive, political candidates will rely more heavily on outside groups' campaign contributions in order to win future close elections.

To analyze this concept, I use two binary logistic regression models to test whether health interest groups' monetary contributions to both Democrats and Republicans have marginal effects on a state's decision to implement Medicaid expansion across levels of interparty competition. The first binary logistic regression model uses raw monetary contribution figures. The second binary logistic regression model uses the logarithm of monetary contributions in order to make states with large contributions more comparable to states with small contributions. Marginal effects plots clarify the substantive effects of the conditional impact of interparty competition on monetary contributions and how this influences states' Medicaid expansion decisions.

I find statistical significance in both models for three of my variables: monetary contributions in support of Medicaid expansion to Democrats, monetary contributions in support of Medicaid expansion to Republicans, and the number of lobbyist groups registered in each

state. Additionally, I find that the level of interparty competition in a state has a substantial effect on how the interest groups' monetary contributions influence state Medicaid expansion decisions. As expected, as a state's electoral races get more competitive, campaign contributions to Democrats make it more likely that state will implement Medicaid expansion. Surprisingly, as races get more competitive, campaign contributions to Republicans have a negative, albeit small, effect on a state's decision to implement Medicaid expansion.

Literature Review

During the last two decades, there has been an upsurge in theoretical and empirical studies on the behavior and political influence of interest groups. Political economics has moved away from the previous common assumption known as the median voter model toward a more realistic theory involving outside forces, such as interest group power (van Winden, 2003). However, there is still an ongoing debate in the scholarly literature on the real influence of organized interest groups on US policy. There are currently three major schools of thought to explain interest group influence: no influence at all, influence via interest group density, and influence via campaign contributions. Moreover, it is still important to consider other factors often cited as influential in policy outcomes, such as government control (political party) and public opinion.

Many people in the general public assume special interests sway politicians through their lobbying and campaign contributions, even when the public constituents are opposed to what the interest groups are supporting. Yet, some scholars have found no substantive effect of interest group activity on policy outcomes, especially the initial studies on the topic. For instance, there are several findings that have failed to find a connection between monetary contributions to

policymakers and influence on policy outcomes (Berry, 1977; Wright, 1985; Schlozman and Tierney, 1986; Gais and Walker, 1991; Nownes and Freeman, 1998). More recent research has found only a slight connection between interest group money and gaining influence on policy decisions (Grossmann, 2012, p. 185; Heaney, 2006, p.909). An example of this is Burstein and Linton's finding (2002, p. 397) that interest groups' monetary contributions have a significant impact on policy decisions only forty-five percent of the time, making their findings no more than suggestive. The most recent finding about a lack of interest group influence comes from a second study by Burstein (2003). He argues that when a major issue is at hand and a government official must decide how to vote, political party, ideology, and public opinion matter much more than what interest groups want. Not only does Burstein's research add to the argument that interest groups do not influence policy often, but it also highlights other factors influencing policy outcomes.

A second group of scholars emphasize the number of interest groups registered to lobby as important in their studies. Over the years, these studies have yielded mixed results. In terms of simple numbers, business interests dominate at both the national and state levels in the U.S. (Lowery and Brasher, 2004). There are still some disagreements as to whether or not the number of interest groups lobbying has any effect on policy outcomes. Schlozman and Tierney (1986) argue that the sheer number of groups indicates their influence in public policy. On the other hand, Heinz, Laumann, Nelson and Salisbury (1993) argue the very presence of so many groups suggests they are inherently disadvantaged in the public policy process to be lobbying so frequently.

Accurate data on the actual size and diversity of the interest group community has always been hard to find because a "comprehensive registry of groups lobbying all institutions of the US

government does not exist” (Holyoke, 2011, p. 13). However, it is generally agreed that the number has increased over the years. The number of groups registered to lobby the federal government in 1960 was 614 (Milbrath, 1963). The number grew to 1,326 by 1981 (Walker, 1983). Expanding on Walker’s findings, other studies identified 6,601 organized interest groups in 1986 (Schlozman & Tierney, 1986). In 1991, there were approximately 14,500 groups registered to lobby in Washington (Petracca, 1992).

