The Spending Clause: Three Themes

1. Debate about the proper role of government, not just national power v. state power.

2. Political and economic context critical to assessing impact of conditional spending programs.
   • Political polarization at the national and state level is significantly affecting conditional spending programs
   • Executive branch and states setting the terms of conditional spending programs through negotiations

3. States have leverage in shaping conditional spending programs today, given polarization dynamics
The Spending Clause – Medicaid Expansion

• As of early March 2015, 29 states incl. DC have expanded, 6 in negotiation, 16 not expanding

• Political partisanship a major factor in state decisions to expand, but not determinative and red states are increasingly choosing expansion

• Administrative negotiations between CMS/HHS and states central, increased use of Medicaid waiver authority in conjunction with expansion

• *NFIB’s* impact clear: Obama admin needs states to expand to reach key population

• Feds willing to compromise, agreed to significant changes from usual Medicaid rules, although have also rejected some state proposals