

**Who Lobbies the Lobbyists?
Bureaucratic Influence on State Medicaid Legislation**

by

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For Doug

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Chapter 1: State Medicaid Agency Engagement in the Legislative Process

Introduction

State Medicaid programs together comprise the largest public health insurance program in the United States. Medicaid pays for health care for over 60 million low-income children, seniors, persons with disabilities, and parents, and is a major source of income for safety-net health providers (Kaiser Commission on Medicaid and the Uninsured 2012). Medicaid is important for states, too, as it accounts for nearly a quarter of state budgets and increasingly crowds out funding for other policy areas (Cooper 2011). Working within broad federal requirements, states have a great deal of power to determine the shape of Medicaid programs. Yet, strikingly, there are major gaps in our knowledge about how states make Medicaid policy decisions, especially the processes by which state Medicaid agency staff influence states' program design choices.

In this dissertation, I investigate a previously unexplored mechanism for bureaucratic influence on Medicaid policy. I focus on bureaucratic activism during the legislative process, prior to the agency rulemaking and policy implementation that occur after laws have been passed. I take the following as my central questions: Do Medicaid bureaucrats leverage the lobbying power of health interest groups in attempts to influence Medicaid legislation? If so, under what conditions?

In conducting this research, I contend that it is important to know whether agency leaders

engage proactively in policymaking and how they do so. Medicaid bureaucrats possess policy expertise, preferences, and many tools for wielding influence different stages of the policy development process. Accounting for bureaucrats' preferences, and the likelihood that they will act strategically to influence policy outcomes, can help to deepen our understanding of states' Medicaid politics and programs. My findings suggest that bureaucrats have more tools for influencing policy, and at more stages of the policy process, than commonly thought.

Existing scholarship has paid very little attention to bureaucrats' involvement in and influence on the legislative process, whether in the Medicaid policy arena or otherwise. This dissertation thus contributes to both the Medicaid policy and bureaucratic politics literatures. Multiple scholars have examined political determinants of Medicaid policy development, including characteristics of governors, interest groups, and legislatures (Barrilleaux & Miller 1988; Grogan 1994; Schneider 1989; see Miller 2005 for a synthesis). State Medicaid agencies—the institutions most central to this policy area—are not usually included in political-economic models of state Medicaid policy outcomes. Research that does explicitly examine agency influence on Medicaid policy tends to focus on agencies' administrative choices and responsibilities (Schneider, Jacoby & Cogburn 1997; Miller 2006; although see Jacobs & Callaghan 2013 for a discussion of how agency planning capacity figures into states' Medicaid expansion decisions). I extend the consideration of bureaucratic influence to a different part of the policy process, one in which bureaucrats are not usually thought to be proactive.

With respect to the bureaucratic politics literature, most research focuses on how, and how well, elected officials control bureaucrats. These studies imagine bureaucrats to be largely reactive to legislative instruction, to the extent that they look unrealistically passive. In contrast,

public administration research emphasizes bureaucrats' influence on policy. However, like the Medicaid policy studies referenced above, most public administration research focuses on agencies' operational decisions, and most examinations of bureaucrats' involvement in the legislative process are not systematic. By theorizing and testing a specific mechanism for bureaucratic power, I show that prominent models of political control of the bureaucracy are incomplete. At the same time, I offer a more precise perspective on what it is that bureaucrats can do to influence policy outcomes than many public administration studies.

In the following sections of this introductory chapter, I situate my argument about bureaucrats in the Medicaid context, survey relevant literature on bureaucrats, and summarize my research design and key findings.

State Medicaid Legislation and Bureaucratic Activism

Working within federal guidelines, states have the power to determine the “type, amount, duration, and scope of services” in their Medicaid programs (“Medicaid Benefits,” n.d.). For example, states can choose whether to cover optional services, such as prescription drugs, and optional population groups, such as most non-disabled adults (Kaiser Commission on Medicaid and the Uninsured 2011). Even within the federal guidelines dictating mandatory program elements, such as physician services for poor pregnant women, states can negotiate important program parameters such as provider reimbursement (“Financing & Reimbursement,” n.d.). Furthermore, states can request waivers of federal law, granting them increased flexibility in program design.

State control over Medicaid has grown since the 1990s as the federal government has increased waiver opportunities and made changes to federal law (Cantor, Thompson & Farnham

2013). Since the passage of the Patient Protection and Affordable Care Act of 2010 (ACA) and the 2012 Supreme Court ruling that made ACA Medicaid expansions optional for states, state power has grown further, in at least two respects. First, states can decide whether to take advantage of federal matching dollars to expand Medicaid coverage to low-income adults and children. Second, the federal government has announced that states will have additional flexibility in determining benefits, payment structure, and other program parameters for expansion populations (Kaiser Family Foundation 2013).

I argue, as do other observers of state health politics, that this increase in state power vis-à-vis Medicaid also increases the importance of understanding state decision-making *processes* to add to our understanding of determinants of state Medicaid *outcomes*. As Jacobs and Callaghan put it, “when the outcome of benefit design, eligibility, and other features are still forming or are yet unknown, we need measures that trace the process of implementation through executive and legislative branch decisions” (2013, p. 1026). My specific interest is in the ways Medicaid agencies participate in and affect these state decision-making processes.

Changes to state Medicaid programs can take many different routes from proposal to implementation. Depending on the type and comprehensiveness of a change, states may obtain federal permission through amendments to state plans for medical assistance—the federal-state contracts that spells out the details of each state's Medicaid program—or, as mentioned above, they may apply for waivers of federal law (Kinney 1990; Thompson & Burke 2007). At the state level, state laws determine whether Medicaid agencies must secure legislative authorization for state plan amendments or waivers (see National Health Law Program & National Association of Community Health Centers 2006 for a review). Factors such as the degree of existing program

codification in statutes and states' political conditions also affect whether policy changes require legislative authorization.

Hence, in some cases, Medicaid administrators are able to achieve program changes without authorizing legislation. They can also use administrative tools to influence policy after the passage of legislation. These methods of influence include writing rules, encouraging interest group participation in the rules process, implementing policy and enforcing rules with varying degrees of speed and enthusiasm, and negotiating program constraints and guidelines with federal partners at the Centers for Medicare & Medicaid Services (CMS).

But major policy changes tend to be decided in the legislative arena, especially where there are already relevant substantive provisions in the state code describing Medicaid programs. And state budgets, which can bring about significant Medicaid policy changes, always take the form of legislation. In this research, I focus on bureaucrats' involvement in legislative deliberations about Medicaid. Bureaucrats' engagement in the legislative process is an under-examined facet of agency behavior and this research sheds light on an important mechanism for agency influence. At the same time, focusing on legislative consideration of Medicaid policy makes this study of bureaucrats' strategic behavior conditional on legislative attention, which helps me guard against over-claiming on the subject of bureaucrats' influence on policy.

How can Medicaid bureaucrats attempt to influence legislative decision-making? First, agency leaders must provide technical and policy information in response to legislators' requests for policy advice. Depending on the framing of the advice presented, bureaucrats can influence legislative thinking even while maintaining a reactive stance. Second, bureaucrats can engage proactively in legislative decision-making, in either of two ways: they can use their personal

connections to legislators and legislative staff to lobby directly, or they may ask interest groups for lobbying help. This dissertation focuses on the latter method of proactive engagement, which I call “indirect bureaucratic lobbying.” To my knowledge, indirect bureaucratic lobbying has not yet been the subject of a systematic investigation, either in the Medicaid policy arena or in general.

Bureaucrats may want to seek the help of interest groups because, relative to bureaucrats, interest groups have more freedom to lobby. In many agencies, staff are discouraged from proactive engagement in the legislative process; only an officially designated legislative liaison or the department secretary may lobby directly. However, Medicaid bureaucrats at all levels communicate frequently with private-sector groups that lobby actively. In fact, federal regulation requires state Medicaid agencies to gather community input on policy changes through meetings of “medical care advisory committees” that include health service providers and consumer groups.¹ Thus, there is a certain predetermined minimum amount of bureaucrat – interest group interaction in every state. Given that interest groups frequently lobby legislators in order to influence Medicaid policy, and given that Medicaid bureaucrats have ongoing relationships with interest group members, should we expect that bureaucrats sometimes attempt to manipulate legislative outcomes by leveraging these contacts? If they do, can we predict when they may be more likely to do so? These questions summarize my logic about bureaucrats and form the basis of this project.

¹ 42 CFR 431.12: See <http://www.gpo.gov/fdsys/granule/CFR-2011-title42-vol4/CFR-2011-title42-vol4-sec431-12/content-detail.html>

Motivating Literature

In this section I review the major strands of recent research on bureaucrats, first discussing the principal-agent framework and studies of political control of the bureaucracy. Consistent with the stance taken by George Krause (1996; 1999; 2003; 2010), I contend that the legislature-centric perspective underlying most of these works has somewhat suppressed our understanding of how bureaucrats strategically interact with legislative principals. Next, I note the contrasting approach to understanding bureaucrats' influence on policy in the public administration research tradition, and the opportunity to extend this literature in useful ways. Finally, I highlight examples of research that bridge the gap between these literatures and how I intend to build on those examples.

Political Science Perspectives on Bureaucrats

Debate about the normative value of bureaucrats' policy expertise and the possible antidemocratic implications of an “administrative state” dominated 20th-century scholarship on bureaucracies. Scholars have worried variously about the significance of bureaucrats' professionalization and resulting policy preferences (Mosher 1968), bureaucrats' purported desire to maximize the size of their agencies (Niskanen 1971), and their possible capture by interest groups (Freeman 1955; Lowi 1979), among many other concerns. At least partly in reaction to the scholarly focus on the specter of administrative dominance, more contemporary research on bureaucrat-politician relations has focused on an opposing dynamic. The central question about bureaucracies has become how, and how well, elected officials control them, so that these officials—legislators as well as executives—can direct bureaucratic expertise in desired directions.

Recent research on political control of the bureaucracy typically builds on principal-agent theory, developed by economists and first applied to politics by scholars such as Niskanen (1971) and Moe (1984) in an effort to understand how politicians can overcome the information asymmetry inherent in the bureaucratic-politician relationship. Strands of this research include interpretive accounts and theoretical models of political controls (McCubbins & Schwartz 1984; McCubbins, Noll & Weingast 1987; Lupia & McCubbins 1994), empirical investigations of bureaucratic response to political principals (Weingast & Moran 1983; Wood & Waterman 1991; Carpenter 1996; Epstein & O'Halloran 1996; Olson 1996; Bawn 1997; Balla 1998) and studies of delegation to agencies (Epstein & O'Halloran 1999; Huber & Shipan 2002; Volden 2002). These works all build on principal-agent theory, and all assume that legislators, and other principals, determine the direction and scope of bureaucratic activity.² To a large extent these assumptions are reasonable: legislatures generally set the course for bureaucratic action, and James Madison specified the dominance of legislatures as a constitutional principle in *Federalist 51* (Madison, Hamilton & Jay 1987).

However, relegating bureaucrats to the role of agents has also limited how most of these works conceptualize bureaucrats and their behavior. Specifically, viewing bureaucrats solely as agents reduces their actions to reactions and limits their political agency, leaving us with an underdeveloped sense of bureaucrats' power to shape both the legislature-bureaucracy dynamic and outcomes of the policy process. What are the limits to political controls of the bureaucracy, and how, specifically, might bureaucrats evade them? Some of the research that relies heavily on the principal-agent framework seems to miss the lessons from earlier studies of bureaucratic

² While some of the above studies concern themselves with control of agencies by (or through) the executive branch, and some include the courts as an additional principal, the predominant concern is with legislative control of the bureaucracy. My focus is on bureaucratic-legislative relations.

power (and from contemporary public administration scholarship) and underestimates the ability of the agents to step out of their prescribed roles. In particular, theories of *ex ante* methods that enable legislators to constrain future bureaucratic behavior, such as procedural and statutory controls, seem problematic when held up against empirical findings on the behavior of bureaucrats. *Ex ante* controls assume, by definition, that the actions of politicians precede those of bureaucrats, which may not always be the case.

One of the best known *ex ante* control theories is a procedural control proposed by McCubbins, Noll and Weingast (1987) (often referred to as “McNollgast”). McNollgast assert that administrative law can, among other things, ensure that agencies privilege the preferences of certain groups during policy implementation or regulatory decision-making (the “deck-stacking” hypothesis). In theory, this forces agencies to make decisions consistent with legislators' wishes. The idea that administrative law can shift the level of interest group influence on agency decisions is plausible, and while McNollgast do not test this, they provide several examples. At the same time, their account seems to suggest that bureaucrat – interest group relationships are formed anew for each policy implementation or regulatory decision. They do not consider that existing bureaucrat – interest group alliances could influence the legislative stage of the policy process, and so outweigh or condition any later effects of deck stacking meant to control agencies during rule promulgation.

While later examples of work on procedural controls improve on McNollgast in terms of empirical rigor (Balla 1998) and conditionality (Epstein and O'Halloran 1996), they too make these same implicit assumptions about the willingness of bureaucrats to wait until rule promulgation to influence policy and to interact with the interest groups they are told to interact

with. Even public administration researchers, who generally acknowledge higher levels of bureaucratic political agency (see below), tend to isolate the idea of bureaucratic participation in legislative decision-making from bureaucratic influence in rulemaking as they draw conclusions about whether notice and comment procedures allow for the kind of interest group influence that might control agencies (West 2004; Woods 2009). Likewise, empirical studies of interest group influence on rulemaking—both those grounded in public administration and in the political control tradition—do not consider how this might be connected to interest group participation in the legislative processes leading to rulemaking (Balla 1998; Golden 1998; Woods 2005, 2009; Yackee 2006).