Most scholars agree it is difficult to pin down the exact year of this interest group explosion, but the number today is enormous, which has injected a new level of competition into politics. The interest group explosion is not only apparent at the federal level. Nownes and Newmark (2008, p. 107) state that only about 15,000 groups were registered to lobby in the states in 1980, but that number more than doubled to 37,401 by 2008, increasing the average from 300 to 748 groups per state.

Many scholars find that interest groups have more influence on policy decisions as the number of interest groups registered to lobby in a state increases. Similarly, others state that interest group density, the number of lobbyist groups per capita, more accurately explains policy outcomes. The two measurements describe the same phenomenon in different dimensions. Lewis (2005) credits higher density with more influence because it conveys messages to policymakers more frequently, urgently, and efficiently. Similarly, Gray, Lowery, and Benz (2013) argue that a high density of health advocacy groups increases the likelihood of states adopting health reform. Gray and Lowery (1995) argue that the higher the number of interest groups in a state, the more likely that state’s legislature will have legislative gridlock on any issue. Conversely, Bowling and Ferguson (2001) find that as the number of interest groups in a state increases, the more gridlock there is in policy areas that typically have partisan disagreement and less gridlock in

areas that lack partisan disagreement. Gray and Lowery (1997) argue that as the density of interest groups increases, the population of PACs in that community increases as well.

Finally, McKay (2012) analyzes the number of interest groups influencing policy outcomes from a different angle. She argues that policymakers are fond of their jobs and are thus more interested in avoiding criticism than in receiving praise. Therefore, they are more likely to listen to interest groups opposed to a bill rather than to groups in support of a bill because they would rather continue the status quo than adopt a new law that is possibly resisted by the public. She finds that it takes three point five support groups to counteract the effects of one negative group on policy outcomes.

The final school of thought about interest groups' influence on policy outcomes looks at groups' monetary contributions to campaigns of government officials and whether or not this essentially buys the special interests influence. This argument is derived from the theory often known as the investment theory of party competition, which was developed by Thomas Ferguson (1995). In his model, Ferguson argues that political candidates appeal not to voters, but to investors able to advance candidates in their campaigns.

The interest group explosion that injected competition into state politics compels PACs to form and contribute more money to elected officials in order to fight for influence. Specifically, Lowery, Gray, Benz, Deason, Kirkland and Sykes (2008, p. 87) found that although affiliated health PACs (those connected to a health interest organization registered to lobby) accounted for only 23.8% of all health PACs, they were responsible for 76% of all monetary contributions, while unaffiliated PACs accounted for 76.1% of the state health PAC population but were only responsible for 24% of all contributions. Similar to national level results where affiliated PACs contributed 86% of all monetary contributions in all areas of policy combined, (Tripathi,

Ansolabehere, and Snyder, 2002, p. 133) it seems interest groups contribute money as a strategy to strengthen their lobbying efforts.

Neustadt (1990) claims that Congressional voting decisions result from the cumulative influence of a number of factors, including the wishes of their constituents, political allies, relevant interest groups, and their own feelings. Many scholars in past decades failed to find a connection between monetary contributions to electoral campaigns and influence on policy outcomes. However, there has been a fair amount of agreement over the years on the claim that campaign contributions from outside interests does indeed increase their *access* to candidates (Gopian, 1984; Langbein, 1986; Malbin, 1980; Sabato, 1984). This leads many to ask whether or not access can translate into real influence. Recent studies (Tripathi, Ansolabehere and Snyder, 2002; Gray and Lowery, 1997; Lowery, Gray, Benz, Deason, Kirkland and Sykes, 2008) find a much stronger relationship between lobbying interest groups and monetary contributions than previous studies. Additionally, Stratmann (1998) finds that an interest group's monetary contributions are both a successful attempt to purchase Congressional votes and to influence future elections.

Gordon (2001) adds a new element to the conversation: the influence of campaign contributions depends on the vote context. Since much of the research on campaign contributions and legislative voting behavior has shown ambiguous results, she finds that contributions have a stronger effect on those legislative votes that are crucial to the outcome of the legislation because not all votes are created equal. Therefore, even though contributions may influence only a small number of the total votes, they have a significant impact on the overall legislative outcome because they may "swing" legislators on the fence.

