

**Bipartisan Support for Children's Health Insurance:**

**Part Myth and Part Reality**

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Submitted to Publius, special issue on Federalism and Health Policy. April 15, 2008.

## **Abstract**

Despite the bipartisan support surrounding the creation of the federal SCHIP program, recent efforts to reauthorize the program have fallen victim to fierce partisan debate. We focus on the program's intergovernmental financing and governance design to explain the apparent emergence of these partisan dynamics. Employing pooled cross-sectional time-series data across states and nearly a decade, we show how this design allowed federal policymakers to come together around the broad goal of expanding coverage to uninsured children while shifting the venue for more partisan debate over difficult administrative and benefit decisions to the states. Further, through the use of a separate SCHIP policy design and the flexibility associated with it, many states were able to further delay the emergence of partisan conflict.

When the federal government passed the State Children's Health Insurance Program (SCHIP) in 1997 it enjoyed broad bipartisan success (Iglehart, 2007). The new law promised a more generous federal matching rate for states to expand coverage to children in families with earnings in higher income brackets—up to 200% of the federal poverty level. States responded quickly to this federal financial incentive: 45 states elected to set up a program within one year of enactment and all the states had some type of SCHIP program in place by 2000 (Fossett and Thompson, 2005; Kronebusch and Elbel, 2004; Volden, 2002). While states were quick to develop SCHIP programs, enrollment in the programs initially grew slowly. Indeed, in the early years of the program there was substantial criticism targeted at the American states for such low take-up rates especially in light of large amounts of unspent SCHIP funding.

As a result, the federal government under the Clinton Administration pressured the states to increase their outreach efforts and to streamline their enrollment processes so that eligible children would be enrolled. The Bush Administration continued to encourage state investment in SCHIP under its 2001 Health Insurance Flexibility and Accountability (HIFA) waiver initiative “which explicitly encouraged states to apply for waivers to expand coverage to low-income populations” (Weil, 2007). By 2006, as a result of these federal incentives (and presumably pressure within states to expand coverage), substantial progress had been made in expanding coverage for uninsured children (and some uninsured adults)—states had reduced the rate of uninsurance among children by almost a third (The Kaiser Commission on Medicaid and the Uninsured, 2007). Many pundits and policy experts (in legislative hearings and in policy documents evaluating the program) touted the program as a major bi-partisan success. In many

respects SCHIP seemed to defy our typical understanding of the relationship between partisan politics and welfare expansion.

Yet, as the federal government considered legislation for reauthorizing the program in the summer and fall of 2007, a massive partisan debate emerged about whether the program had moved well beyond its original intent of covering poor uninsured children. Among the 523 members of Congress, all but one of the 280 Democrats (99.6%) voted for at least one of the SCHIP reauthorization bills. In contrast, of the 243 Republicans, only 26% (63 members) voted at least one of the bills. The meaning of these divergent votes was reflected in partisan framings regarding SCHIP's intended purpose. In general, the Republican position argued that government-funded SCHIP should be a narrowly targeted means-tested program for poor and near-poor (less than 200% of poverty) uninsured children, whereas children in families of greater economic means should be helped (through the tax code) to purchase private health insurance.

While we must never surrender in our fight for universal healthcare coverage, we need immediate solutions to address rising healthcare costs. I believe the first step should be covering all children. That is why I stand behind the Children's Health First Act. And it's why I support passing a comprehensive SCHIP reauthorization bill...I believe SCHIP is one of the best ideas to have come out of Congress in all my years on Capitol Hill. SCHIP has given millions of children access to affordable healthcare coverage [Statement of Congressman John D. Dingell, Chairman Committee on Energy and Commerce, Remarks prepared for Center for American Progress SCHIP Event, March 29, 2007].

In contrast, the Democratic position argued that SCHIP expansions—to children (and many argued adults as well) in families with incomes above 200% of poverty—should continue and the program should be expanded further to provide adequate incentives for states to ideally guarantee that all children have some type of health care coverage.

Democrat leaders in Congress are considering a massive expansion of government health care through a program called S-CHIP, which stands for State Children's Health Insurance Program. This program was designed to ensure that poor children without health insurance receive the medical care they need. I support S-CHIP for that purpose. I think it makes sense to have a program to help poor children get the health insurance they need. The problem is that Democrats want to expand S-CHIP far beyond its original intent. If their proposal becomes law, S-CHIP would expand its reach to include children from family that earn as much as \$80,000 a year, as well as some adults (President George W. Bush, Presidential Speech, June 27, 2007).