The second main type of *ex ante* control with which this project is specifically concerned is statutory discretion (Ferejohn and Shipan 1990; Bawn 1997; Epstein and O'Halloran 1999; Huber and Shipan 2002; Volden 2002). Research on statute specificity has particular relevance to this dissertation because I argue that bureaucrats care about the details of policy authorizations and should, under certain conditions, act strategically to influence statute language. The most important empirical work on statutory controls, as well as the most relevant to this dissertation, is research conducted by Huber and Shipan (2002) that examines the effects of variation in the distribution of power among actors in state legislative and executive branches on the statutory discretion granted to Medicaid agencies. Huber and Shipan allow for the possibility of strategic action on the part of bureaucrats; however, they restrict this to a decision to comply with legislative directives or not comply. They do test for interest group influence on legislative decision-making, but the possibility of agency – interest group relationships that impact legislative decision-making lies outside the scope of their analysis and is not examined.

Scholars interested in statute specificity and procedural controls like deck-stacking are, of course, not alone in working from a legislative dominance perspective. Nearly all work on political controls assumes that bureaucrats mainly react to legislative direction, whether by following instructions or shirking. This research thus assumes that the power to determine the nature of politician-bureaucrat interactions rests exclusively or primarily in the hands of politicians. As George Krause puts it, “bureaucratic discretion has been treated as a purely political choice (supply side) and not an agency choice (demand side)” (Krause 2003, p. 45). The emphasis on legislative dominance in the bureaucratic politics literature results in many arguments about bureaucrats' behavior that arise from theoretical implications rather than direct observation (Krause 1996, 2010). Assumptions about bureaucrats' reactivity, in particular, do not line up with the arguments of researchers who focus directly on the ways in which bureaucrats exercise policymaking power, including by engaging in the legislative process.

Public Administration Perspectives on Bureaucratic Activism

Scholars writing in the public administration tradition seem to start with an entirely different view of bureaucrats, one that highlights bureaucrats' activism. For example, James Q. Wilson (1989) argues that bureaucrats strive to manipulate legislative principals “to achieve mutually profitable arrangements” (p. 251). Leroy N. Rieselbach (1995) notes that bureaucrats involve themselves directly with the policy process, lobbying legislators both on behalf of the executive branch and their own interests. Aberbach, Putnam & Rockman (1981), in a comparative study, acknowledge the existence of “political” bureaucrats who tend to involve themselves in the policy process, both by making contacts with legislators and clientele groups. Similarly, Abney & Lauth (1986), in their survey of department heads in 50 states, gather

evidence of both direct legislative lobbying by bureaucrats and indirect lobbying via alliance-building between agencies and interest groups. Glenn Abney (1988) points out similarities in the behavior of private-sector lobbyists and agency lobbyists in Georgia. Bowling and Wright (1998), analyzing data from the 50-state American State Administrators Project, describe state agency executives as intrinsically involved in politics—survey respondents devote only half their time, on average, to administration, and devote significant resources to policy development, originating legislation, building public support, contacting legislators, and other activities we might consider “political.” And Nicholson-Crotty and Miller, who note that “research that directly addresses the question of bureaucratic influence over legislative outcomes is rare” (2012, p. 350), show that state legislators perceive bureaucrats to be more directly influential where agency capacity, or professionalism, is higher.

While these studies might offer useful correctives to the view that bureaucrats are passive, reactive, or not involved in the policy process prior to the rules stage, they tend to proceed by noting examples and making assertions, and they usually do not speak directly to the literature on political controls. Much as the political science literature on political control underestimates bureaucratic agency, the traditional public administration literature underplays the role of political influence. The idea of politically active bureaucrats that public administration research promotes does not preclude the accuracy of the principal-agent framework: legislators might consciously choose to delegate to active bureaucrats, and bureaucrats might anticipate legislators' future demands as they engage in the political process. In addition, there are numerous findings that political controls have some effect on agency behavior. Few public administration studies acknowledge these issues. There are exceptions; for example, Abney and Lauth (1986) conclude

that agency – interest group alliance building does not subvert political controls, but this is a rare mention of the concept, and their slightly vague test looks only at levels of agency appropriations. Nicholson-Crotty and Miller (2012) provide a more significant exception to shortcomings in the public administration literature—their examination of bureaucratic influence on legislators is systematic in its design and accounts for legislative power.

Integrating the Legislator- and Agency-Based Perspectives

I take as inspiration for this research a few key works that consider the power of *both* legislators and bureaucrats and that offer more nuanced accounts of bureaucratic activism. One useful example of research that integrates the political science and public administration perspectives discussed above is George A. Krause's (1996; 1999) dynamic systems model of bureaucrat-politician relations. Krause theorizes and tests an interactive, multi-directional, conditional model of policy influence that incorporates politicians and bureaucrats as roughly equal players, focusing on the interplay between administrative outputs and politicians' budgetary signals. I draw inspiration from this work while looking more directly at bureaucrats' efforts to influence legislators, rather than at policy outputs. I also depart from Krause's framework by incorporating interest groups, asking how their characteristics might condition bureaucrats' strategic engagement in legislative decision-making.

A second example, and a more direct inspiration for and predecessor to this dissertation, is Daniel P. Carpenter's (2001) investigation into sources of agency autonomy during the Progressive Era. Carpenter argues that certain agencies have purposely cultivated reputations for expertise and have been able to use their reputations to position themselves in diverse political networks that serve as a source of power. Autonomous agencies build support coalitions that

politicians don't want to challenge; instead, politicians defer to expertise of those agencies.

Multiple empirical studies build on aspects of Carpenter's theory. These include studies on the effects of agency autonomy on innovation (Verhoest, Verschuere & Bouckaert 2007) and on the effects of agencies' concern for their reputations on their efforts to seek publicity (Moffitt 2010), to improve customer service (Roberts 2004; Corrêa d'Almeida & Klingner 2008), or to deliver high-quality policy advice (Krause & Douglas 2005). Alcañiz (2010) examines bureaucrats' network formation in technical agencies in Latin America, but restricts these networks to transgovernmental linkages with other expert bureaucrats. And Nicholson-Crotty and Miller (2012) ask how agency reputation conditions the ability of state-level bureaucrats to influence legislators, as mentioned above.

Of the research that draws on Carpenter's framework, Nicholson-Crotty and Miller's study is the most directly related to my research. It also provides another example of a successful integration of public administration and political science perspectives on bureaucrats. The authors' success in this respect is partly a result of their variable selection: they gauge bureaucratic influence as perceived by legislators themselves, using data from a survey of state legislators. Their main interest is in determining whether bureaucrats in states with higher average agency capacity are perceived to be more influential according to this measure. They find that this is indeed the case (although, surprisingly, they find no evidence that legislative professionalism moderates the effect of agency capacity on perceived bureaucratic influence). My approach to investigating bureaucratic power is similar in that I ask how state institutional capacity affects agency-legislature dynamics. However, my research directly examines bureaucrats' behavior—I conceptualize and measure bureaucrats' requests for interest group

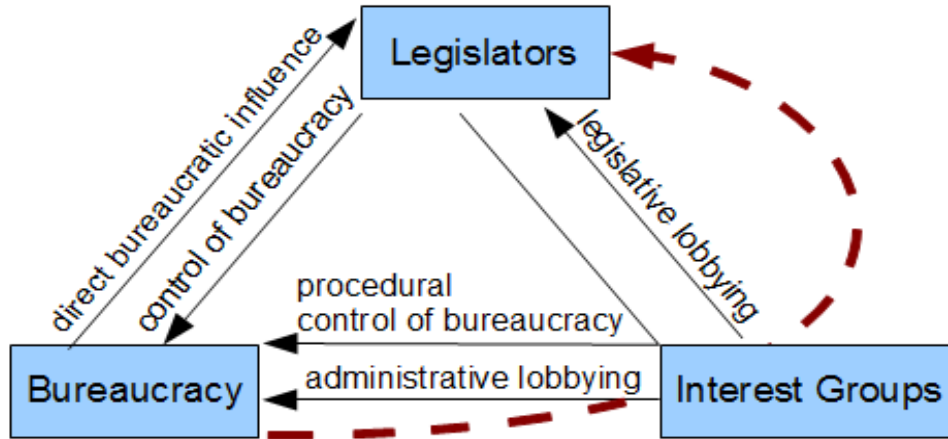
lobbying as a very specific mechanism of (indirect) influence on legislatures. In contrast, Nicholson-Crotty and Miller ask the reader to imagine the mechanism at work in their study, arguing at one point that agency reputation works through interest groups to influence legislators yet measuring something closer to legislators' perceptions of direct bureaucratic influence.

To my knowledge, there are no studies that take up Carpenter's idea that agencies can increase their influence by building and/or leveraging private-sector coalitions. This may partly result from the fact that Carpenter's standard for expert, reputable, autonomous agencies is difficult to meet. I build on the idea that bureaucrats can increase their political power by forging alliances with the private sector while departing from Carpenter's work in a few key respects. First, rather than characterize entire agencies as autonomous or not-autonomous, I investigate the everyday use of coalitional strategy by individual bureaucrats in agencies of varying reputations. Second, I focus on how bureaucrats use their relationships with lobbyists in an issue-contingent way to achieve their policy objectives. This idea has the advantage of making bureaucrats' use of private-sector contacts slightly more predictable than the way they might build coalitions over the long term (Carpenter) or engage with fluid, cloud-like issue networks (Hecl 1978). Third, I focus on state-level bureaucrats in the current era to understand how institutional arrangements condition bureaucratic behavior.

Figure 1.1 provides a visual representation of the bodies of research discussed here—with the addition of the lobbying literature—and the power relationships they focus on. The dashed line, leading from bureaucrats to legislators through interest groups, represents the dynamic Carpenter outlines: the ability of agencies to leverage interest group power in order to influence legislative decision-making. I argue that this dynamic is understudied, and that individual-level

bureaucrat-lobbyist linkages can work in a similar way.

Figure 1.1: Diagram of relevant bodies of research and power relationships



A Theory of Indirect Bureaucratic Lobbying

Building on Carpenter's work, I consider how strategic alliances between bureaucrats and interest groups facilitate bureaucratic engagement in the legislative process, thereby potentially influencing the responsibilities delegated to them. I begin by developing a theory in Chapter 2 that considers the benefits and costs to modern-day state-level agency staff of engaging proactively in legislative decision-making. I argue that these benefits and costs shape Medicaid bureaucrats' decisions about both whether, and how, to engage. The major benefit of activism is that it can increase the likelihood that bureaucrats realize desired Medicaid policy outcomes, whereas the major cost is that bureaucratic activism can anger political principals. Principals in both the executive and legislative branches are capable of levying serious consequences for what they see as inappropriate bureaucratic behavior. Given the potential benefits and costs of proactive engagement in the legislative process, bureaucrats must weigh carefully any decision

to engage.

In general, while direct legislative lobbying may be a more straightforward approach, bureaucrats may be able to amplify their influence and avoid angering principals if they lobby indirectly, by asking interest groups for help. If this is the case, why wouldn't bureaucrats always lobby indirectly? I argue that a set of conditions at the level of policies and groups (micro-level) and at the level of state institutions (macro-level) affect each bureaucrat's decision calculus, changing the likelihood of indirect bureaucratic lobbying compared to no activism at all, or to direct lobbying.

In brief, I predict that higher policy agreement between bureaucrats and interest groups and higher interest group power should both increase the likelihood of indirect bureaucratic lobbying. As part of my discussion of importance of policy agreement, I consider whether various theories of legislative lobbying accurately describe indirect bureaucratic lobbying, and I carry this theme through the empirical analysis. I also predict that bureaucrats should be more likely to lobby indirectly where legislative and agency resources are lower, conditional on the existence of bureaucrat-lobbyist policy agreement. Finally, I predict that gubernatorial power and governor-bureaucrat agreement should affect both the likelihood and type of indirect bureaucratic lobbying. These predictions generate a set of testable hypotheses for conditions under which we are more likely to see evidence of indirect bureaucratic lobbying. In addition, I extend my predictions (and related findings) about the effects of agreement to a qualitative analysis that asks whether there are patterns in bureaucratic activism according to the type of Medicaid policy.

Research Design

I pursue a mixed-methods approach to investigating Medicaid bureaucrats' policy activism. This project combines a set of exploratory, unstructured interviews with an original telephone survey that asked both closed- and open-ended questions about Medicaid bureaucrats' behavior. These survey data enable both quantitative and qualitative analyses.

Mixed-methods approaches to social and health questions are becoming increasingly common (Bryman 2006; Bronstein & Kovacs 2013). This approach is particularly useful for this dissertation because I am interested both in exploring a new line of inquiry about bureaucrats and in testing specific explanations for indirect bureaucratic lobbying (Bronstein & Kovacs 2013; Cresswell 2014). I focus the bulk of my empirical analysis on quantitative survey data, including numerically coded open-ended survey responses. These data both illuminate the frequency of indirect bureaucratic lobbying in my sample population and help me to test my hypotheses about factors that increase the likelihood of this bureaucratic behavior. Yet qualitative analyses serve several important purposes in this project. First, the initial unstructured interviews refined my theory and informed the design of the survey instrument. Second, the qualitative information contained in answers to open-ended survey questions illustrate quantitative findings, uncover unpredicted relationships in the data, and ground my analyses in the Medicaid context. Overall, this mixed-methods approach enhances both completeness and contextualization. Completeness is a frequently cited rationale for mixed-strategy research (Bryman 2006). Contextualization is a more unusual rationale but is one that makes sense for questions about a particular policy area.

In the first stage of the research, I conducted a set of eleven relatively unstructured interviews on the topic of bureaucrats' role in policymaking. I conducted about half of these

interviews in person and half by telephone. I interviewed two health department bureaucrats and two consumer advocates in each of two Midwestern states. I also spoke with a Medicaid director in a Western state and a former Medicaid director in a Western state with additional experience in several other states. In addition, I spoke with an official with the National Association of Medicaid Directors (NAMMD). I discuss the ways in which these conversations supported theory development in Chapter 2, and the ways in which they helped me plan for a systematic study in Chapter 3.