As Neustadt (1990) points out, it is important to consider the cumulative influence of all factors affecting a policy decision. Therefore, Burstein and Linton (2002) study the direct impact of political parties, interest groups and social movement organizations on policy. They provide evidence that all three types of organizations have a substantial impact on public policy decisions except when public opinion is taken into account – then the organizations do not have as large of an effect. Burstein and Linton also argue that political parties have a greater impact than interest groups. This is a natural assumption by many in the field, especially on gridlock issues that are highly partisan, as Bowling and Ferguson (2001) claim.

Furthermore, Democratic gubernatorial and legislative control make it more likely a health reform policy that expands the scope of government by adding new programs or spending more money will pass, and Republican control makes it more difficult (Miller, 2005; Gray, Lowery & Benz, 2013). Democratic control of the state legislature predicts how much states spend on optional Medicaid spending (Kousser, 2002). Thus, the political party of both the governor and in control of the state legislature is expected to affect a state's decision on the Medicaid expansion program, as Democrats are more likely to favor it than Republicans.

Additionally, most studies in the literature include public opinion as a possible explanation for policy outcomes, as stated by Miller (2005), who finds that public opinion is the most frequently studied political determinant of state policy analyses. Several scholars agree that public opinion reduces interest group influence (Burstein & Linton, 2002; Burstein, 2003), especially on very salient issues the general public is aware of (Grasse & Heidbreder, 2011). However, Abramowitz (1980), finds that specific policy votes, except very few, have any salience with the general public. Furthermore, there are mixed results on public opinion's influence on health policy specifically because it is such a complex issue area that most citizens

do not understand. Yackee (2009) finds that citizen ideology positively influences the passage of medical malpractice reforms in state policy, but Gray, Lowery, & Benz (2013) argue that on a more holistic scale, public support for health reform is sometimes very strong; other times it is very against reform. Therefore, since public opinion is usually not a decisive factor in policy outcomes but can alter the effects of other factors, it should be included in any health policy analysis.

There are several competing arguments about what causes state level government officials to make health policy decisions. Much of the literature thus far has focused on the number of interest groups registered to lobby, campaign contributions from the interest groups, the political party of government officials, and public opinion as factors determining policy outcomes. Scholars in recent years have found more substantive results about interest group influence than their predecessors. What is missing in previous studies is the electoral concern element of policy decision-making. Walker (1969), argued that an elected official facing a closely contested election would be more likely to advocate newer, more expansive programs because these programs pleased a lot of the voters. More recently, Pracht (2007) and Boushey (2010) discover tighter electoral races cause governors to listen to outside interests more often when making their policy decisions because money is at stake and needed for reelection. This concept is known as interparty competition and indicates the level of competition between the Democratic and Republican parties for control of government (Gray, Hanson, Kousser; 2013). When examining states' Medicaid expansion decisions, I argue that the level of interparty competition in a state matters because tighter electoral races make the interest groups' monetary contributions to campaigns more important. Specifically, this research will analyze whether health interest groups' monetary contributions to both Democrats and Republicans have marginal

effects on a state's decision to implement Medicaid expansion across levels of interparty competition.

Theory & Hypothesis

The literature thus far on how interest groups influence policy is divided into three main theories: no influence, influence via the number of registered groups, and influence via campaign contributions. This paper applies the final theory mentioned in the literature, Ferguson's (1995) investment theory of party competition, to health policy – a very salient, complex and politically polarizing topic. As the cost of political campaigns has skyrocketed in contemporary politics, the logic of money driven political systems has become more and more applicable, especially as the number of interest groups has exploded in recent years. Ferguson's theory states that political candidates do not appeal to voters anymore, but instead appeal to investors able to advance their political campaigns. According to this theory, state policymakers and interest groups develop a contractual relationship: the interest groups contribute money to government officials' campaigns, and in return, the government officials are supposed to make policy decisions aligning with the wishes of the groups.

I agree with the final group of scholars in the literature that monetary contributions give interest groups influence on policy outcomes. However, what is missing from previous studies that use the investment theory of party competition is interparty competition. Interparty competition is the level of electoral competition between Democrats and Republicans in a state, with 0.5 equaling no competition and 1.0 equaling perfect competition. I hypothesize that the interest groups' monetary contributions matter *more* in states that have a high level of interparty competition because the more competitive the electoral races between Democrats and

Republicans are, the more political candidates will need campaign contributions from outside groups in order to win future close elections.