This strong partisan debate over SCHIP reauthorization in 2007 cast significant doubt on the notion of SCHIP as a bipartisan program, and raises several important questions about the relationship between partisan politics and welfare policy. Although there was bipartisan support for enacting SCHIP in 1997, did party control in the states influence the development of SCHIP policy? Or does the SCHIP reauthorization debate simply reveal partisan rhetoric at the federal level around welfare expansion and retrenchment issues that are not actually reflected in state policy choices?

We develop a model of state SCHIP eligibility policy and test three specific partisan hypotheses to explore these questions. Our findings suggest, first, that bipartisan support for SCHIP was rooted in the principle of intergovernmental financing combined with significant state flexibility over program design; second, that state decisions regarding program design have a significant impact on the degree to which party control influences SCHIP eligibility levels; and, third, while program design choice (specifically creating a separate SCHIP program) defers partisan conflict over expanded eligibility, partisan conflict emerges over time as the program develops.

This paper consists of four main sections. We begin with a review of the literature on the relationship between partisan politics and welfare policymaking. Based on this literature review, we argue that it is important to consider the nature of

intergovernmental dynamics and the extent of state discretionary decisionmaking within a particular policy domain to determine the role of party control. We turn then, in the second section, to a specific model of SCHIP policymaking to explain the importance of state flexibility when designing their SCHIP programs and determining eligibility levels. We discuss how this flexibility allowed states to develop a distinct SCHIP political dynamic where party control was less important initially compared to ‘traditional’ Medicaid policymaking where party control remained a more significant factor throughout the time period. As is customary, the third and fourth sections present our methods and findings. Finally, we conclude by reconsidering the literature on partisan politics and welfare policy, and by considering the implications of our findings for the development of national health reform.

### **Partisan Politics and Welfare Policymaking**

Especially since the 2000 election, which revealed such a strong partisan divide among American voters, there has been a resurgence among scholars thinking about the role of parties and partisan politics at the federal level (Geer, 2002; Fiorina, 2002). This marks a dramatic shift from a common understanding that since the 1970s party identity in America has declined substantially and has a minimal impact on election choices (Greenberg and Page, 1997; Wattenberg, 1996; Burnham, 1989). Using data from the National Election Studies, Bartels (2002) finds that the impact of partisan loyalties on voting behavior has increased in both congressional and presidential elections. The increase in partisan loyalty is particularly striking in presidential elections where the level

is almost 80 percent higher in 1996 compared to 1972.<sup>1</sup> However, at the same time that studies have shown an increase in party identification, other work shows mixed results concerning the relationship between political partisanship and welfare policy outcomes.

*Party Control and Welfare Benefits at the National Level.* Allan and Scruggs (2004: 496) point out that while a number of cross-national studies continue to show that the political power of liberal parties play an important role in the expansion of welfare states (Esping-Andersen, 1985; Garrett, 1998; Hicks, 1999; Hicks and Swank, 1992; Iversen and Cusack, 2000; Korpi, 1989; Shalev, 1983; van Kersbergen, 1995; Western, 1991), other studies “find little evidence of this partisan effect since the late 1970s (e.g., Castles, 1998; Huber and Stephens, 2001a, b; Ross, 2000).” Those that find little effect argue that there has been a sharp narrowing of political partisan differences since the 1980s in part due to broader changes in the global economy that have led to a changed social welfare politics where liberal parties are largely in the position of defending entitlement programs rather than arguing for expansion (Huber and Stephens, 2001a). Pierson (1996) argues that partisan theories of welfare state expansion do not provide adequate explanations of welfare state retrenchment; that is, retrenchment is not the mirror image of expansion. In fact, Pierson argues that despite the rise in neoliberal governments and an era of strong rhetoric for welfare state retrenchment, we find little change. He argues further that in light of the lack of retrenchment in welfare policy outcomes, we should view welfare states as resilient and not strongly influenced by partisan changes.