As I note in Chapter 3, two of the themes that emerged from the interviews had major survey design implications. One theme was that interview participants who were interest group leaders were more comfortable acknowledging and discussing bureaucratic activism in the legislative arena than bureaucrats themselves. The other theme was that there is variation across states in the level, or position, of any Medicaid bureaucrats conducting indirect bureaucratic lobbying. For these reasons, I designed a survey that asked state interest group leaders about their legislation-related communications with Medicaid bureaucrats at various levels of seniority. I surveyed interest group leaders in 25 states and collected 106 complete, usable survey transcripts. This survey design has the added benefit of making information about bureaucrats' behavior slightly more objective than it would be if I had surveyed bureaucrats themselves. In addition, I re-contacted a small set of these original respondents to ask for clarifications that help me to assess the applicability of different lobbying theories. I gathered 9 responses to this follow-up survey.

Key Findings and Contribution

The most important finding of this dissertation is that indirect bureaucratic lobbying

occurs regularly: about half of my survey respondents acknowledged being asked by a Medicaid bureaucrat, at some point in the recent past, for lobbying assistance. Thus, in contrast with Carpenter's work, I show that bureaucrats' ability to take advantage of private-sector power is widespread—indirect bureaucratic lobbying is an influence strategy that is available to most bureaucrats rather than only those working in autonomous agencies with outstanding reputations for expertise. Furthermore, everyday indirect bureaucratic lobbying does not necessarily create (or result from) agency autonomy; in fact, it is more likely to be a function of bureaucrats' knowledge that legislators may *not* defer to them and that they need extra help to affect legislative deliberations.

My finding that indirect bureaucratic lobbying is fairly typical contributes to our understanding of the ways in which bureaucrats can be activist, without ignoring the importance and centrality of legislatures in state policymaking. This has significant implications for research on political control of the bureaucracy since it implies that *ex ante* controls may be more limited than previously realized, or at least that their effectiveness is conditional in different ways than previously investigated. More generally, by providing systematic evidence of bureaucrats' attempts to influence the legislative process—and specific examples of the theorized mechanism for influence—this research addresses a major gap in scholarship. Political science has largely left the question of bureaucratic influence on legislatures unexamined.

I also find support for several hypotheses about the conditions that make indirect bureaucratic lobbying more likely. In particular, I find that bureaucrat-lobbyist agreement is, in most cases, an important predictor. I discuss the meaning of this finding for lobbying theory, along with the themes from my re-contacting conversations, in Chapter 6. And I find suggestive,

although not definitive, evidence supporting the idea that bureaucrats are more likely to ask for help from more powerful interest groups. Which groups are powerful depends in part on party control of state legislatures.

My results provide mixed support for my predictions about the effects of institutional characteristics. As expected, and again in contrast with Carpenter (2001)—and with Nicholson-Crotty and Miller (2012)—I show that bureaucrats are more likely to lobby indirectly where agency capacity is low, perhaps because they are better able to wield *direct* influence where agencies have better reputations. My findings on the effects of legislative professionalism are unexpected; they do not straightforwardly support the idea that bureaucrats should be more likely to lobby indirectly where legislative capacity is low. And while I find support for my prediction that bureaucrats who agree with governors on Medicaid legislation are more likely to solicit lobbying support as gubernatorial power decreases, I also find evidence suggesting the possibility that bureaucrats who disagree with powerful governors may lobby indirectly to subvert those governors.

These findings about conditions that both dampen and encourage bureaucratic activism extend the public administration and political science literatures on bureaucrats because they help make nuanced statements about bureaucratic power. These findings also contribute to the Medicaid literature because they add to our understanding of bureaucratic involvement in states' policy decision-making. Policy research can benefit from careful consideration of bureaucrats' relative power and relationships with other actors, as well as how these factors may affect their influence in the legislative arena. In addition, I build on my findings about the conditions that make indirect bureaucratic lobbying more likely—specifically, those related to policy agreement

and governors—by conducting additional qualitative analysis that accounts for the policy content of Medicaid legislation. This analysis suggests that Medicaid agencies are relatively activist around legislation that authorizes program management strategies—compared to legislation that authorizes cuts or expansions—and that this is particularly true of agencies that have political identities that are separate from governors. This approach to investigating proactive bureaucratic behavior further grounds my findings in the Medicaid context and reveals unexpected but interesting intra-executive branch dynamics.

The remainder of this dissertation proceeds as follows. In Chapter 2, I elaborate on the theory of indirect bureaucratic lobbying that I sketch above. I note the ways in which previous literature and the exploratory interviews inform my predictions about conditions that increase the likelihood of indirect bureaucratic lobbying, and I offer a set of testable hypotheses. In Chapter 3, I provide details on the design of the original telephone survey of interest group leaders and describe the process of conducting the survey. Chapter 4 provides details on the survey data as well as independent variables from other sources. I explore the data in this chapter, presenting descriptive statistics and a series of bivariate relationships. Chapter 5 presents the results of the quantitative analyses that test my hypotheses, and Chapter 6 focuses on investigating the applicability of different lobbying theories. In Chapter 7, I present a thematic qualitative analysis of information contained in open-ended survey questions. This analysis accounts for Medicaid policy content and helps to contextualize the analysis of bureaucratic behavior in my policy area of interest. Finally, Chapter 8 summarizes the dissertation and suggests multiple avenues for future research.

Chapter 2: A Theory of Indirect Bureaucratic Lobbying

In this chapter, I elaborate a theory of indirect bureaucratic lobbying based on the costs and benefits to bureaucrats of political engagement. I define “indirect bureaucratic lobbying” as bureaucrats' attempts to leverage interest group lobbying power, whereas “direct lobbying” refers to bureaucrats' own legislative lobbying. I focus on bureaucrats' behavior surrounding Medicaid policy proposals taken up by state legislatures, regardless of where they originated and regardless of the nature of federal approval.

When engaging in the legislative process, Medicaid bureaucrats face two related decisions: whether to engage reactively or proactively, and how to exert influence on legislative deliberations. Bureaucrats may react to legislative activity by explaining the agency's position on Medicaid legislation, by providing testimony or other presentations, or otherwise responding to legislators' requests for information. If bureaucrats also engage in the legislative process in a proactive way, they may do so indirectly, by mobilizing interest groups, or directly, by lobbying legislators. The choice to behave proactively may be an independent one, or it may be a response to the encouragement of superiors in the executive branch who would like to see a certain legislative outcome.

In practice, bureaucrats' “reactive” and “proactive” communications may constitute significantly different modes of behavior or they might be observationally equivalent. A clear example of proactive direct lobbying might be a bureaucrat's recommendation to a legislator that

she vote a certain way on a bill. In contrast, a conversation in which a bureaucrat emphasizes the expected benefits of a policy might be either reactive or proactive, depending on who initiated the conversation and other intangibles. Many bureaucrats are very careful to publicly maintain a reactive stance. Interestingly, while the view that bureaucrats should not attempt to influence legislative policy is widespread, it appears to arise from norms rather than codified rules at the state level. In some states, these norms are so strong that they are mistaken for laws. As one of my survey respondents said, “State agency heads and employees are restricted in the state from advocating. That's in the Constitution.” However, the state's constitution makes no mention of this, and neither does the state's code.¹

Likewise, a large body of political science research takes for granted the idea that agencies are essentially reactive entities. From a principal-agent perspective, purposefully exerting influence on the legislative process is outside of bureaucrats' contractual bounds. The foundational assumption in this literature is that legislatures influence agencies, not the other way around (Weingast 1984; Weingast & Moran 1983). Legislatures pass laws to direct bureaucratic activity; the degree and limits of agency policy authority are, theoretically, for legislators (and other principals) to determine (Bawn 1997; Epstein & O'Halloran 1996; Huber & Shipan 2002).

In contrast, public administration research emphasizes bureaucratic power—mainly with respect to policy implementation—and frequently notes bureaucratic involvement in the

¹ Federal law restricting the political behavior of executive branch agencies is generally interpreted to prohibit federal bureaucrats from using government funds to lobby, and from conducting “substantial grassroots lobbying—campaigns using telegrams, letters, or other forms of communication that directly or indirectly encourage the public to contact members of Congress in support of, or in opposition to, legislation” (USDA Ethics Webmaster). Whether indirect bureaucratic lobbying by state Medicaid bureaucrats would be considered “substantial grassroots lobbying” is unclear, as is the degree to which this particular law applies to state bureaucrats. And as the USDA guidance notes, “the Department of Justice, responsible for enforcing 18 U.S.C. 1913, has not prosecuted anyone since the statute was enacted in 1919” (ibid).

legislative process as well (Aberbach, Putnam & Rockman 1981; Abney & Lauth 1986; Bowling & Wright 1998; Rieselbach 1995; Rourke 1984; Wilson 1989/2000). And there are a growing number of political science studies on agency-legislative relations that speak directly to the principal-agent literature and the “legislative dominance” perspective. These studies detail different ways in which bureaucrats influence legislative policy and the level of discretion granted to their agencies (Carpenter 2001; Eisner 1993; Krause 1996, 1999, 2003; Nicholson-Crotty & Miller 2012). It is within this latter group of studies that I situate my research.

The chapter proceeds as follows: I first detail the costs and benefits of bureaucrats' political activism in general and then discuss the probability that bureaucrats incur these costs and benefits by conducting indirect lobbying. Next, I consider the ways in which micro-level factors (policies, groups) and macro-level factors (state institutions) may affect bureaucrats' cost-benefit calculations about indirect lobbying. In general, the micro-level factors help to explain which interest groups are likely to be the targets of indirect bureaucratic lobbying, whereas the macro-level factors help to explain which bureaucrats are likely to engage in this behavior. Where applicable, I also note how my findings from a set of eleven in-depth interviews with state bureaucrats and lobbyists informed or supported the theory. I interviewed two health department bureaucrats and two consumer advocates in each of two Midwestern states. I also spoke with a Medicaid director in a Western state and a former Medicaid director in a Western state with additional experience in several other states. In addition, I spoke with an official with the National Association of Medicaid Directors (NAMD). These interviews also helped me plan for a systematic study; I detail interview findings related to survey development in Chapter 3.

Benefits and Costs of Political Engagement

Benefits to Bureaucrats

Given the strength of the norms that define the boundaries of acceptable behavior for most bureaucrats, why would a bureaucrat attempt to influence her legislative principals? The most general benefit of proactive engagement in the legislative process is the increased likelihood of desired policy outcomes. Medicaid bureaucrats are, relative to other actors in state politics, experts on Medicaid policy; I assume that they care about the details of Medicaid programs and that this factors into choices about whether and how to engage in the legislative process. In making this assumption, I generalize about Medicaid bureaucrats since the strength and source of policy motivation undoubtedly vary at the individual level. Possible individual motivations for influencing policy may include ideology or professional norms (Wilson 1989/2000), or career ambition (Teodoro 2007), among others. I assume that these individual motivations are heterogeneous in source and intensity.

Bureaucrats' preferred outcomes may take a number of legislative forms: bureaucrats may want to kill non-preferred bills, increase the chances of passage for preferred bills, or change certain legislative language. For example, preventing the passage of non-preferred legislation could help bureaucrats avoid implementation of bad policy. Bureaucrats do have alternatives to helping to prevent the passage of legislation, such as implementing policies slowly or partially, but these alternatives carry their own political risks. More generally, bureaucrats may also want to prevent the passage of legislation in order to help them maintain policy autonomy. The idea that agencies are interested in maintaining high degrees of administrative discretion—and, by extension, lower levels of political control over their activities—is consistent with the conception

of bureaucracies in multiple strands of the literature. Both scholars who emphasize the benefits of bureaucrats' expertise (e.g., Hecló 1974; Mashaw 1985) and those who emphasize the dangers of “administrative dominance” (e.g., Niskanen 1971; Lowi 1979) focus on bureaucratic control over policy.

Conversely, working toward the goal of passing particular statutory language or budget allocations can provide bureaucrats with the resources or authority they need to implement desirable policies. Codification in statute can also make desired policies more permanent because a statute is generally more difficult to change than an administrative rule. Increased permanency may be desirable where bargaining environments are more adversarial or budgetary pressures more acute since political principals may be tempted to react by slashing programs. The idea that bureaucrats might actively pursue legislative direction in the form of statutory language is much less frequently discussed than the idea that they desire freedom from legislative direction. But Rieselbach (1985) points out that agencies have reason to lobby both against legislative proposals they oppose and for proposals they support. And Krause (2003; 2010) discusses several scenarios under which agencies might want less discretion rather than more. However, he focuses on agencies' desire to avoid risk *to the agency* under conditions of policy uncertainty or agency stress. All else equal, it may indeed be politically safer for Medicaid agency leaders to obtain legislative authorization for certain policies rather than rely on their own administrative authority, especially since Medicaid programs are constantly buffeted by budgetary pressures and ideological conflict. However, Krause does not consider that Medicaid leaders might also be concerned with risk *to the policy*—in his view, agencies demand either more or less agency discretion rather than the absence or presence of specific policy authorizations. I depart from this

slightly in that I focus on Medicaid leaders' policy motivations as I consider their propensities to involve themselves in legislative decision-making.

Costs to Bureaucrats

Costs of attempting to influence legislative decision-making include the potential to anger principals, the opportunity cost involved in political activity, and the cost of spending political capital on a particular policy issue. By far the most important of these is the risk of angering principals, of being seen as insubordinate. This risk could accrue to either the agency as a whole or to the individual bureaucrat. And while my research focuses on bureaucrats' attempts to influence legislative policy, bureaucratic political engagement has the potential to anger either legislators or principals in the executive branch.

Depending on state norms for bureaucratic behavior and governors' preferences for controlling the legislative process, bureaucratic engagement in the legislative process may not be welcome even if it supports proposals preferred by members of the executive branch. The risk to individual bureaucrats of angering superiors in the executive branch is straightforward: if the bureaucrat is appointed, there is a clear risk of dismissal. However, even where there are strong civil service systems and the bureaucrat is not appointed, political engagement that angers superiors could result in demotion, missed opportunities for promotion, loss of responsibility and authority, or simply conflict and discomfort at work.