Hypothesis 1 (H1): As interparty competition in a state increases, high monetary contributions to Democrats make it more likely a state will accept the Medicaid expansion program.

Hypothesis 2 (H2): As interparty competition in a state increases, high monetary contributions to Republicans make it more likely a state will accept the Medicaid expansion program.

In modern, competitive politics, health interest groups are spending more money than they have ever before (Hacker & Pierson, 2010) and more than every other interest sector (Landers and Sehgal, 2004). The recent political battle over the implementation of the Affordable Care Act has accelerated this phenomenon. Therefore, according to the investment theory of party competition, by contributing huge sums of money to both Democrats and Republicans at the state level, health interest groups are attempting to enter into a contractual relationship with the policymakers in the hopes that those policymakers will subsequently make a decision on the ACA's Medicaid expansion program that aligns with what the interest groups want. The question then is whether or not the policymakers will hold up their end of the contract and actually vote for Medicaid expansion like the interest groups call for. This paper theorizes that those government officials facing an upcoming tight election (both Democrats and Republicans) will make a Medicaid expansion decision aligning with what the interest groups want because they greatly need those interest groups' campaign contributions to win reelection.

Data & Methods

I test two binary logistic regression models. The first regresses a state's decision to implement Medicaid expansion on monetary contributions in support of Medicaid expansion to

Democrats, monetary contributions in support of Medicaid expansion to Republicans and interparty competition. I include two additional independent variables in the models: the number of groups registered to lobby and interest group density in each state. I control for public opinion on Medicaid expansion, the political party of the governor in each state and the political party in control of each state's legislature. I expect to find that my variables of interest are statistically correlated with my dependent variable.

The second model regresses a state's decision to implement Medicaid expansion but replace monetary contributions to Democrats and monetary contributions to Republicans with the logarithm of monetary contributions to Democrats and the logarithm of monetary contributions to Republicans, respectively.

Data for the dependent variable, state decisions on Medicaid expansion, are drawn from the Advisory Board Company (<http://www.advisory.com>, 2013). States that did not accept Medicaid expansion are coded zero (0) and states that accepted Medicaid expansion are coded one (1). The summary of the data is found in Table 1. The data are roughly normally distributed, with 24 states choosing not to accept Medicaid expansion and 26 states choosing to accept it. This gives the dependent variable a mean of 0.52, as noted in Table 1 along with all other descriptive statistics for the variables.

Data for all interest group monetary contributions to Democrats and Republicans come from the Institute on Money in State Politics in 2012 (<http://www.followthemoney.org>). I include money from groups in support of Medicaid expansion but omit money from groups opposed to Medicaid expansion for two reasons. First, data on opposition money is more difficult to find than support money and thus would make the results less reliable. Second, by omitting one side of money contributions, I am biasing my research to find no effect. If I then find support money

has an effect on state Medicaid expansion decisions, it will permit even more reliable results.

The groups in support of Medicaid expansion are all national associations that contributed money to state level Democratic and Republican politicians. Their monetary contributions are highly monitored, making the data for this variable very accurate. They are the National Medical Association, the National Hospital Association, the College of Emergency Physicians & Nursing Home Association, the Hospital Corporation of America, and the National Healthcare Association.

Table 1
Influencing Medicaid Expansion Decisions

Variable	Observations	Mean	Median	Std. Dev.	Min	Max
MEP decision	50	.52	1	.5046	0	1
Support Money to Democrats	50	111,063.6	42,500	182797	0	705,038
Support Money to Republicans	50	193,272.4	64,250	276,462	0	1,490,073
Interparty Competition	50	.86618	0.88	.08286	.694	1
Registered Lobbyist Groups	50	511.9	330	457.61	54	1564
Interest Group Density	50	1136.76	832	953.33	162	4729
Public Opinion	50	.481156	0.5025	.1025	.2467	.7055
Governor Party	50	.4	0	.4949	0	1
State Legislature Party	50	.84	0	.9337	0	2

As expected, the range for both support money to Democrats and support money to Republicans is large because states with a higher population inherently have higher expenditures and more politicians receiving contributions. There are six outliers to be noted. First, Illinois Democrats received \$705,038 and Texas Republicans received \$1,490,073. On the other end of the range, Connecticut, Mississippi, Wyoming, and Hawaii Republicans received zero monetary contributions from these particular health groups in 2012.