Allen and Scruggs (2004) take issue with this ‘little change’ hypothesis and argue

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<sup>1</sup> Miller (1991) and Miller and Shanks (1996) also find significant increases in strong party identification over time and strong correlations with voting behavior.

that part of the problem is how you measure welfare state change. Pierson (1996), Huber and Stephens (2001a, 2001b), and several other studies that find little change despite the presence of anti-welfare administrations rely on expenditure data to measure various aspects of welfare program spending. But, Allen and Scruggs point out, as have many others (Castles and Mitchell, 1992; Clayton and Pontusson, 1998; Esping-Andersen, 1987, 1990; Gilbert and Moon, 1988; Goodin et al., 1999), that such data are misleading because many factors other than government intent (e.g., economic and demographic changes) can affect welfare spending levels.<sup>2</sup>

Tellingly, when scholars look at programmatic measures of the welfare state they do find evidence of a link between partisanship and welfare state changes. For example, Allen and Scruggs (2004) analyze unemployment net replacement rates and find retrenchment over time under conservative regimes (in Germany, UK and the U.S.). Hacker (2004) theorizes about more nuanced ways of considering welfare policies changes, and when analyzing private pensions, Social Security and Medicare in the U.S. he is able to demonstrate important retrenchment policies which appear minute at the time of passage but take hold as real forms of policy redirection. In a somewhat similar vein, Howard (1997) highlights how the politics of “hidden” welfare policies—by providing welfare benefits through the tax code—is different from the politics of direct welfare spending. He emphasizes how it is particularly important to analyze these indirect (or hidden) welfare policies when considering welfare retrenchment (or expansion) and distributional consequences (see also Hacker, 2002). The Earned Income

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<sup>2</sup> For example, economic and demographic changes are often typically the biggest drivers of actual spending levels because such factors will determine enrollment in various welfare programs. In other words, the government can both lower benefits or lower eligibility levels and yet end up with higher welfare spending at the end of the year.

Tax Credit is an example of a bipartisan hidden welfare policy provided through the tax code which has enjoyed substantial increases under both Democratic and Republican controlled Congresses. Another form of welfare policy provision is that which is financed and administered through intergovernmental arrangements. The politics of intergovernmental programs may be similar to the hidden politics described by Howard because bipartisan support can coalesce around a particular concept allowing for passage and federal financing, while many of the difficult administrative and benefit decisions are passed on to the states. Thus one might find little evidence of a link between partisanship and support for some intergovernmental welfare programs at the federal level, but strong evidence of party control influencing benefit levels for the same welfare programs among the American states.

*Party Control and Welfare Benefits in the American States.* State-level studies are similar to the cross-national studies in that the findings are mixed with regard to the relationship between welfare policies and partisanship. At least with regard to Medicaid policy, some of the difference seems also to be explained by the measure of the dependent variable. In particular, scholars using total welfare spending (including federal mandated spending and state optional spending) as the dependent variable often find party control to be insignificant (Barrilleaux and Miller, 1988; Schneider, 1988; Kronebusch, 1993; Camobreco, 1996), whereas those using state discretionary policy measures tend to find a relationship (Grogan, 1994; 1996; Kousser, 2002). There seems to be general agreement that using expenditure levels as the dependent variable lacks precision to adequately isolate the determinants of state-level welfare policy changes, and that more specific discretionary policy measures are preferred (Grogan, 1994; 1996;

Hanson 1984; Soss et al., 2001; Fellowes and Rowe, 2004). However, the literature suggests that using a measure of state policy decisions will not necessarily show a strong partisan influence. While several studies find support for the influence of party control on redistribution programs (Smith, 1997; Barrilleaux, Holbrook and Langer, 2002, Barrilleaux and Brace, 2007, Rigby, 2007), other studies show constituent pressure, such as public opinion or liberalism (McIver, Erickson and Wright, 2001) or racial composition (Hero and Tolbert, 1996; Soss et al., 2001) to outweigh the effect of party control. These latter studies suggest that for certain policy decisions, public opinion might be so strongly in favor or against the policy that partisan differences converge and are insignificant in predicting state decisionmaking. We expand on this idea below by developing a model to explain the partisan dynamics surrounding SCHIP policy in the American states.

### **Theory of SCHIP Policy Decisions**

To the extent there was a debate in 1997 over passage of Children's Health Insurance at the federal level it was largely about whether the program should be set up as an expansion to the existing Medicaid program or created as a separate program. Proponents of a separate program argued that the mandated benefits under the Medicaid program were more generous than they needed to be for covering children of working families. They argued that if states could create a separate reduced benefit package, costs would be more manageable, allowing them to cover more children. They also argued that because Medicaid was stigmatized as inferior care for the poor, low-income middle-class families would not sign up for children's health insurance if it was attached to Medicaid.