The risks to individual bureaucrats of angering legislative principals are less straightforward. It is easy to see that costs of political engagement can accrue to agencies since legislators have the power to reduce agency autonomy and budget allocations if they deem bureaucratic behavior inappropriate. Reputational losses within the statehouse could be

exacerbated by corresponding loss of reputation among interest groups, or through negative media coverage, or both. Loss of agency reputation clearly makes it more difficult for bureaucrats to realize their preferred policy outcomes. With respect to individual bureaucrats, legislators cannot force a bureaucrat to resign just because they feel she has overstepped her bounds. On the other hand, executive branches may be less inclined to support bureaucrats who have cost themselves their effectiveness in the legislature. As Krause (1996; 1999) shows in his examination of securities and antitrust regulation, legislative and executive controls over agencies are interdependent, at least when it comes to budgetary controls—it is plausible to assume that this interdependence could extend to other types of controls. In addition, there is some evidence to suggest that oversight hearings have an effect on agency behavior (Furlong 1998; Wood & Waterman 1991; 1993). Embarrassment in oversight hearings (or hearings on pending legislation) may also impose significant personal and professional costs for individual bureaucrats.

In addition to the potential to anger principals, less severe costs include the opportunity cost of political engagement and the cost of spending political capital. Simply stated, time spent on political activity is time not available for program management. For many Medicaid administrators, heavy workloads combined with the unpredictability of legislative politics may mean that engagement in the legislative process is a bad risk, to be undertaken when policies are of extreme importance or not at all. Similarly, bureaucrats—like any political actor—must choose their fights wisely. Political partnerships that build trust through successful teamwork or the exchange of favors can increase political capital in the long-term. In the short term, specific requests for support for a particular policy from legislators (direct lobbying) or interest groups

(indirect lobbying) can alert those actors to policy outcomes of mutual interest. On the other hand, specific requests for support can also use up available capital in the short term. Bureaucrats must consider carefully which legislative issues are worthy of time and political capital expenditures.

Focusing on Indirect Bureaucratic Lobbying

The potential to realize the benefits and incur the costs discussed above holds for both direct and indirect forms of bureaucratic influence. However, there are several reasons to expect that, all else equal, the probability of reaping benefits is higher for indirect lobbying and the probability of incurring costs is lower. First, the majority of indirect bureaucratic lobbying occurs when Medicaid bureaucrats ask interest groups to support executive branch positions. This type of indirect lobbying is akin to coalition lobbying, whereby engaging lobbying partners can diversify the information available to legislators (Phinney 2010). Coalition expansion can make the case for or against a policy more convincing, or provide legislators with political cover for a decision they already want to make. This strategy may be especially important in the Medicaid context: previous research has shown that forming alliances is a key lobbying strategy for interest groups that work on social welfare and citizen issues (Hojnacki 1997; Phinney 2010). As a simple example, if legislators know that the Medicaid agency supports a policy and they also hear that influential interest groups support it, the probability that they authorize the policy will increase.²

Second, indirect lobbying can also amplify bureaucrats' power to counteract or support executive branch proposals. Political science research often bundles governors with the agencies

² Legislators' awareness of a Medicaid agency's position is not necessarily the result of direct bureaucratic lobbying—it may be a result of information that bureaucrats provide in a reactive way.

they oversee (e.g., Huber & Shipan 2002), in part because estimating their respective preferences is very difficult. But viewing the executive branch as a monolithic entity can elide important differences in the way bureaucrats and executive branch leaders approach Medicaid. In particular, governors may care more about how Medicaid fits into overall state budgets and the politics of Medicaid proposals, whereas Medicaid bureaucrats may be more likely to have policy-centric preferences that take complex operational details into account. These differing viewpoints and priorities create the potential for policy conflict between governors and Medicaid bureaucrats. In the event that governors make policy or budget proposals that bureaucrats dislike, individual bureaucrats have little power to directly lobby legislators to vote down a policy proposal. Yet bureaucrats may still be able to solicit private-sector lobbying support for their position.

Medicaid bureaucrats are not only more likely to realize policy success through indirect lobbying than direct lobbying, but are also less likely to incur high costs. This is mainly because bureaucrats' requests for interest group support are less likely to be visible to unsupportive political principals than direct bureaucratic lobbying. Even if some principals encourage or support bureaucrats' engagement in the legislative process, not all of them do. Principals on the same side of a policy issue may think bureaucratic engagement is inappropriate, and principals on the opposing side will not want bureaucrats to actively oppose preferred policies.³ Proactive engagement in the legislative process is therefore inherently risky, but bureaucrats may be able to issue subtle requests for interest group support that go entirely unnoticed by political principals.

Given the higher likelihood of realizing success and avoiding costs by engaging in

³ There is some (qualitative) evidence from my survey suggesting that certain governors are very interested in controlling interbranch bargaining and do not support proactive agency behavior regardless of the agency's position on a policy. I touch on this theme in Chapter 5 and elaborate on it in Chapter 7.

indirect lobbying—as compared to direct lobbying—why wouldn't bureaucrats always choose to lobby indirectly? The answer is that benefits are never assured, risk is usually present, and multiple factors affect each bureaucrat's assessment of the benefits and risks associated with indirect lobbying on a particular bill. These factors include characteristics of Medicaid policies, interest groups, governors, legislatures, and Medicaid agencies. For example, where bureaucrats work in agencies with very good reputations, direct lobbying may be relatively effective and efficient, so we should be less likely to find evidence of indirect lobbying. Where bureaucrats and interest groups disagree on particular policies, it may be difficult for bureaucrats to ask for interest groups' support. In the remainder of this chapter, I discuss the ways in which I expect each of these factors to affect bureaucrats' estimates of the benefits and costs associated with indirect lobbying, and the resulting effect these conditions should have on the likelihood that bureaucrats engage with legislatures in this way.

Micro-Level Factors

In this section, I consider characteristics of Medicaid policies and interest groups. These factors largely affect which interest groups are likely to become the targets of bureaucrats' requests for lobbying support. I focus first on bureaucrat-lobbyist alignment on policy and then on interest group power.

Mutual Policy Goals

If Medicaid bureaucrats are willing to solicit lobbying support from interest groups, which groups should we expect them to ask for help? Here I consider three different models of interest group lobbying, discussing the extent to which they are likely to accurately describe

indirect bureaucratic lobbying. Sorting through the applicability of these models helps to predict both which groups will be the targets of bureaucrats' requests for support and how bureaucrats attempt to elicit that support. One contribution of this research to the literature on bureaucratic power is that it proposes and tests a specific mechanism for influence. Therefore, in this discussion and the related empirical analyses, in Chapters 5 and 6, I attempt to be as specific as possible about the lobbying mechanism at work in indirect bureaucratic lobbying.

The first question is whether bureaucrats tend to target groups who agree with them or whether they approach undecided or opposing groups, consistent with the theory that lobbyists persuade legislators to vote their way (Austen-Smith & Wright 1994; Hansen 1991; Wright 1996/2003). In a persuasion story, Medicaid bureaucrats would use technical or programmatic information to convince uncertain, uncommitted, or even opposed interest group leaders to change their preferences, and to lobby legislators on that basis. In other words, if the persuasion model fits I would expect to see bureaucrats approach interest group leaders who are neutral or opposed. While recent lobbying scholarship has moved away from persuasion, this model is not merely a strawman in this context. We know that Medicaid bureaucrats do talk to lobbyists who don't agree with them: federal regulations require that Medicaid bureaucrats meet regularly with stakeholder groups to discuss proposed policy changes, and Medicaid policy is frequently contentious. If Medicaid information is significant enough and interest groups do not have strong preferences on a particular issue, then bureaucrats may be able to change lobbyists' minds. This scenario is easier to imagine if the interest group is not routinely involved in Medicaid policy—for example, a chamber of commerce rather than a hospital association. In the case that bureaucrats successfully persuade a group like a chamber of commerce to lobby on a preferred

Medicaid policy, the payoff may be much higher than if bureaucrats secure lobbying support from an ally already primed to lobby.

However, effectively targeting “fence-sitters” or interest groups with opposing preferences is likely to be a rare opportunity for bureaucrats. Health lobbyists are not equivalent to low-information legislators with committee assignments in multiple policy areas, dependent on outside information in order to develop opinions. Given that health lobbyists typically already have well formed opinions, changing their preferences should be difficult. In addition, approaching non-allies should also be more costly for bureaucrats than targeting allies. This is so not only because persuading is hard work, but also because there is a higher risk of paying costs associated with having their political engagement exposed by non-ally interest groups. Furthermore, persuading a non-ally group may use up more of bureaucrats' political capital than making a request of an ally if the group sees their lobbying as a favor or concession to bureaucrats. Given the uncertainty of achieving a high payoff and the potentially high costs associated with persuasion, I expect to see that bureaucrats usually target lobbyists who share their objectives.

If it is true that policy alignment usually characterizes bureaucrat – interest group lobbying alliances, identifying areas of agreement can help us predict which groups bureaucrats will ask for support. I have systematic data on policy agreement and am therefore able to test its prevalence in indirect bureaucratic lobbying (Chapters 5 and 6). But deciding that bureaucrats usually contact allies still does not tell us what bureaucrats do when they approach those allies, or, in other words, how they elicit lobbying support. There are two main theoretical possibilities for the mechanism at work here: information subsidy and activation.

First, I consider the information subsidy theory of lobbying developed by Hall and Deardorff (2006). Previous lobbying theories—notably those focused on persuasion, as discussed above, and on the exchange of campaign contributions for legislative activity (Snyder 1992, McCarty & Rothenberg 1996)—did not fully explain why lobbyists generally target their legislative allies. Hall and Deardorff make sense of the puzzle of “friendly” lobbying by arguing that lobbyists target those who (strongly) agree with them about particular policies: “[t]he proximate objective of this strategy is *not* to change legislators' minds but to assist natural allies in achieving their own, coincident objectives” (69). They argue that lobbyists can mobilize legislative allies by providing policy or political information that increases legislators' ability to act on behalf of a mutually preferred policy.

Does this theory extend to indirect bureaucratic lobbying, a two-stage lobbying process in which bureaucrats ask interest groups to lobby legislators (put another way, they lobby lobbyists to lobby)? If so, we should see Medicaid bureaucrats attempting to partner with lobbyists where there are higher levels of bureaucrat-lobbyist agreement on particular policies. We should also see that Medicaid bureaucrats share information with lobbyist allies, or in Hall and Deardorff's terms, that Medicaid bureaucrats somehow supply a “matching grant,” offering policy information or political intelligence that helps to offset the requested lobbying effort. Theoretically, bureaucrats are capable of providing policy information to lobbyists—after all, relative even to lobbyists who specialize in health issues, Medicaid bureaucrats are policy specialists in Medicaid. Provider and consumer groups may have several different focus areas within health policy, but Medicaid staff focus on Medicaid more exclusively. They also have more exclusive access to federal officials at the Centers for Medicare and Medicaid Services

(CMS), which sets guidelines for operating and changing state Medicaid programs. Medicaid bureaucrats may also be able to supply lobbyists with political intelligence, for example by reporting that certain legislators are opposed to a preferred policy.

Providing interest groups with substantial information subsidies, however, may not always be necessary for indirect bureaucratic lobbying around Medicaid. One reason that information subsidies are an important tool in the context of interest groups' legislative lobbying is that subsidies can shift legislative priorities by increasing legislators' ability to work on a particular policy. In contrast, in the context of indirect bureaucratic lobbying, Medicaid policy is already a key priority for many interest groups. Moreover, many resource-rich groups (like hospital associations) may possess more political *and* policy information than bureaucrats. Thus, in some circumstances, interest groups may be both willing and able to lobby in partnership with Medicaid bureaucrats in the absence of information subsidies from those bureaucrats. Therefore, while I expect that policy agreement between bureaucrats and interest groups should almost always be present in indirect bureaucratic lobbying, information subsidies may not be. In other words, while I expect to see that agreement is generally necessary for indirect bureaucratic lobbying, it is not yet clear whether information subsidies are also necessary.

What would Medicaid bureaucrats' subsidy-free requests for support from ally interest groups look like? The third possible lobbying model, after persuasion and information subsidy, is a simple activation (or mobilization) story. I define “activation” in this context as bureaucrats' requests for interest group lobbying support where bureaucrats and groups agree on policy but where bureaucrats do not provide information subsidies to groups. The possibility that this accurately describes indirect bureaucratic lobbying presents some theoretical challenges in that it

departs somewhat from the extant literature on legislative lobbying. Most lobbying theories focus either on how lobbyists make legislators more willing (via incentives or persuasive information) or more able (via information subsidies) to work on behalf of lobbyists' priorities. Other than Hall and Deardorff, researchers observing that lobbyists often contact legislative allies have not specified a mechanism for what lobbyists do to elicit support (e.g., Hoijnacki & Kimball 1998; 1999).^{4,5} To my knowledge, there are no existing models that clearly outline a specific mechanism underlying subsidy-free mobilization of interest groups' legislative allies.

Yet I argue that the idea that bureaucrats can sometimes activate like-minded interest groups is realistic: where bureaucrats and interest groups agree on desired policy outcomes, it is in their mutual interests to coordinate their engagement with legislators because legislators are the key decision-makers; coordinated advocacy can thus increase the chances of realizing the preferred outcome. The mutual dependence of Medicaid bureaucrats and health interest groups in the legislative arena—over the short or long term—means that Medicaid bureaucrats can simply ask for allied interest groups' help. Certainly, some groups may already be primed to lobby the same issue, but bureaucrats may not be certain of their intent to lobby or the degree of planned

⁴ One could argue that Austen-Smith and Wright (1994) provide another plausible theory to explain why lobbyists contact legislative allies. Austen-Smith and Wright argue that lobbyists lobby allies in order to counteract the lobbying of groups on the other side of an issue. However, they build this argument on a foundation of persuasive lobbying. In their story, the lobbyists doing most of the mobilizing are not the allies of legislators but rather the persuaders.