Interparty competition represents how close the states are to perfect competition between the political parties for control of government. This variable comes from a dataset calculated by Gray, Hanson, and Kousser (2013) and is called the Ranney competition index. It ranges from

0.500 (no competition) to 1.000 (perfect competition). With a mean of 0.86618, the data lie closer to perfect competition than zero competition in each state. Even though this Ranney competition index is calculated for the period 2007-2011, Gray, Hanson, and Kousser (2013, p. 89) state interparty competition is a long-term phenomenon and should be relatively stable within a few years of the calculation.

Data for the number of registered lobbyists in each state and interest group density also come from the National Institute on Money in State Politics in 2012 (<http://www.followthemoney.org>). Registered lobbyists are the groups and individuals able to lobby state elected officials on behalf of their clients, while interest group density is the number of interest groups represented by a lobbyist per capita in each state. Both of these variables have a large range, most likely because some states have denser populations than others, which naturally creates more interest groups.

Many scholars have cited public opinion as a common reason states make major policy decisions, therefore I will include it in the analysis. To measure public opinion in each state, I include President Obama's share of the popular vote in the 2012 election. These data come from the U.S. Election Atlas (<http://www.uselectionatlas.org>). There currently are no public opinion data on where the population stands on Medicaid expansion broken down by state. Since the Affordable Care Act was a highly cited issue in the 2012 election, using public support for Obama gives a close indication of public opinion on the Affordable Care Act's Medicaid expansion. According to the mean, President Obama won 48.12% of the popular vote in 2012, but this ranged from 24.67% in Utah and 70.55% in Hawaii.

Data on the political party of the governor in 2012 comes from the National Governors Association. Republican governors are coded zero (0) and Democratic governors are coded one

(1). The only previous Independent governor, Rhode Island's Lincoln Chafee, switched his registration to a Democrat in 2012. The political party of the governor is a dichotomous variable, and there are 30 Republican and 20 Democratic governors.

Data for the political party in control of each state's legislature in 2012 is from StateScape Policy Tracking and Analysis (<http://www.statescape.com>, 2012). Republican control of the state legislature is coded zero (0), split control where Republicans and Democrats each control one house is coded one (1), and Democratic control is coded two (2). Since Nebraska has a nonpartisan, unicameral legislature, it is coded one (1) as well. The mean is 0.84, which shows there are more states with a Republican-controlled state legislature than a Democrat-controlled legislature.

I test two binary logistic regression models. A binary logistic regression model is used to measure the relationship between a categorical dependent variable and one or more independent variables to predict outcomes of the dependent variable.

For the second binary logistic regression model, I take the logarithm of money to Democrats and the logarithm of money to Republicans. These two new variables replace the first model's money to Democrats and money to Republicans. This recalculation accounts for the disparity in the amount of money candidates are receiving in the states and makes the states with large amounts of money (such as Illinois and Texas) more comparable to the states with small amounts of money (such as Vermont). I include robustness tests for both models.

In order to test the conditional impact of interparty competition on monetary contributions and how this influences states' decisions on Medicaid expansion, I use two interaction tests: interparty competition's effect on support money to Democrats and interparty

competition's effect on support money to Republicans. I use a marginal effects plot for each interaction test to clarify substantive effects at every unit level.

I expect to find both models are statistically significant at less than a .05 level of significance, which is determined by the t score. I also expect to find the pseudo r^2 at a moderate .25 or above. I expect to find that my variable(s) of interest are significant at the .05 level, which is determined by the f score. Finally, I expect the marginal effects plots to be statistically significant at less than a .05 level of significance.

Results

Table 2 reports the results of the two binary logistic regression models. Model 1 reports the initial logistic regression model, while Model 2 reports the logistic regression model with the logarithm of money to Democrats and the logarithm of money to Republicans. Both models' results include the robustness test. The variables of interest, monetary contributions to Democrats and monetary contributions to Republicans, are statistically significant in both models.