Proponents of an expanded Medicaid approach argued that this would more easily maintain continuity of coverage (as family incomes rose, for example), guarantee a legal right to coverage under Medicaid's individual entitlement (that would be secured under periods of economic austerity), and reduce further fragmentation in the health care system (Rosenbaum et al., 1998).<sup>3</sup>

Eventually, the federal government decided to table this decision and pass it on to the states; that is, allow states to either expand Medicaid, create a separate SCHIP program, or a combination of both. Thus, these initial partisan differences were masked through the use of an intergovernmental design. This design allowed bipartisan support to coalesce around a particular concept—expanding coverage to uninsured children in working families—allowing for passage and federal financing, while many of the difficult administrative and benefit decisions were passed onto the states. Of course, this form of bipartisan policy agreement does not overcome partisan differences, but simply shifts the venue to a different place and potentially a different time. If this is the case, we would see a relationship between state partisan politics and state eligibility policy – even in the absence of federal partisan polarization on the issue.

As discuss above, however, the first decision for state governments when considering the development of their SCHIP policy was to determine whether they would use SCHIP funding to expand their existing Medicaid program or set up a separate SCHIP program (Volden, 2002; 2006; Kronebusch and Elbel, 2004; Fossett and Thompson, 2005). The predominant argument among the states setting up separate SCHIP programs was that this approach would allow them to expand eligibility levels

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<sup>3</sup> Of course, there were arguments that countered these various claims on both sides of the debate, but for the purpose of this paper it is important to under the main contours of the debate and how this filtered down into state policy decisionmaking.

because per capita costs would be lower. Given this state flexibility over program design, we expect states were able to further defer partisan conflict through the creation of a separate state SCHIP program (rather than expansion of Medicaid) because there was widespread belief that states could expand eligibility while still controlling costs by manipulating other aspects of program design. However, we conceptualize this effect as simply deferring eventual debate over long-standing partisan differences inherent to considerations of welfare program scope. Thus, we expect partisan conflicts to emerge as states with separate SCHIP programs develop over time. In sum, we propose the following three hypotheses regarding partisan politics and SCHIP eligibility policy:

1. There is a significant relationship between partisan politics and state SCHIP eligibility policy; in particular, SCHIP eligibility will be higher in states with united Democratic control and divided party control compared to united Republican control.
2. There is a significant relationship between program type and state SCHIP eligibility levels; in particular, state with separate SCHIP programs will have higher eligibility levels compared to Medicaid expansion programs.
3. The relationship between partisan politics and state SCHIP eligibility levels is moderated by program type suggesting two sub-hypotheses:
  - a. In states with separate SCHIP programs, party control has an insignificant affect on state eligibility levels, but has a significant influence over time as the program develops;
  - b. In states with Medicaid expansion programs, party control has a significant affect on state eligibility levels initially and throughout

the time period.

We test these three hypotheses alongside other factors expected to impact the political dynamics surrounding SCHIP eligibility. First, when analyzing the influence of party control it is important to control for state ideology (Erikson, Wright and McIver, 1994). However, rather than using a more general measure of state ideology, we employ an issue-specific ideology measure capturing public support for providing universal health insurance to children. As support increases, we expect SCHIP eligibility levels to increase, and since partisan conflict is deferred in states with separate SCHIP programs, we expect the influence of state ideology to be more prominent among Medicaid expansion states.

Second, we expect the cost of living index to have a positive affect on state eligibility levels. A recent public opinion survey (jointly conducted by National Public Radio, the Kaiser Family Foundation and Harvard School of Public Health), which asked Americans what income level would represent a fair SCHIP eligibility, provides some support for this hypothesis. The survey revealed that sixty-six percent support having families of four who make \$40,000 per year (roughly two times the poverty level) be eligible for SCHIP, but support dropped substantially—to 32 percent—when asked about the deservingness of families earning \$60,000 per year (300% FPL) ([www.kff.org/medicaid/7704.cfm](http://www.kff.org/medicaid/7704.cfm); p.2). They also asked what particular family income levels would characterize a family as poor or middle class, and found that opinions about poverty and middle-class status vary by geographic area and associated cost-of-living. Among respondents who live in the ten states with the highest cost of living, only 29 percent say that a family of four making \$40,000 is middle class, whereas among

respondents living in the remaining lower cost of living states, 46 percent consider such a family to be middle class.