⁵ Another explanation for the preponderance of evidence showing that lobbyists contact allies is that proposed by Kollman (1997), who shows that interest groups working in a particular issue area have ideologies similar to those of the legislative committees they work with most closely. Thus, agreement does not reflect lobbyists' choice of which legislators to contact as much as it reflects the bias of both legislators and lobbyists working in a given policy area. Kollman interprets this finding as evidence of the subgovernment model of policymaking, although he does not test the ideologies of bureaucrats, the remaining actors in subgovernments (or “iron triangles”). My research has many similarities to the subgovernment model, in which bureaucrats, legislators, and interest groups working together in a policy area have significant influence on policy outcomes. However, I argue that the ideological consonance Kollman finds between interest groups and legislators is unlikely to explain bureaucrats' requests for interest group support in the Medicaid context. As I discuss above, disagreement between bureaucrats and interest groups about Medicaid policy is a real and common occurrence; indirect bureaucratic lobbying is more likely to reflect bureaucrat-lobbyist policy agreement than ideological similarity.

effort, so it still makes sense for bureaucrats to mention to interest groups that a particular policy needs private-sector support. Subsidy-free activation of interest group allies may be very simple in practice, consisting only of statements such as “this bill is going to be a heavy lift” or “we need your help on this policy.” I provide real-world examples of such requests in Chapter 6.

The idea that mutual dependence on policy outcomes shapes lobbying relationships is related to (but not a perfect match for) Ainsworth's (1997) model of “lobbying enterprises.” Ainsworth argues that legislators structure “semi-institutionalized” lobbying groups that rely on long-term relationships to “reduce the ubiquitous uncertainty and costliness associated with ongoing interactions” between lobbyists and legislators (p. 518). Long-term relationships and some degree of mutual dependence between Medicaid agencies and health lobbyists are also important in the indirect bureaucratic lobbying context, although I argue that bureaucrat-group coordination on Medicaid advocacy depends on a host of factors and is inherently less stable than the enterprises Ainsworth proposes. Medicaid lobbying enterprises may indeed structure relationships over the long term but are not likely to determine, for example, whether a bureaucrat asks a hospital association for help on a particular bill, because policy agreement on that bill is still the overriding determining factor dictating whether indirect bureaucratic lobbying occurs. Thus, I argue, short-term mutual dependence is more important.

If information subsidy and activation are both realistic as mechanisms for indirect bureaucratic lobbying, how can we predict when bureaucrats are likely to use one versus the other? One way to distinguish these strategies might be to ask whether bureaucrats are likely to have more policy information at their disposal than their interest group allies. That is, if groups have relatively low information resources, we might expect bureaucrats to subsidize them when

they ask for lobbying support. If groups have relatively high information resources, which is likely to be the case for certain provider associations, we might expect bureaucrats to simply activate them. Interest groups of all types are equally likely to have political information about the legislation they are interested in, so here I focus on access to technical or legal information about Medicaid. I do not have systematic survey evidence on the presence of information subsidies, although I do have some illustrative information that I use to explore the possibility of group resources as a distinguishing factor (Chapter 6). By extension, it also seems possible that Medicaid agencies with higher professional capacity are more likely to be able to provide subsidies of policy information to all types of interest groups; whether this is true is a question for future research.

Turning to interview responses related to the nature of bureaucrat-group coordination on advocacy, the interviews generally support the idea that policy agreement matters. There were no contradictory views expressed, and no characterizations of persuasion. One provider association executive in a Midwestern state described legislative strategy sessions in which agreement between the two parties was assumed as existing or potential. And while one of the bureaucrat respondents in a different Midwestern interview state generally denied that collaborating with interest groups on legislative policy is important, he also said that in rare cases, a “Navy Seals” approach to important legislation is required. In those instances, he might call a powerful ally, like a major provider association, to coordinate on lobbying strategy. Such a phone call would be placed on the assumption that there is agreement between the interest group and bureaucrat: “[t]he agency already knows where [the provider association] is.” It is not clear from this description whether this is an example of information subsidy or activation.

The comments of interview participants provide some support for the idea that information subsidies are not always present (as do survey transcripts, detailed in Chapter 5). Unsurprisingly, all four advocates I spoke with feel that they have more *political* information than bureaucrats, including more information on where particular legislators stand on a policy. Most of the advocates I spoke with also do not feel that they need bureaucrats for *policy* information. On occasion, the advocate interview subjects trade policy and political information with bureaucrats, but bureaucrats were not the first source they mentioned. Other sources of policy information mentioned include advocates' own expertise, experience, national groups, observations in other states, and advocacy coalition partners. For example, when I asked a provider association leader in one of the Midwestern interview states about what the Medicaid agency brings to the table when agency staff request his help, he acknowledged that sometimes they bring policy information. But this respondent asserts that the agency more often comes to this group with hat in hand:

But sometimes they're bringing requests for help – modeling financial scenarios. In the old days, the department would do the modeling of a policy or payment change. Now they try to outsource it to us. We have the resources for that and they don't anymore.

In his view, there has been pressure on the state to reduce staffing and other overhead and a corresponding exodus of experts from the bureaucracy.

In summary, each of the three relevant models of lobbying—persuasion, information subsidy, and activation—might sometimes accurately describe indirect bureaucratic lobbying. Persuasion surely happens, although I expect this to be the least common mechanism employed by bureaucrats to elicit interest group lobbying. Instead, I expect that indirect bureaucratic lobbying is more likely to occur where there is policy alignment between bureaucrats and interest

groups. In Chapters 5 and 6, I conduct systematic tests of Hypothesis 1:

Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of states' institutional characteristics.

This hypothesis test can rule out the widespread use of persuasion, but it cannot distinguish between the information subsidy theory or a simpler activation scenario. In Chapter 6, I also present preliminary evidence on the existence of information subsidies. I expect that bureaucrats are more likely to extend information subsidies where groups have fewer resources or the policy is relatively simple. In addition, tests of Hypothesis 1 shed light on whether agreement is always important, or only at certain levels of institutional capacity.

Interest Group Power

State-based interest groups that lobby on Medicaid issues generally fall into two categories, representing either commercial entities (whether for-profit or non-profit) or consumers. Health service provider associations are the most common type in the former category, although individual providers, insurance companies, and other business associations like chambers of commerce also lobby on Medicaid. On the consumer side, most active consumer advocacy groups active on Medicaid represent the interests of poor, but some, like state AARP branches, represent wider cross-sections of the people residing in a given state.

Bureaucrats' solicitation of lobbying support should depend not only on agreement with interest groups on particular Medicaid policies, as discussed above, but also on the type of group. Provider associations typically have more lobbying power than consumer advocacy groups because provider associations, and other associations of commercial entities, have more resources. Provider associations are also uniquely able to make policy arguments on the basis of

both business considerations and consumer or social considerations, whereas consumer advocacy groups are usually restricted to making arguments about the needs of the poor. Hospital associations in particular represent organizations that are large employers and key drivers of local economies; most also have political action committees that help to finance legislators' election campaigns. If provider associations have more power with legislators, then, bureaucrats are more likely to realize the benefit of preferred policy outcomes if they rely more heavily on provider groups' lobbying than consumer advocates' lobbying. However, consumer groups should have more lobbying power with Democrats because they are likely to be ideologically aligned. Therefore, I expect that where legislatures are controlled by Democrats, provider groups and consumer groups should both be important targets for bureaucrats' requests for assistance. Where state legislatures are controlled by Republicans, bureaucrats should rely on provider groups more than consumer groups. Hypothesis 2 summarizes these expectations:

Bureaucrats are more likely to request the help of provider groups than consumer advocacy groups, except where at least one branch of state legislatures is controlled by Democrats.

It follows from this that we should also see greater use of activation than information subsidies in states with Republican control, although I do not have a way to test this systematically.

My interviews supported the idea that group power matters. Two of the interview participants, both advocates, actually emphasized group power over agreement as a reason they feel they are targets for indirect lobbying. Without first being asked about group power, one interview participant, the leader of a very liberal consumer group, stated that the Medicaid agency approaches him because of his effectiveness with the legislature. He stated that this was a more important reason for being approached than agency-group policy alignment. In particular,

he described being approached by the Medicaid agency for lobbying help because of the power his group wields with liberal legislators. Of course, this is his interpretation of the motivations of the Medicaid agency, rather than some objective truth, but it is consistent with my expectations about the ideological alignment of consumer advocacy groups and Democrats.

Macro-Level Factors

I have theorized that bureaucrat-lobbyist policy agreement and interest group power both facilitate indirect bureaucratic lobbying. These micro-level factors increase the likelihood of bureaucrats' requests for interest group lobbying because they increase the probability of benefits to bureaucrats. They also lower the potential costs of political engagement, since making requests of non-ally and/or low-power groups expends bureaucratic resources with a lower likelihood of payoff. These micro-level factors help me make predictions about which interest groups bureaucrats will target, on which legislative policies, within a given state. But across states, macro-level factors—states' institutional and political characteristics—should also affect bureaucrats' behavior, explaining which bureaucrats (i.e., in which states) are likely to engage in indirect bureaucratic lobbying. In this section, I consider how agency capacity, legislative capacity, and gubernatorial power might alter the likelihood of bureaucrats' indirect lobbying.

State Agency Capacity

Multiple scholars have argued that agency capacity is a necessary conceptual and analytical component of any thorough examination of agency-legislature relations (Eisner 1993; Krause & Woods 2013). Carpenter's (2001) research shows that Progressive Era agencies' reputations for expertise, in combination with their relationships with interest groups, increased

the agencies' independence from Congress. More recent research by Nicholson-Crotty and Miller (2012) takes up Carpenter's arguments and applies them to state agencies and legislatures.

Nicholson-Crotty and Miller compare data from a survey of state legislators with data on state agency capacity, finding that legislators see agencies as more influential in the legislative arena where overall state agency capacity is higher. These works are clear on the link between high agency capacity and direct influence on legislators.

But is high agency capacity a requirement for *indirect* lobbying? Interest groups may be less interested in lobbying on behalf of low-capacity Medicaid agencies. On the other other hand, interest groups in a particular state do not have a choice of Medicaid agencies with which to work, and there may be high-performing individual bureaucrats even in low capacity agencies. For these reasons, agency reputation may not be the factor that determines bureaucrat-interest group partnerships. In addition, a certain amount of agency-group interaction is predetermined by the federal regulations requiring Medicaid agencies to meet regularly with interest groups, so bureaucrats in all Medicaid agencies have opportunities to request lobbying support.

Furthermore, bureaucrats working in lower-capacity Medicaid agencies may be *more* likely to solicit interest groups' support if they are less able to pursue direct influence strategies. Indirect lobbying may be the best or only way for bureaucrats to influence legislative decision-making. Conversely, high-capacity Medicaid agencies may have more credibility with interest groups, but they also have more credibility with legislatures, reducing the need for bureaucrats to spend political capital with interest groups. On balance, then, we should see that individual bureaucrats are more likely to leverage individual relationships with lobbyists where agency capacity is low.

However, the effect of agency capacity on indirect bureaucratic lobbying should also depend on the existence of bureaucrat-lobbyist agreement on policy. Where agency capacity is low but bureaucrat-lobbyist agreement is also low, bureaucrats are unlikely to attempt to leverage interest group power because they do not have interest group allies. This should be true regardless of whether bureaucrats subsidize interest groups when they ask for help, or merely activate, or both. The interdependence of agency capacity and bureaucrat-lobbyist policy agreement gives rise to Hypothesis 3:

Bureaucrats are more likely to solicit interest group lobbying in states where agency capacity is low, but this effect is conditional on high bureaucrat-agency agreement.

This hypothesis therefore makes a slightly different prediction about the effect of agreement than Hypothesis 1. I state this conditional prediction in another way using Table 2.1.

Table 2.1: Conditional agency capacity hypothesis

		Agency capacity	
		Low	High
Agreement	Low	Less	Less
	High	More	Less

State Legislative Capacity

Next, I consider the possible effect of legislative capacity on bureaucrats' propensities for indirect lobbying. In states where there is low legislative capacity—measured by session length, legislative staff, term limits, and other factors—legislators should be more dependent on external sources of policy expertise, including both bureaucrats and interest groups. Medicaid policy is complex, and making judgments about statutory language, budget requirements, and policy

effects is costly for legislators (Huber & Shipan 2002). Where legislative capacity is low, bureaucrats should be motivated to intervene in legislative decision-making order to forestall bad decisions and/or increase the likelihood of preferred policy. Again, this should be true regardless of whether bureaucrats subsidize interest groups when they ask for help, or merely activate, or both—either way, lobbyists will use their relatively high information levels to subsidize legislators.⁶

As with agency capacity, the effect of low legislative capacity on indirect bureaucratic lobbying should depend on the existence of bureaucrat-lobbyist agreement on policy. Where legislative capacity is low but bureaucrat-lobbyist agreement is also low, bureaucrats may want to increase legislators' information levels but do not have lobbyist allies from whom they can request help. Bureaucrats are most likely to ask interest groups for assistance if legislative capacity is low and if there is bureaucrat-lobbyist agreement on policy. Where legislative capacity is high and agreement is high, bureaucrats and interest groups may agree on policy, but increasing legislators' information levels is less crucial. Hypothesis 4 summarizes these predictions:

Bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.

I state these predictions another way in Table 2.2.

⁶ Although I do not examine direct lobbying in this dissertation, we should, for the reasons discussed above, also expect that bureaucrats in states with low legislative capacity conduct more direct lobbying. We might further expect the degree of direct bureaucratic lobbying in low-capacity legislatures to depend on agency reputation. However, in their examination of state-level bureaucrats' influence on legislators, Nicholson-Crotty and Miller (2012) find no support for their hypothesis that legislative capacity conditions the positive effect of agency capacity on legislators' perceptions of bureaucratic influence.

Table 2.2: Conditional agreement hypothesis

		Legislative capacity	
		Low	High
Agreement	Low	Less	Less
	High	More	Medium

On the other hand, we might expect that the effect of bureaucrat-lobbyist agreement outweighs the macro-level effect of legislative capacity. In this case, where legislative capacity is high and there is also high bureaucrat-lobbyist agreement, bureaucrats may issue requests for support simply because legislative policy is important and because lobbyist allies are available to help them influence it, rather than because there is a particularly big information vacuum in the legislature. In other words, there may be an effect of agreement independent of the effect of legislative capacity, consistent with Hypothesis 1. I show this prediction in Table 2.3.