Variables with high correlations with one another should be noted. Not surprisingly, support money to Democrats and support money to Republicans have a 73.5% correlation. The political party in control of the state legislature and states' decisions on Medicaid expansion is also correlated at 65.6%, probably because most states use their legislature as the final decision-maker when implementing policy. Also not surprising, the number of lobbyist groups registered in each state and interest group density are correlated at 69.4%. Lastly, the data in both models 1 and 2 explains the outcomes very well, as per the pseudo r^2 levels.

In both Model 1 and Model 2, as monetary contributions to Democrats increase, it is more likely the state will accept Medicaid expansion, which aligns with my first hypothesis. This

finding is expected since Democrats are already more willing to implement the Affordable Care Act than Republicans. As per my second hypothesis, I expected monetary contributions to Republicans to also increase the likelihood of a state accepting Medicaid expansion, but it was statistically significant in the opposite direction. According to the results in both models, high monetary contributions from the health groups to Republicans have a negative effect on the state's Medicaid expansion decision. This implies money is not always the answer for interest groups to persuade government officials on policy decision.

Table 2
Results¹

Variables	Model	
	Model 1	Model 2
Money Contributions to Democrats	.0000288(.0000143)*	1.9815(.6869)*
Money Contributions to Republicans	-.0000209(.000966)*	-1.8745(.6548)*
Interparty Competition	-6.066(8.996)	-1.3799(9.3413)
Number of Lobbyist Groups	.00484(.00197)*	.00353(.0017)*
Interest Group Density	.001477(.00103)	-.000724(.000675)
Public Opinion	5.6353(8.5708)	3.5719(7.9262)
Governor Party Identification	1.5167(1.059)	.64905(1.337)
Party in Control of State Legislature	.96916(1.0523)	.7358(1.0373)
Constant	-.98826(6.3615)	-1.9038(9.1975)
N size	50	50
Pseudo R ²	0.6028	0.5180
Significance of equation (f score)	.0386	0.0119

¹ Coefficients are reported with standard errors in parentheses.