We also consider theories of resource pressure in the model (Fellowes and Rowe, 2004). Following numerous studies that show a relationship between state resources and welfare benefits, we include state per capita income as an important control in the model. We also control for factors that affect the cost of SCHIP because as costs increase the state now requires more of its total revenue dollars for the same level of SCHIP policy. Factors that affect the cost of SCHIP include: the federal (enhanced) matching rate (as the price of SCHIP decreases for the state, the state will increase eligibility levels), the state's uninsurance rate (as the uninsurance rate increases, SCHIP eligibility expands, the program becomes more costly, and the state responds by decreasing coverage), and potential health service needs (as health service needs increase in the state, the SCHIP program becomes more costly, and the state responds by decreasing coverage or benefits). We hypothesize that the state's federal match is positively related to SCHIP benefit levels, whereas percent uninsured in the state and child health needs are negatively related to SCHIP benefit levels.

Finally, a few earlier studies explaining state SCHIP eligibility levels found controlling for the initial Medicaid eligibility level in the state to be important. States typically thought of their Medicaid eligibility level as a base from which to expand coverage to uninsured children under SCHIP (Ullman and Hill, 2001; Volden, 2002; Shi, Oliver and Huang, 2000; Goggin, 1999). Therefore, it makes sense that states with relatively high Medicaid eligibility levels in 1997 would set their SCHIP eligibility at

relatively high levels. Conceptually, we treat this variable as an attempt to control for program legacy.

The discussion presented above suggests the following theoretical model:

$$B_1 = f(\beta_2, PL, PT, R, PS, COLA, PCI, FM, UN, H)$$

The following definitions are used,

$\beta_i$  = SCHIP policy dimensions, where  $i = 1$  or  $2$ , and  $1$ =SCHIP income eligibility level as percent of Federal Poverty Level,  $2$ = program type (where  $0$ =Medicaid expansion and  $1$ =separate program or combination);

PL = Program legacy;

PT = Party control;

PS = Public support;

COLA = Cost of living;

PCI = State per capita income;

FM = SCHIP federal matching rate;

UI = state uninsurance rate;

H = health of the state's children population.

## **Methodology**

To test this theory we developed a pooled cross-sectional time-series dataset, which includes states' SCHIP eligibility policies from 1999-2007. Therefore, the data for this research include 50 cross-sectional observations and nine time-series observations to yield a complete set of 450 observations. Table 1 provides descriptive statistics for the variables included in the analyses, which are each discussed below.

In all cases, the dependent variable is the states eligibility level defined as the percent of the FPL. For states with different eligibility for the separate state SCHIP program and Medicaid, we used the higher SCHIP eligibility. And for states which set eligibility at different levels for different age children, we generate the age-weighted-average eligibility level following the procedure detailed in Ullman and Hill (2001). Finally for states with no maximum eligibility limit, we assigned a top-coded value of 400 percent. Other policy variables capture whether the state elected to use a separate SCHIP program design (coded 1) or a Medicaid expansion (coded 0), as well as a measure of the legacy of the state's earlier SCHIP policy (the 1997 eligibility level as a percent of FPL). Data on state SCHIP and Medicaid policies are drawn from a series of reports published by the Center on Budget and Policy Priorities (2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007) with data for missing cases drawn from Volden (2006) and Ullman and Hill (2001).

Partisan dynamics are measured with three dummy variables indicating: united Democratic Party control, Republican Party control, or divided control. United government was defined as one party controlling both houses of the state legislature as well as the governorship. For all years, Nebraska with its non-partisan legislature was coded as divided control. These data are drawn from Klarner (2003).

Public support is estimated by the authors' from the pooled cross-sectional data gathered as part of the 2000 Annenberg National Election Survey (described at: <http://www.annenbergpublicpolicycenter.org>). The specific variable is a dichotomous measure in which respondents (N=29,204) were asked whether they supported universal health care for children. These responses were aggregated at the state level, as well as

imputed for Alaska and Hawaii (state not included in the survey) based on the high correlation ( $r=.68$ ) between this measure and the Erikson, Wright, and McIver ideology data. Differences in state cost of living – a proxy for different state definitions of poor versus middle class children – were drawn from Berry, Fording, and Hansen (2003).