Table 2.3: Independent agreement hypothesis

		Legislative capacity	
		Low	High
Agreement	Low	Less	Less
	High	More	More

Governors

Finally, characteristics of governors should also have discernible effects on bureaucrats' political behavior. Public administration scholars have long observed that state executive leadership does not exhibit the hierarchical management structure typical of other organizations

—there are distinct limits to gubernatorial control of state agencies (Abney & Lauth 1983; Brudney & Hebert 1987). However, to varying degrees, governors can establish policy priorities (Beyle & Ferguson 2008), marshal media attention and public opinion (Brudney & Hebert 1987), and influence agencies through rule review (Woods 2004). In addition, gubernatorial budget and veto powers have generally increased since twentieth-century reforms (Beyle & Ferguson 2008) and states are increasingly establishing program evaluation offices that provide executives with detailed information about agency performance (Boerner 2002). Recent scholarship on gubernatorial power has shown that even the weakest governors are successful with a proportion of their policy initiatives, and that governors have a great deal of influence over state budgets (Kousser & Phillips 2012). State agency staff surely are aware of these powers even where they are somewhat insulated by strong merit-based personnel systems.

My pre-survey interviews supported the idea that governors' preferences and power strongly influence bureaucrats. One of the bureaucrats in a Midwestern interview state spontaneously offered the thought that governors and their preferences should influence bureaucrats' political communications to a larger extent than any other factor. This respondent has observed party-based differences in governors' tolerance for agency-interest group relationships, but also said that in his experience governors in general do not want agency staff being politically active (he put this in terms of “talking to legislators”). A different (former) bureaucrat stated that he has seen wide variation in governors' comfort with staff being “out in front” and that this should matter for indirect bureaucratic lobbying.

My theory about the influence of gubernatorial characteristics on indirect bureaucratic lobbying is based on the idea that formal gubernatorial powers relative to legislatures vary

widely across states (Beyle & Ferguson 2008; Krupnikov & Shipan 2012; Kousser & Phillips 2012). In particular, variation in gubernatorial power relative to legislatures affects the likelihood that governors' policy and budget proposals succeed. I expect that where gubernatorial power is low relative to legislatures, the executive branch needs more political support from interest groups to achieve its policy objectives. Where gubernatorial power is low *and* agreement between bureaucrats and governors is high, governors should be more comfortable with bureaucratic activism *and* bureaucrats should be motivated to request support from interest groups. Where gubernatorial power is low and bureaucrats agree with governors on policy, indirect bureaucratic lobbying increases the probability of benefits to bureaucrats. Indirect bureaucratic lobbying is also less costly to bureaucrats than direct lobbying on gubernatorial proposals, since legislators should prefer to maintain their power relative to governors and might be intolerant of agency activism.

In contrast, where gubernatorial power is high and bureaucrat-governor agreement is high, bureaucrats should be less likely to lobby indirectly because there is less need for interest group support and asking for political favors is costly. Where gubernatorial power is high and agreement is low, bureaucrats might want to subvert governors, but are more likely to remain silent than risk the costs of insubordination. Hypothesis 5 summarizes these predictions:

Bureaucrats are more likely to solicit interest group lobbying if gubernatorial power is low and bureaucrats agree with governors.

I state these predictions another way in Table 2.4.

Table 2.4: Hypothesized effects of gubernatorial characteristics

		Gubernatorial power	
		Low	High
Bur.-gov. agreement	Low	Less	Less
	High	More	Less

I expect these predictions to hold regardless of party control of state government. This may be a somewhat unorthodox position for a comparative study of state politics, but prominent studies that foreground the effects of divided government look at policy outputs (e.g., Huber & Shipan 2002), whereas I am interested in the bargaining leading up to those outputs. More importantly, I suspect that there is a certain baseline amount of interbranch tension inherent in managing Medicaid. Medicaid constitutes a huge and growing portion of state budgets (Cooper 2011) and creates enormous policy challenges for all states. Therefore, I expect the effects of gubernatorial power and governor-bureaucrat agreement on indirect bureaucratic lobbying on Medicaid to be the same regardless of whether there is unified or divided government.

Lastly, I expect that governor-bureaucrat agreement matters for the openness of bureaucrats' requests for lobbying. Conditional on the existence of bureaucrats' requests for lobbying support, requests should be open if agency preferences are aligned with the governor's, and surreptitious if preferences are not aligned. Bureaucrats should be unlikely to conduct any indirect lobbying at all if they disagree with governors. But if they do lobby, and they also disagree with governors, we might assume that they are working to undermine gubernatorial proposals. In that case, I would expect them to issue very quiet appeals for lobbying help rather

than risk paying costs associated with insubordination. Where bureaucrats agree with governors and there is evidence of indirect lobbying, I expect that evidence to reveal more explicit requests for help. Although bureaucrats still risk angering legislators by being explicit, the risk of angering governors is much lower since governors and bureaucrats are working toward a common goal (for that matter, governors might even encourage indirect lobbying). The benefits of being direct about the need for lobbying in such a situation should outweigh the risk of paying costs associated with angering legislators. These expectations give rise to Hypothesis 6:

Bureaucrats should request interest group support more openly if their preferences are aligned with governors' preferences.

Hypotheses

To summarize, I list all hypotheses about the factors I expect to condition bureaucrats' requests for lobbying support, based on the theory elaborated in this chapter. Hypothesis 1 makes a different prediction about the effect of agreement than Hypotheses 3 and 4, which predict that agreement and state characteristics are interdependent. I test these hypotheses against each other in Chapter 5.

H1: Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity.

H2: Bureaucrats are more likely to request the help of provider groups than consumer advocacy groups, except where at least one house of state legislatures is controlled by Democrats.

H3: Bureaucrats are more likely to solicit interest group lobbying in states where agency capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.

H4: Bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.

H5: Bureaucrats are more likely to solicit interest group lobbying if gubernatorial power is low and bureaucrats agree with governor.

H6: Bureaucrats should request interest group support more openly if their preferences are aligned with governors' preferences.

In conclusion, this chapter presents a theory of indirect bureaucratic lobbying based on the costs and benefits to bureaucrats of political engagement. I discuss several micro-level and macro-level conditions that I expect to affect bureaucrats' likelihood of conducting indirect lobbying because they change the costs and/or benefits of doing so. In the next chapter, I use the survey data to test all hypotheses.

Chapter 3: Survey Development and Process

In order to test the hypotheses developed in Chapter 2, I created a novel dataset containing information on legislation-related communications between state Medicaid bureaucrats and state health lobbyists over the 2011 and 2012 state legislative sessions. I collected these data through a telephone survey of lobbyists in 25 states. The resulting dataset forms the centerpiece of my dissertation. In this chapter, I describe the process of developing and fielding the survey: first, I present findings from a set of preparatory in-depth interviews and then I provide details on the survey itself.

Interviews

In Chapter 2, I discuss the theory-refining evidence that I gathered from a series of in-depth interviews with state health bureaucrats and advocates. These interviews also had an important practical purpose: to assess whether indirect bureaucratic lobbying is common enough to warrant systematic study, and, secondarily, to determine the feasibility of different survey strategies. In this section I present interview evidence that informed survey design.

As described in Chapter 2, I interviewed two health department bureaucrats and two consumer advocates in each of two Midwestern states. I also spoke with a Medicaid director in a western state and a former Medicaid director in a western state with additional experience in several other states. In addition, I spoke with an official with the National Association of Medicaid Directors (NAMD). Thus, in total, I had eleven conversations with subject matter experts.

A Recognizable Phenomenon?

The main premise that I sought to clarify through interviews is that indirect lobbying is a common part of agency work and that bureaucrats should recognize and be able to talk about it. However, one of my initial key findings was that, of my interview subjects, lobbyists were more willing than bureaucrats to discuss their political communications or participation in legislative strategy. While half of the bureaucrat interview subjects acknowledged proactively collaborating with lobbyists on legislative advocacy, the other half rejected the idea of this practice (although one of these described occasional communications that could be interpreted as proactive collaboration). There was also a mismatch, in terms of perceptions of this type of behavior, among the lobbyists and bureaucrats within interview states: while bureaucrat interview respondents in an interview state disavowed this activity, lobbyists in the same state reported that they engaged in it. Following I provide details on this theme from the interviews.

Among the (current and former) bureaucrat interview subjects, three out of six insisted that partnering with advocacy groups on legislation is not important and is not a meaningful part of their jobs. In one Midwestern interview state, the Medicaid director stated that he is able to get the policies he wants without the legislature.¹ He has a great deal of administrative latitude since the program is not codified in state statute and he does not need legislative permission to create policy, other than through the heavily politicized budget process. He has a good relationship with certain interest groups, but he does not feel that he needs them to reach his policy goals.

In the other Midwestern interview state, both of the Medicaid bureaucrats I spoke with

¹ This statement, of course, does not invalidate the applicability of the principal-agent framework or negate the idea that this situation is of the legislature's choosing. The legislature in this state may purposely delegate a great deal of policy authority to this Medicaid agency. This interview subject's statements do mean, however, that he need not coordinate with advocates on legislative strategy—if he proactively attempts to shape policy outcomes he may do so at different stages of the policy development process.

(one current, one former) do not involve themselves in the particulars of legislation, and do not see it as their jobs to work with advocates on legislation. The current bureaucrat in that state explained that bureaucrats do talk to interest groups, but “this is not an important dynamic.” He also explained that his agency's agenda is mainly defensive: “agency activity is mostly around trying to fend off random legislative activity.” However, he focuses his policy activism on the rules process rather than engaging in the legislative process: “I can make a law 90% different through rulemaking.”

The former bureaucrat in the same state explained that the legislative liaison for the agency might call a legislative person at an interest group, but that he (as the Medicaid director) would have been unlikely to do that. He said, “I used to call interest groups on legislation and would just talk in terms of principles. I didn't see it as my job to reference bill numbers.” He further explained that these phone calls were “more about sharing information than lobbying. The agency already knows where the interest group is. The legislative people know. Phone calls are to people who know those people would agree.” This bureaucrat emphasized that he did not see the occasional exchange of information with advocates as an important tool for his job.

There is some ambiguity in this respondent's statements, in that he gave examples of behavior that sound like indirect bureaucratic lobbying but also took pains to emphasize that he does not coordinate on legislation with interest groups. This may have been partly a result of the general way in which I asked about his communications. As Beckmann and Hall (2010) point out, political insiders “may not even provide accurate summary *descriptions* of their behavior” (p. 3, emphasis in the original), let alone explain it cogently. It is difficult to know exactly how to interpret this ambiguity; therefore, I took his disavowals at face value for the purposes of

informing my survey strategy. In addition, I note that some of this respondent's statements could be interpreted as reflecting the extension of information from the bureaucrat to the interest group to facilitate interest group lobbying, consistent with Hall and Deardorff's (2006) theory of lobbying as information subsidy, but it is not clear which way the information traveled or what kind of information was discussed.

In contrast with the three bureaucrat respondents who said that they generally do not engage in legislative strategy with interest groups, the other three bureaucrat respondents acknowledged doing so. One, in answer to my question about whether she communicated with advocacy groups during the legislative process, described the process of negotiating the agency budget prior to the introduction of the actual budget bill: “Yes, we work with gazillions of advocacy groups to find out what they want. It's an interactive process. There's information sharing in back rooms, while sitting dutifully at our jobs during the day.” However, this bureaucrat also described vote-counting, “plotting” with advocates, and “war rooms” in which she discusses legislative strategy with advocates *after* the introduction of bills. She gave an example of a policy authorization that she worked on proactively, saying “the committee stage is more important than floor. The allies counted committee votes. The war room [for an effort like this] would be a group I could trust.”

The other two bureaucrats who acknowledged this behavior were the current and former Western-state Medicaid directors. One agreed that indirect lobbying is a recognizable and common part of agency work, saying that this research would help “pull back the curtain on the process.” The other referred to “coordinating” and “collaborating” with interest groups on legislation, expressing surprise that all of my interview subjects did not describe instances of

coordinating with interest groups:

Respondent: Medicaid agencies have to be politically proactive. Even if there aren't policy authorizations, the budget process is never passive, can't be passive. Medicaid constrains so many other budgets, it touches everything, since it's an entitlement program. I have a hard time believing that there isn't collaboration, or at least some coordination, with private sector groups.”

Interviewer: Do you think this would be as much the case for policy authorizations as it is for appropriations?

Respondent: Yes.

In total, then, bureaucrat interview subjects' acknowledgments of strategic collaboration with interest groups were mixed. Enough of these bureaucrats described something like indirect bureaucratic lobbying to reassure me that the phenomenon exists, although it may not be something that bureaucrats are happy to discuss with a researcher. In some states it may not occur at all, if bureaucrats—like two of the above respondents—focus their strategic energy on rulemaking rather than legislation. Ultimately, *any* acknowledgement of this behavior runs counter to the conventional wisdom about bureaucrats and to the literature on political control of the bureaucracy.

Among the interest group respondents, three out of four acknowledged coordinating with bureaucrats on legislative policy and furthermore that this coordination is sometimes initiated by bureaucrats. In one of the Midwestern interview states, one advocate did not acknowledge this kind of strategic communication with bureaucrats. This respondent did, however, describe sitting down with the Medicaid director to discuss current policy issues and prepare for each meeting of the Medicaid Community Advisory Council, which she chairs. In a separate statement, she also said that the Council often advocates for policies discussed as part of its agenda. Taken together, these behaviors look a lot like “coordination” with the agency on legislative policy, although the respondent asserted that the Council does not rely on the Medicaid director's agreement to

engage in advocacy. The other advocate I spoke with in that state described two recent instances of coordinating with the Medicaid agency on legislative policy. One of these seemed to center on the policy content of legislation and the other on coordinating political strategy, although the respondent did not explicitly make that distinction. He did say that “the arrow goes both ways” in terms of the interest group approaching the agency and vice versa.

In the other Midwestern interview state, in contrast with the disavowals from bureaucrats, both interest group respondents freely acknowledged strategic communications with bureaucrats about legislation. One recalled being approached by the secretary of the entire health department (encompassing the Medicaid agency), who asked for support on a major Medicaid budget bill. The other, a human-services interest group leader, said that information usually flows the other way. He will bring demands to the agency or governor's office or let the agency know about a legislative action, but “six-person” meetings on legislation are often initiated by agency directors and he also has relationships with (exactly) four lower-level bureaucrats who will phone him with information in confidence. He is sometimes asked where his coalition members stand on a policy, or to lobby one of his own coalition members, or to have a conversation with a (Democratic) member of the legislature.