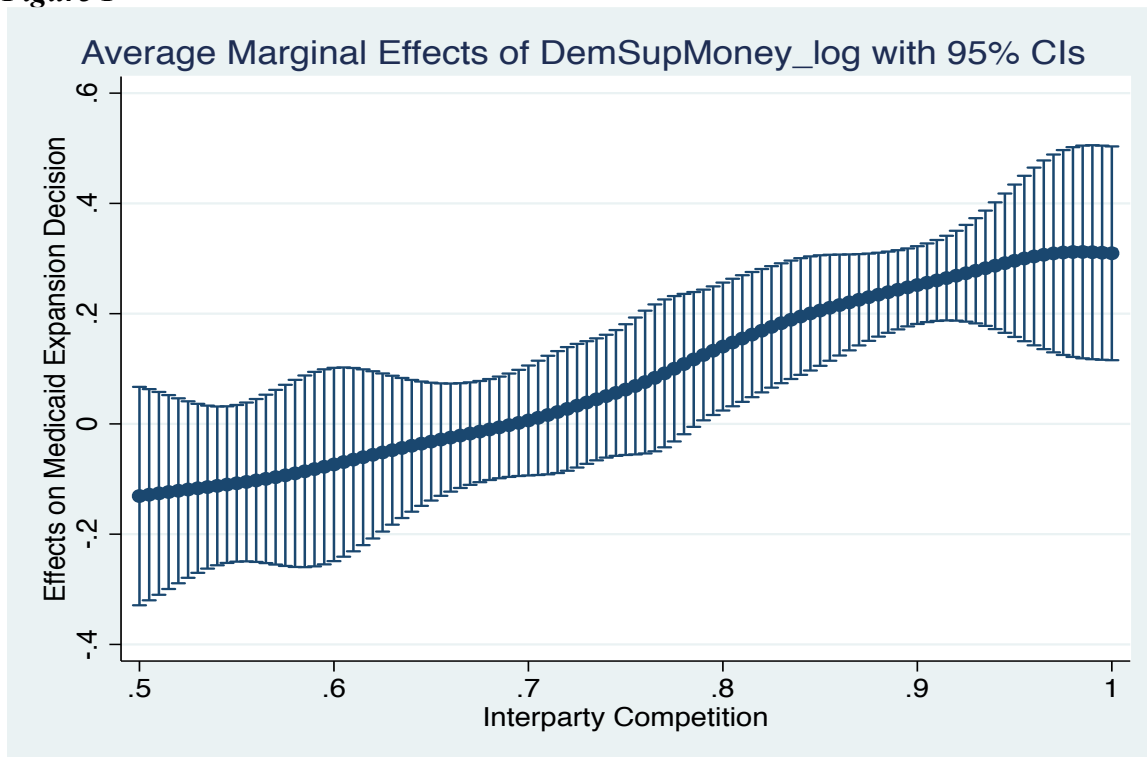
Note: * $p < .05$, two tailed test

The third variable of interest, interparty competition, does not have a level of statistical significance in either of the logistic regression models. The only other statistically significant independent variable is the number of lobbyist groups registered in each state, which is significant in both models. As the number of lobbyist groups registered in a state increases, it is more likely that state will accept Medicaid expansion. Contrary to what is often expected and

reported, the political party of the governor does not explain states' decisions on Medicaid expansion at a statistically significant level in either model. Additionally surprising is how interest group density is not statistically significant in my models, when many scholars have found this variable to be statistically significant in their analyses.

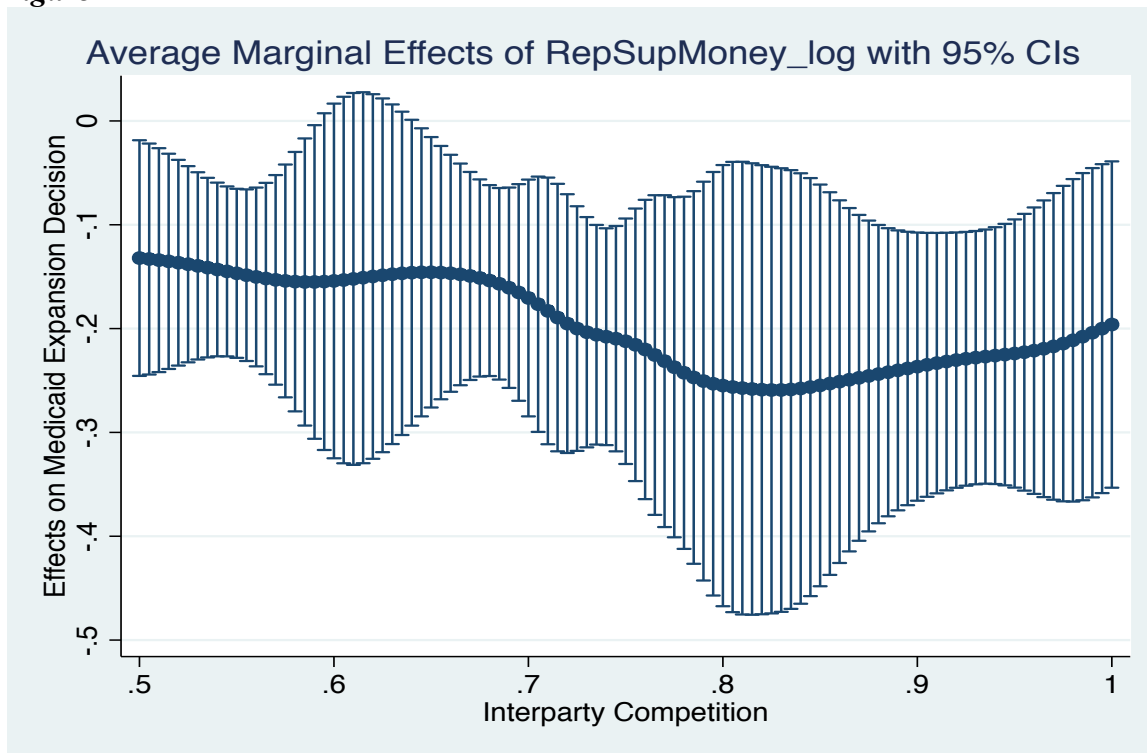
The marginal effects plot in Figure 1 shows the conditional relationship between interparty competition and support money to Democrats is statistically significant. As hypothesized, in states with electoral races that are not competitive (0 level on y-axis), money does not make any difference in the decision to accept Medicaid expansion. However, once interparty competition reaches .8 (x-axis), monetary contributions to Democrats have a substantive effect on states' Medicaid expansion decisions. This means that as a state's electoral races get more competitive, the large amounts of monetary contributions to Democrats make it more likely they will accept Medicaid expansion.