Resource variables include the state per capita income in \$1,000 (drawn from the U.S. Census), the state's SCHIP matching rate for the time period in which eligibility is being debated (drawn from annual Federal Register Announcements), rates of uninsured children and infant mortality (drawn from the KidsCount Data Center).

We estimate random-effects GLS regression model for these cross-sectional, time-series data. The random effects model was selected due to its increased efficiency, as well as ability to capture both variation and change in state policy. However, we also estimated fixed-effect models in which the findings for shared variables were in the same direction, followed the same patterns of statistical significance, and provided the same substantive interpretation. In all models, we control for the year with a count variable in which the first year of the time-series is coded as zero and the following years are coded one through eight. This specification allows for a measure of direct association between year and eligibility, as well as allows for a meaningful interpretation when we test interactions between year and party control. After estimating the model on the full sample of state-years, we test whether partisan dynamics differ across program designs by separating the sample into state-years in which the state has a stand-alone SCHIP program (coded 1) versus only a Medicaid Expansion (0). The models are then re-estimated for each sub-sample.

## **Findings**

The findings suggest support for all three hypotheses, presented in Table 2. The first model tests for partisan effects among the full sample. As expected by Hypothesis 1, despite bipartisan support at the federal level in 1997, we do see a relationship between state partisan politics and state SCHIP eligibility policy. States with United Democratic Party control (versus the omitted Republican control) are expected to set eligibility levels 9.2% higher. However, in Model 2 we uncover a significant interaction between state party control and time. Since time is coded as a count variable beginning at zero, we can interpret the coefficient for Democratic control in Model 2 as the (non-significant) association between party control and SCHIP eligibility in the first year of the time-series (1999). However, the significant interaction suggests that the impact of Democratic Party control increases by 4.2% each year.

Model 3 includes the measure of SCHIP program design, which was expected to be positively associated with eligibility (Hypothesis 2). As predicted, a state's choice of program type has a large and significant effect on SCHIP eligibility levels. In particular, states that created a separate SCHIP program set higher eligibility levels on average. We recognize that the inclusion of program type in the model raises concerns about endogeneity, and whether program type is correlated with other exogenous variables in the model that would bias the coefficients. One way to determine whether endogeneity is a problem is to test the model with and without program type to observe whether the direction, size and significance of the coefficients change. We can see that the other variables in the model are quite robust and unaffected by the inclusion of program type in the model. In addition, we do not expect that the choice of program type is confounded

with our key variable: party control since states under Democratic versus Republican Control during the early years of this program were no more or less likely to choose one form of program design ( $F=.069$ , full results not shown).

Tests on the full model are useful to show, first, that decisions regarding program type influence SCHIP eligibility levels, and, second, that inclusion of this variable does not bias other findings in model. However, the full model results mask whether the effect of various factors on eligibility varies by program type. Multiple interactions could be included in the full model to test this question, but for ease of presentation we separate the data into two separate samples: state-years with separate programs and state-years with Medicaid expansions. For each sub-sample, we re-estimate models 1 and 2 in order to test first the direct association between party control and eligibility and then to see whether this relationship has changed over the time period.

The most important finding is that the relationship between party control and SCHIP eligibility levels is different by program type (hypothesis #3). As predicted, for both program designs, Democratic Party Control is positively associated with eligibility levels. (In addition, divided control exerts even a stronger relationship among Medicaid Expansion states). But, it is only for states with separate programs that this relationship varies across time. Similar to the time-party dynamic identified in the full sample, there is no significant relationship between party and eligibility at the early time period. However, over the following years, a partisan dynamic emerges in which Democratic Party control is associated with more generous eligibility levels (Hypothesis 3a). While this influence increased over time in separate program states (year x united dem), there was no change in partisan dynamics among Medicaid expansion states (Hypotheses 3b).

In Medicaid expansion states, the influence of both united democratic control and divided party control (compared to united republican control) had a strong positive impact initially and remained the case as SCHIP policy developed over time (see Figure 1 for an illustration of these different effects over time).