Perhaps it should not be surprising that more lobbyists than bureaucrats acknowledged engaging in strategic communications related to legislative advocacy. After all, this is a typical activity for lobbyists, a central component of their work. For bureaucrats, depending on the state and the rules or norms proscribing bureaucratic activism, this may be quite risky to do or acknowledge doing, even in a confidential research interview.

Which Bureaucrats?

Related to my initial idea that high-level Medicaid bureaucrats would be willing and able to discuss proactive collaboration with interest groups, I also began the interview process with assumptions about which bureaucrats in state Medicaid agencies would be most likely to do this—namely, Medicaid directors and legislative liaisons. However, according to interview subjects, the communications and relationship-management functions of Medicaid agency staff vary by state.

In one of the Midwestern interview states, both bureaucrat subjects said they feel that engaging on legislation is both above and below their pay grade: above in that this is the responsibility of directors and the governor's office, and below in that the agency hires legislative liaisons who get their hands dirty with political hackery so longer-term bureaucrats don't have to. They see the agency's legislative liaisons as low-level political operatives rather than policy experts. They described Medicaid directors and the senior staff as "brain people" and the legislative liaisons as "mouth people." In that same state, the two consumer advocates I spoke with both said they've been approached by department secretaries, and one of these also discussed being approached in strict confidence by lower-level Medicaid bureaucrats.

In the other interview state, the Medicaid director said that he has a long-term collegial relationship with a particular provider association, but that he does not think that his own senior staff would go out to dinner with leaders of that association, as he does, or maintain the relationships in general. He seemed to characterize his staff as unconnected technocrats.

My personal experience as a Medicaid legislative liaison in a western state slightly contrasts with the norms in both of these states. Unlike the legislative liaisons in the first

interview state mentioned above, I was expected to be a source of policy expertise, and I had technical and managerial responsibilities as well as communications responsibilities. In contrast with the second interview state, I was also responsible for maintaining certain interest group relationships even though I was a subordinate of the Medicaid director.

I concluded from the variation in these interview responses that responsibility for legislative strategy and interest group communications is somewhat idiosyncratic across states, and that the titles of any agency staff with these responsibilities may be at least partly a function of agency culture, bureaucrats' work histories, and other difficult-to-quantify factors.

Implications for Survey Plan

The two findings described above can be summarized as follows: first, some Medicaid bureaucrats may generally be reluctant to discuss this facet of their work and others may not engage in strategic legislative communications at all; second, only a few bureaucrats within Medicaid agencies are likely to solicit lobbying assistance, if any, and it may not be possible to predict which bureaucrats those are. At first it seemed as though these findings would make systematic research very difficult. However, while they may have steered me away from further in-depth interviews of bureaucrats, upon reflection it seemed that variation in bureaucrats' experience fit my theoretical expectation, and that bureaucrats' disavowals in two states did not necessarily constitute disconfirming evidence. Furthermore, the perceptions of *lobbyist* interview respondents provided encouragement for further systematic study.

Taken together, these findings led me to design a survey of state-level lobbyists who work on Medicaid. Given that it would be difficult to predict which bureaucrats engage with advocates, it became clear that a more efficient survey would ask interest groups whether they

discuss legislation or legislative strategy with agency staff or leaders at any level, and, if so, who approaches whom. The study would remain neutral on which level of the bureaucracy is most likely to contact advocacy groups. I also decided to survey interest groups about coordination with bureaucrats on both policy authorizations and Medicaid appropriations, because that approach allows me to account for the sporadic nature of major authorizations and the variation in program codification in state statute. In addition, in order to avoid the kind of ambiguity displayed by interview respondents' statements (to the extent possible) the survey questions would be about lobbyists' communications on a single, specific Medicaid bill. This approach is consistent with Beckmann and Hall's (2010) recommendations for elite interviewing: they point out that “interviews with elite informants work best when designed to extract systematic information about practitioners' *actual behaviors on specific cases in the recent past*” (p. 4, emphasis in the original), as opposed to when researchers ask elite informants to generalize about their own behavior.

Survey

Based on the interview findings described in the previous section, I developed and fielded a telephone survey of state health interest group leaders in 25 states. The survey process yielded 106 complete and usable survey transcripts; I provide details below on how I reached that number. The survey protocol is included in the Appendix to this chapter.

Sample of States

I developed the sample of states by listing combinations of high and low legislative and agency capacity. I used Squire's professionalism index (2007) as a legislative capacity measure;

the index incorporates legislator salaries, session length, and presence of legislative staff. For agency capacity, I used an index of state administrative performance that reflects “performance-enhancing changes in the delivery of government services” (Burke and Wright 2002, p.12). Burke and Wright construct this index using American State Administrators Project data on agency characteristics such as use of performance benchmarks and existence of quality improvement programs. Table 3.1 shows the list of survey states.

Table 3.1: Final list of survey states

		Legislative Professionalism		
		High		Low
Agency Capacity	High	<i>Non-term-limited:</i> 1. Texas 2. New York 3. North Carolina 4. Oklahoma 5. Iowa	<i>States with term limits:</i> 6. Michigan 7. Ohio 8. Florida 9. Colorado 10. California*	11. Utah 12. Georgia 13. South Carolina 14. Virginia 15. Idaho
	Low	16. Massachusetts 17. New Jersey 18. Hawaii 19. Connecticut 20. Arizona		21. New Hampshire 22. Arkansas 23. Mississippi 24. Tennessee 25. South Dakota

*CA is excluded from ASAP rankings but shows up as in the top half of agency capacity rankings on two other measures: the U.S. Census 2010 Annual Survey of Public Employment and Payroll (2012) measure of full-time equivalent employees in the public welfare sector and the measure created by Randall (2012), which is adjusted for Medicaid enrollment and the mean of other states' Medicaid staffing and enrollment.

Squire's index does not include term limits in the way it measures legislative professionalism—nor does any other legislative capacity index—but term limits may matter for the amount of expertise legislators are able to build in specific policy areas. Therefore I doubled up on the high-high states in order to create a separate category of states with term limits. I did this for the high-high category only because low legislative capacity states are already low,

whereas the presence of term limits in states ranked as high may mean that legislative capacity is actually lower than the rankings indicate. Doubling up on the high legislative capacity states in this way allows for a comparison of those states with and without term limits. Such a comparison is likely to be more revealing than a comparison of low legislative capacity states with and without term limits.

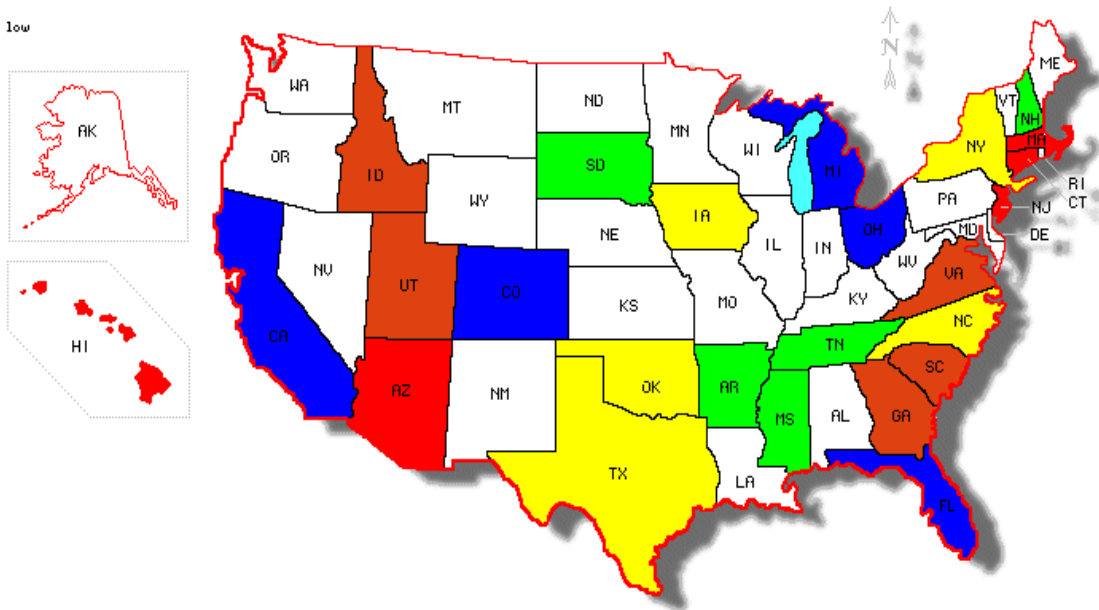
I was unable to field surveys in three states that I initially selected for the sample: Alabama, Alaska and Pennsylvania. In Alaska and Alabama I was unable to get a response from either the hospital association or primary care association, so I switched to other states rather than work without the participation of these key organizations in the original states. In Pennsylvania, potential survey respondents were willing to participate, but there has been no recent Medicaid legislation due to a state law (Act 22 of 2011) that granted authority to the Department of Public Welfare to change Medicaid policy without the usual legislative oversight. Advocacy energy was therefore directed toward the agency rather than toward the legislature during the two legislative sessions included in the survey timeframe.

I selected replacements for all three of these states in the same capacity categories with an eye toward even geographic distribution of the states in that category. In other words, for each replacement, if there were two or three reasonable choices with respect to the rankings (for example, states that were both high on one list and low on the other), I chose the state that would be the most helpful in avoiding geographic clustering in that category. To replace Alabama, I chose South Dakota; to replace Alaska, I chose Arizona; and for Pennsylvania, I chose Iowa. Figure 3.1 provides a visual representation of the geographic distribution of survey states.

Figure 3.1: Map of survey states

Survey States

- - high - high, TL
- - high - high, no TL
- - low leg - high agcy
- - high leg - low agcy
- - low - low



Sample of Lobbyists within States

Within each state, I began the survey with a purposive sample of health service provider groups that are comparable across states. These provider groups are reliably involved in Medicaid advocacy because they depend on Medicaid for reimbursement. They include state hospital associations, primary care associations (which represent community health centers), and long-term care associations. I then used snowball sampling—that is, asking respondents for referrals—to identify additional provider groups involved in Medicaid advocacy. For example, these included medical societies (which represent physicians) and dental associations. I also used a snowball technique to identify consumer advocacy groups involved in Medicaid.

In each state, I first called the hospital association and the primary care association, so the referral chains began in a similar way across states. I once worked closely with both of these groups in a certain state and I explained that in my solicitation emails, making it easier break into each state by starting with these groups. Moreover, these groups were credible sources of referrals to other potential respondents, which is important for snowball sampling (Biernacki and Waldorf 1981). I conducted survey phone calls as potential respondents were identified, rather than attempt to construct a within-state sampling frame and sampling within that. I thereby avoided having to make screening phone calls and re-contacting survey calls.

There is a danger that the snowball sampling strategy I employed is a source of bias in this study. Given that I identified a high proportion of respondents by referral, respondents were more likely to be included if they had a larger list of contacts or were more active lobbyists (Kalton and Anderson 1986). Therefore, my results may not generalize to all relationships between Medicaid bureaucrats and health lobbyists. However, I am not greatly concerned by the possibility that this approach led me to find more evidence of lobbyist-bureaucrat collaboration than a more representative sample of lobbyists would have. Theoretically, if Medicaid bureaucrats solicit interest group assistance at all, they are likely to approach a select handful of groups, based on relationships, political power, and relevance for a particular policy. Therefore, expanding the sample of lobbyists to many additional respondents unlikely to report strategic collaboration with bureaucrats would not materially change the relative proportion, or distribution, of reports of collaboration by lobbyists across states.

Likewise, while this analysis highlights the possibility of bureaucrat-lobbyist partnerships in other policy areas (and at other levels of government), my results should be extended beyond

Medicaid only very cautiously. My results may be most applicable to other policy areas that are both highly technical and controversial, and where bureaucrats have sources of legal or other policy information that are difficult for other actors to access.

Ideally, in order to minimize selection bias, I would have been able to use a probability sample of lobbyists using an established sampling frame. However, as argued above, the population of interest is rare, and no such frames were available: potential interest group respondents were required not only to work on Medicaid policy in a general way but to have discussed specific recent pieces of state legislation with other state actors. Because the population was so rare, it would have been difficult to find out which groups were involved in Medicaid policy without asking for recommendations. This was especially the case for consumer advocacy groups since, unlike certain provider associations, these are not generally equivalent across states (AARP is one exception) and there are very few publicly available lists of those working on health policy.²

The response rate for the survey was 72%, which is fairly high. In seven cases, a potential respondent explicitly declined to participate. About half of these gave no reason, but the others gave reasons including that they were not involved with Medicaid legislation closely enough to be able to answer questions. Most refusals were passive; the potential respondent never returned contact. In most of those cases I made at least two attempts to solicit participation before giving up. If a different respondent in that state confirmed that a non-responder was involved in Medicaid lobbying, I left up to three messages, and this sometimes paid off. In a few cases I could not get past a gatekeeper, but in general even high-level hospital association executives

² Community Catalyst (communitycatalyst.org) publicly lists health advocacy partners in each state (if any). This is the only such organization I know of.

were willing to correspond directly. I was unable to complete the survey for several willing respondents because they were too new in their jobs to be able to discuss prior legislative sessions or because they were exclusively focused on rulemaking rather than legislation. My goal was to complete at least 100 surveys in the time I had scheduled for this portion of the project; with 106 complete and usable surveys I slightly exceeded this goal.

In the majority of cases I made initial contact by email with a staff person identified on organizations' Web sites as having responsibility for government relations, and I followed up by phone. About half the time, potential respondents wrote back to my initial email and no follow-up calls were required. Potential respondents who did not have publicly available email addresses were generally much harder to reach. This could have been because my email solicitations were more appealing than voicemails or simply because those without publicly listed email addresses are less interested in being reached by strangers. If there was no government relations staff person identified on organizational Web sites, I emailed or called executive directors or the most likely-looking vice president, depending on the information available about the organization, and asked to be assigned to the person responsible for state-level advocacy. In several cases I worked entirely through assistants to schedule a survey phone call.