Figure 1



The marginal effects plot in Figure 2 shows the conditional relationship between interparty competition and support money to Republicans is also statistically significant. However, the results are very surprising in that they show the opposite effect of what was expected. According to these results, monetary contributions to Republicans had a negative effect on states' decisions to accept Medicaid expansion. The marginal effect of an increase in monetary contributions to Republicans on the decision to implement Medicaid expansion across levels of interparty competition depresses the likelihood of states adopting the Medicaid expansion program.

Figure 2



Even though it moves in the opposite direction than expected, there is a general statistically significant effect in highly competitive states. For instance, when interparty competition is at .8 (somewhat competitive electoral races), monetary contributions to Republicans is less likely to influence state decisions on Medicaid expansion. However, as

interparty competition increases from .8 to 1.0, the marginal effect of monetary contributions to Republicans increases. This means that even though it is still a negative effect, it is *less negative* and money does begin to have a small influence on Medicaid expansion decisions.

Conclusions and Implications

This paper asked what causes states to make their decision on the Medicaid expansion program, a major piece of the ACA. I argued that monetary contributions from the health organizations in support of the program makes states more likely to accept Medicaid expansion, and this money has an even greater impact in states with high interparty competition. The results of my analysis support my hypothesis for monetary contributions to Democrats, but surprisingly showed the opposite effect of what I expected to see for monetary contributions to Republicans.

The unexpected results on the conditional impact of interparty competition and monetary contributions to Republicans are most likely because the states that refused to implement Medicaid expansion even after receiving monetary contributions from health interest groups in support of the expansion are going to stick to what their political party wants, regardless of the implications this will have on future electoral concerns. These results surprisingly do not align with the expected contractual relationship aspect of the investment theory of party competition. Even though health interest groups contributed huge sums of money to Republicans' campaigns, the policymakers did not subsequently make policy decisions aligning with the wishes of the groups they receive money from, which in this case, would be to accept Medicaid expansion.

Another possible explanation for the results is that the phenomenon is a very recent development, so the data on monetary contributions is still somewhat difficult to measure with the utmost precision. Furthermore, I would have preferred to include both support and

opposition money, but the opposition monetary contributions data were not reliable enough to include in the models. Since every state reports their lobbyist spending differently and the majority of opposition money came from smaller, local groups, the opposition groups' monetary contributions to candidates are not as transparent as support money from the national health organizations in each state. However, since I did find significant results for both Democrats and Republicans even after omitting one side of the money and biasing my research to find no effect, they are reliable results.

If possible, future research on this topic should try to find the effect of support and opposition money battling one another on a policy decision. However, the statistically significant conditional relationships between both support money to Democrats and to Republicans and interparty competition on decisions to implement Medicaid expansion is extremely interesting so it would be helpful to study this relationship more. The results showing support money to Republicans had a negative effect on the decision to accept Medicaid expansion across levels of interparty competition weaken the investment theory of party competition. However, one possible way to study this relationship more holistically would be to apply the concept of interparty competition effecting monetary contributions' influence on policy outcomes to a health policy decision Republicans typically support and Democrats typically oppose to see if opposite results of the Medicaid expansion decision occur.

In terms of policy implications, the surprising results would lead me to argue contributing money to candidates' campaigns is not always the way for health interest groups to convince government officials to implement a policy aligning with the views of the groups. If an electoral race is tight between a Democrat and Republican, contributing money to the Democrats will influence their policy decisions, but contributing money to the Republicans will not change their

decision on health care. In this particular research, the Republicans that refused to implement Medicaid expansion were probably set on their decision from the very beginning (similar to Republican leaders at the national level) and receiving monetary contributions from the health interest groups was never enough to make Republican officials accept Medicaid expansion. However, in states with little competition or extremely high competition in their races, the monetary contributions started to influence Republicans' decisions on Medicaid expansion. The best example of this is Ohio: with a high interparty competition level of 0.926, heavy contributions to Republicans, and both a Republican governor and Republican-controlled state legislature, the state still decided to accept Medicaid expansion. It is possible the monetary contributions the officials received persuaded them to accept Medicaid expansion. Further studies, ideally at a larger level with more observations, could help to explain this interesting effect.

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