There are also some differences in the effect of other factors on eligibility levels. While program legacy and the cost of living index are significantly positive for all model specifications, the effect of state ideology and the resource variables are different by program type. In particular, public support has a significant influence on eligibility levels in separate program states, but is insignificant in Medicaid expansion states. This is consistent with other studies suggesting that when partisan conflict is less significant, state ideology can play a larger role. While cost factors—the federal matching rate and the percent uninsured—are significant predictors of eligibility in the Medicaid expansion states they are insignificant in the separate program states. The insignificance of these cost indicators for separate program states may be due to the fact that these states specifically preferred the separate program approach based on the belief that they could significantly lower per capita costs through benefit redesign.

## **Conclusion**

Our findings illustrate how the relationship between partisanship and welfare benefits can be complicated by policy design. Similar to hidden versus direct spending welfare policies, our findings suggest that bipartisan support for intergovernmental financing of welfare policies may simply mask a shifting of partisan politics to a different venue: in this case the American states. Moreover, we find that program design at the

state level can also defer the timing of partisan conflict.

In particular, we find significant party convergence around the idea that a separate program design will allow cost savings and thus allow for coverage expansion. In this realm, when party control is less significant, we find an impact for state ideology in determining state SCHIP eligibility levels. Over time, however, as the program developed and there was pressure to continue expanding coverage to uninsured children in higher income families, partisan conflict emerged in these states with separate programs. In states that chose a Medicaid expansion, however, we see a more traditional welfare political dynamic that – from the beginning – really defies the notion of bipartisan support for children’s health insurance. In these states, partisan politics was strong initially and remained strong throughout the nine year period.

These findings suggest a counter-intuitive result in which bi-partisan legislative accomplishments may simply mask (and delay) partisan conflict rather than overcoming it. This raises important strategic questions when considering the design of national health reform. In particular, a universal coverage policy with an intergovernmental design may allow greater chance for bipartisan support and passage at the federal level, and allowing substantial state flexibility around program design may also encourage bipartisan support and facilitate fairly rapid state adoption. Yet, such an approach must be pursued with open acknowledgement that, as such programs develop over time, traditional partisan conflicts will likely emerge.

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**Table 1. Descriptive Statistics**

	<b>Mean</b>	<b>SD</b>	<b>Min</b>	<b>Max</b>
<b><i>Policy Variables</i></b>				
Income Eligibility (% of FPL)	220.39	59.42	105.68	400.00
Separate SCHIP Program	0.70	0.46	0.00	1.00
Policy Legacy (1997 elig.)	135.40	53.15	101.79	400.00
<b><i>Party Politics</i></b>				
United Democratic Control	0.16	0.37	0.00	1.00
Divided Control	0.57	0.50	0.00	1.00
United Republican Control	0.27	0.44	0.00	1.00
<b><i>Public Support</i></b>				
Public Support (%)	83.75	3.48	74.17	91.07
Cost of Living Index	99.65	7.73	88.42	116.22
<b><i>Resources/Costs</i></b>				
Per Capita Income (\$1,000s)	31.06	3.38	22.87	40.05
Matching Rate (%)	72.32	5.80	65.00	83.96
% Uninsured (lag)	10.87	4.25	4.00	26.00
Infant Mortality Rate (lag)	7.01	1.40	3.80	11.35

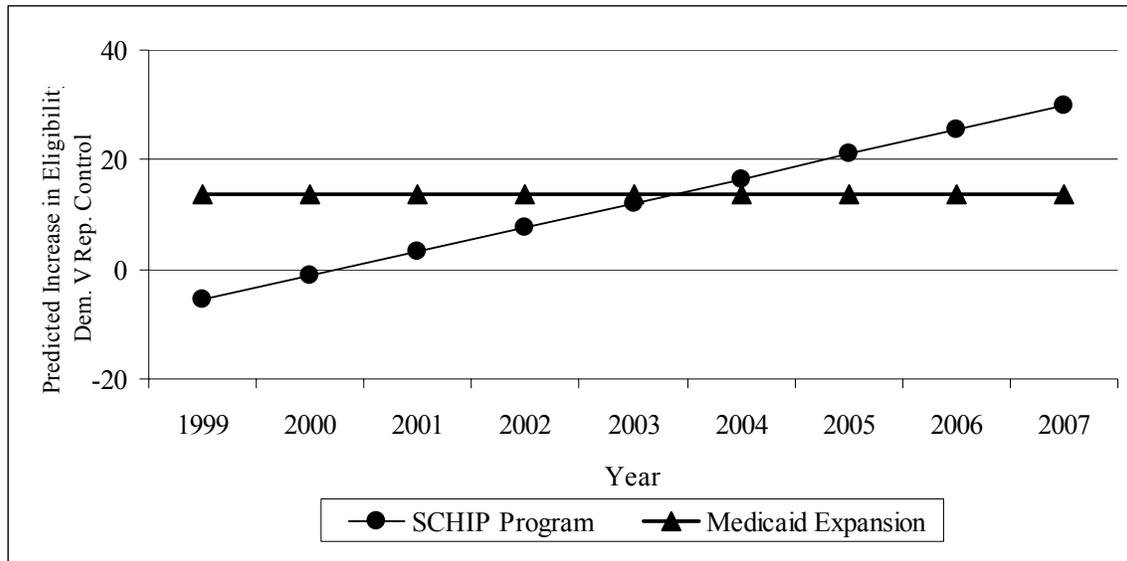
**Notes:** N=450, i=50, t=9

**Table 2. Predicting State SCHIP Eligibility Levels**

	FULL SAMPLE			SCHIP ONLY		MED EXPANS.	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Program Legacy	0.59 ** (0.09)	0.58 ** (0.10)	0.60 ** (0.10)	0.68 ** (0.10)	0.69 ** (0.10)	0.54 ** (0.17)	0.535 ** (0.17)
Year (count)	2.96 ** (0.53)	1.67 + (0.86)	0.08 (0.81)	2.52 ** (0.63)	0.61 (1.06)	1.34 + (0.73)	1.335 (1.28)
Public Support (%)	3.40 * (1.49)	3.36 * (1.52)	2.28 (1.55)	2.71 + (1.44)	2.59 + (1.46)	1.29 (2.54)	1.307 (2.64)
Cost of Living Index	2.08 * (0.85)	2.02 * (0.86)	3.07 ** (0.87)	3.48 ** (1.00)	3.43 ** (1.01)	2.41 ** (1.12)	2.386 * (1.15)
Per Capita Income	0.40 (0.53)	0.42 (0.52)	-0.33 (0.49)	-0.29 (0.60)	-0.19 (0.59)	-0.75 (0.76)	-0.747 (0.77)
Matching Rate (%)	-0.54 (0.91)	-0.71 (0.92)	0.45 (0.89)	-0.99 (1.02)	-0.92 (1.02)	2.81 * (1.31)	2.708 + (1.39)
% Uninsured (lag)	0.40 (0.63)	0.47 (0.63)	0.49 (0.58)	1.01 (0.78)	1.14 (0.78)	-1.29 + (0.71)	-1.286 + (0.72)
Infant Mort. (lag)	-0.59 (1.69)	-0.68 (1.68)	0.03 (1.56)	-0.45 (1.85)	-0.89 (1.84)	3.04 (2.43)	3.082 (2.45)
United Dem Control	9.20 * (4.64)	-8.26 (7.39)	-10.69 (6.82)	11.52 * (5.12)	-5.59 (8.20)	13.84 * (7.01)	11.57 (12.70)
Divided Party Control	2.34 (3.54)	-2.20 (5.36)	-4.95 (4.95)	-1.54 (3.90)	-9.11 (6.01)	20.02 ** (5.85)	20.43 * (9.57)
Year X United Dem		4.26 ** (1.42)	5.11 ** (1.31)		4.43 ** (1.67)		0.466 (2.13)
Year X Divided		1.15 (1.00)	2.16 * (0.92)		2.13 (1.20)		-0.138 (1.44)
Separate SCHIP Design			46.07 ** (5.45)				
Constant	-338.90 + (177.00)	-313.50 + (179.00)	-422.70 * (177.00)	-378.90 * (189.00)	-363.90 + (190.00)	-439.00 (281.00)	-431.1 (291.00)
Observations	450	450	450	317	317	133	133
Number of states	50	50	50	37	37	23	23
R-squared	0.58	0.58	0.56	0.72	0.72	0.35	0.35
Within	0.12	0.14	0.29	0.11	0.14	0.23	0.23
Between	0.65	0.64	0.60	0.72	0.72	0.49	0.49

Notes: Coefficients from random-effects GLS regression models with standard errors in parentheses below. \*\* p<.01, \* p<.05, + p<.10.

**Figure 1. Relationship between Party Control and SCHIP Eligibility across Program Design**



Note: Figure plots the absolute difference in predicted eligibility (as a percent of FPL) for a state experiencing unified party control by Democrats versus Republicans.