Survey Questions

The focus of the surveys is the piece of Medicaid legislation considered by respondents to be the most significant in the past two legislative sessions. Although there was a risk of inducing recall bias by asking about communications on a bill from two sessions ago, I asked about the past two years on the recommendation of one of my interview subjects. He explained that in his

state, most Medicaid-related bills are “admin bills,” introduced by the agency to establish consistency between new legislation and agency operations rather than introducing a new initiative. These bills “tend to be more boring.” He therefore recommended that I give “a lot of latitude” when asking about bills that received attention from interest groups. If there was no recent important policy authorization, the default for the survey was the most recent Medicaid appropriation bill. These are sometimes stand-alone, and sometimes part of an omnibus budget bill. Subsequent to beginning the survey, I realized that offering a two-year timeframe was also important because some states pass biennial budget bills. For these states, the most recent (at the time of the survey) and most concentrated Medicaid policymaking occurred in the course of negotiating agency budgets in 2011. In total, there were 13 budget bills and 12 stand-alone policy authorizations in the survey. I provide more detail on the types of bills in Chapter 4 and the policy content of the bills in Chapter 7.

The first survey respondent in each state (either a hospital association or primary care association staff member) identified the bill that then became the survey topic for each subsequent respondent. This approach usually worked out, in that respondents identified significant bills that received widespread lobbying attention, although in a couple of states a hospital association identified a fairly narrow bill. This had the effect of constraining my sample of lobbyists in that state.

Asking survey respondents to identify the Medicaid legislation for survey purposes is another selective aspect of the research design. In particular, where respondents chose bills that were fairly narrowly tailored to their own interests, there are two separate reasons to be concerned about the implications for my data. One source of potential bias is that narrower bills

resulted in a smaller pool of respondents in that state, making the pool less representative of all Medicaid lobbyists in a given state. I struggled with this in one small state, where the first respondent identified a narrow bill and I was unable to expand the sample of respondents beyond two (also the total number of potential respondents). Another potential source of bias is that narrower bills are more likely to be initiated by the private sector, in comparison to budget bills or other major Medicaid legislation, thereby reducing the chances that bureaucrats were interested in soliciting lobbying support and resulting in overly conservative estimates of indirect bureaucratic lobbying. I am less concerned about this possibility since the proportion of reported indirect bureaucratic lobbying on a particular type of narrow bill often initiated by the private sector (hospital assessments) is fairly high (reported in Chapter 4 under “Patterns by Type of Bill”).

One alternative to the approach that I employed would have been to identify the bill for each state myself, ahead of time. Another would have been to ask respondents in all survey states to discuss budget bills. I discarded these approaches because it would have been difficult to guess which Medicaid bills lobbyists considered to be most important and which received the most widespread lobbying attention. In some states the majority of Medicaid-related legislative policymaking is achieved through appropriations bills, and major stand-alone Medicaid policy authorizations are rare. In other states, appropriations language is restricted to line items with associated money amounts, and no other policy may be legislated in those bills. Therefore, drawbacks notwithstanding, relying on lobbyist expertise was the best way to identify the most important recent Medicaid legislation and attempt to gather higher numbers of responses.³

³ I received conference feedback from a congressional scholar that allowing the focus of the surveys to vary among policy authorizations and Medicaid appropriations is problematic because of the vast procedural differences for these bill types. To clarify, state-level legislative procedure is not necessarily comparable to congressional procedure, and the very fact that state processes are so different from each other as to be

Once the bill for the survey focus was identified, I asked the health lobbyist to describe his or her perspective on the bill, and his or her communications about that bill with a variety of actors in terms of frequency, agreement, and who initiated conversations. For most states I included four levels of the executive branch in this list of actors: Medicaid directors, senior staff under the directors, cabinet secretaries over the directors, and anyone in the office of the governor. In three states (South Carolina, Mississippi, and Arizona) the Medicaid director is at the level of cabinet secretary, so there were only three executive branch levels in the survey list. I included other interest groups and legislators in the list of actors, which helped me to disguise my specific interest in bureaucrats. At the end of the survey I also asked an open-ended question about whether bureaucrats at any level asked the survey respondent (the lobbyist) to coordinate on legislative strategy for that bill or on any other bill, and if so how the request was phrased and how explicit or implicit it was. In the next chapter, I describe the dependent and independent variables yielded by these survey questions.

I transcribed all surveys by typing on a laptop computer in real time, as conversations were ongoing, rather than record the respondents. I asked many clarifying questions not reflected by the standard probes in the survey protocol in the appendix, and I noted my own interjections with parentheses in the transcripts. This technique facilitated my subsequent use of illustrative quotations as well as interpretation of respondents' answers to open-ended questions.

Conclusion

In this chapter I have described key findings from a series of in-depth interviews with

essentially incomparable was an argument in favor of allowing this variation in the survey topic. Some states achieve a great deal of policy change via budget bills, and in other states budget bills may not include any policy details—only line items with dollar amounts. By allowing the survey to remain neutral about the form of the legislation I was better able to capture information about communications around important policy changes.

Medicaid bureaucrats and lobbyists, how these findings affected my survey plans, and the final design and implementation of a telephone survey of health lobbyists. Specifically, the interviews suggested that while lobbyists are generally comfortable describing their legislation-related communications with bureaucrats, bureaucrats are less comfortable discussing their communications with lobbyists. Second, not all bureaucrats actually approach lobbyists to collaborate on legislative strategy. Some devote the majority of their strategic attention to the rules process, and some avoid engaging in legislative strategy because more senior or more junior staff within the same agency take on that role.

Among its strengths, the resulting survey of bureaucratic behavior takes advantage of lobbyists' relative comfort with discussing legislative advocacy and general willingness to recommend other lobbyists for me to contact. The survey design introduced two potential sources of bias, in that I do not use a probability sample of subjects and was unable to ensure that respondents selected bills that garnered widespread attention in all 25 survey states. I argue, however, that the advantages of these design elements outweigh the drawbacks: the survey was practical and efficient, and took advantage of lobbyists' superior knowledge of the important Medicaid-related policymaking activity in their states. The snowball (or referral-chain) sampling strategy likely contributed to the high response rate; overall, the survey yielded enough responses to enable systematic cross-state analysis of bureaucrat-lobbyist communication. In the next chapter I provide details about the data gathered through the survey and begin to explore bivariate relationships in the data.

Appendix

Survey Questions

I am conducting a study of the networks of people who are involved in state Medicaid policy. I would like to ask about your experience working on Medicaid-related legislation and your communications with other organizations.

Using the list of groups and individuals on your interview handout, I want to ask a set of questions about your communications related to a single piece of legislation. These questions focus on a Medicaid policy authorization that had, or would have had, a significant impact on the Medicaid budget for state fiscal year 2012 or 2013. If there was no piece of legislation in your state that fits that description, I would like to ask about your involvement with the most recent annual Medicaid appropriations bill.

1. First, was there a major Medicaid policy authorization that you were involved with, this year or last year? If so, what was the name or bill number? If no bill fitting that description comes to mind, I would like to focus on the Medicaid appropriations bill for the upcoming state fiscal year. [Asked only of first respondent in each state.]
2. Could you tell me a little bit about your organization's position on this legislation?
3. Now, focusing on your work on this one piece of legislation, please tell me whether you discussed the bill with any of these groups or people. I will step through this list one by one. For each group or person, please tell me whether you had any discussions with them about the legislation, either about content or strategy, including on the phone, in a formal or public meeting, or in an informal or private meeting. Please use the categories *none (0)*, *a few (1-5)*, *many (6-10)*, or *a lot (>10)*.
 - a. State hospital association
 - b. State nursing home association
 - c. State association of community health centers
 - d. Disability rights group or independent living association
 - e. Dental association
 - f. State Medicaid director
 - g. Deputy Medicaid director or other senior Medicaid staff
 - h. Health department secretary or other senior staff
 - i. Governor's office
 - j. Members of appropriations/finance committee(s)
 - k. Members of House health committee

- l. Members of Senate health committee
- m. Legislative staff – budget or health policy
4. Who else did you work with in the advocacy or lobbying community on this bill? And how many times did you discuss the bill with them?
5. Looking back at the entire list of groups and people (including the ones we added, if any), to what degree did you agree with them about the contents of the bill? Please use a scale of 1-5, where 1 is disagree and 5 is completely aligned. I will step through the list and record your answers again.
6. Looking at the list of the groups and people you did talk to about the bill, please tell me who initiated most of those conversations, you or them? I will step through the list. [If “us” for agency members, always us?]
7. Regarding your conversations about this bill with agency staff, did your discussions primarily take place in an official or committee setting or an informal setting, or both?
8. Were any of these groups or people taking the initiative on the lobbying effort, or was the effort very fragmented?
9. Thank you. This is my last question. When you discussed the bill with the Medicaid agency, did you have the sense that they wanted to coordinate on advocacy strategy with you, or did they share information in order to change your advocacy emphasis? [Probes: If not on this bill, what about on other bills? If yes to either, how was that phrased? Who in the agency did that come from?]

Chapter 4: Measuring Indirect Bureaucratic Lobbying

In this chapter, I provide detailed information about the dependent and independent variables I collected through the survey described in Chapter 3. I discuss coding procedures, strengths, and limitations for the dependent variables I use in my quantitative analyses. I also list and explain the additional independent variables collected from sources outside of the survey. Next, as a prelude to hypothesis testing, I analyze basic relationships in the data, providing a series of tables and scatterplots that combine dependent variables and other variables of interest, such as type of Medicaid legislation, level of Medicaid bureaucrat, and state-level characteristics.

Data

Dependent Variable: Requests

The survey data yield two options for dependent variables, each of which has advantages and disadvantages. The first dependent variable, *Requests*, reflects whether the lobbyist survey respondent reported that he or she was asked for lobbying support—phrased as “requests to coordinate on legislation”—by Medicaid bureaucrats at any level. There are 106 observations, equal to the number of respondents. There are two versions of the variable: the first reflects whether respondents reported that bureaucrats requested lobbying support on the bill that is the survey focus. If survey respondents answered that they did not receive a request for lobbying by the Medicaid agency, I asked whether that had occurred on any other recent Medicaid legislation. Hence, the second version of this dependent variable is reported requests for lobbying on other

bills. For most analyses I use a version of this variable reflecting whether respondents reported receiving a request for lobbying support on *either* “this bill” *or* “other bill;” I refer to this version as *Requests* on “any bill.”

Several respondents described requests for lobbying support that came exclusively from governors' staffs. I coded these separately in order to be able to distinguish the actions of agency leaders from those of governors. Thus, the main “this bill” and “other bill” request variables reflect only those requests from agencies: Medicaid directors, Medicaid agency staff under directors, or department secretaries senior to Medicaid directors or their staff members.

The responses to the open-ended survey question about whether bureaucrats solicited lobbying support were often rich in detail. There are exceptions, as in one observation for which the entire answer was “No.” Usually there was sufficient rapport with the respondent and remaining survey time for several follow-up probes, such as what level of the bureaucracy requests came from, how requests for lobbying were phrased, and how overt or covert the request was. In many cases the initial question required a clarification or example before I could elicit a response. In a few cases respondents seemed to struggle to put into words the work that they do without a great deal of ongoing analysis (as one respondent said, “I'm thinking through this stuff that I don't normally think about”). More often the lack of initial understanding seemed to result from a sense that asking for lobbying support is not something bureaucrats are supposed to do—it is not in their typical job description. Many respondents initially interpreted the question as being about direct lobbying on the part of bureaucrats. My clarification attempts usually consisted of questioning whether respondents had the sense that the Medicaid agency asked them to lobby or not lobby, shared information with them in order to affect their lobbying,

or otherwise tried to affect interest group behavior around Medicaid legislation. At that point in the conversation most respondents gave clear answers.

In a minority of cases respondents remained confused or otherwise gave abrupt or unclear answers. For example, one consumer advocate seemed to interpret the question as being about her own lobbying and whether she asked the agency for support, instead of the other way around. This respondent worked on a rather narrow issue that was part of the annual agency appropriation and wanted to convince the agency to support that particular part of the bill.

Respondent: I would say yes. Thinking back on one of my most recent conversations with the cabinet secretary. He let me know that he found [the policy] an appealing issue. He got it, he understands cost effectiveness. He would support it, and that gave a boost to our effort. With other Medicaid staff we had some disputes about cost impact. We had to deal with number crunchers to get on the same page.

This excerpt could also be read as a report of the cabinet secretary soliciting support from the respondent, but given the context of the respondent's policy description, her wording in describing “a boost to our effort,” and the fact that I was unable to clarify who asked whom for support, this was coded this as “no request.”

Other respondents answered the question but issued warnings about how controversial or dangerous the question was. For example, one respondent, a lobbyist for a primary care association, told me that my research could become a “lightning rod for the right-wing media.” Several others requested reassurances that the survey was confidential, some jokingly and some in a serious way, even though I had already carefully discussed confidentiality. For example, one consumer advocate said, “Yes. [Laughed.] This is anonymous, right? Because I have developed very strong working relationships with health department staff. They definitely use me in that respect, and I them.” The impression among some respondents that the question was

controversial may have depressed open reporting of requests.

I developed a coding scheme to code these answers as no (which takes a value of 0), yes-implicit (1), and yes-explicit (2). Where respondents denied the existence of indirect bureaucratic lobbying altogether or described bureaucratic information-sharing that they saw as purely neutral or technical, answers were coded as “no.” An example is:

Respondent: They're very good about not doing that. No, they've always just toed the line. They've never tried to influence me one way or another. Its been more information-sharing and reiterating the party line. It's very formal. You feel like you're going to be arrested in that building – you're escorted to meetings.

Answers were coded as yes-implicit if respondents viewed bureaucratic information-sharing as strategic or as something that affected their lobbying. An example is:

Respondent: Definitely. That came up with the line items for the administrative staff and for the money for the ACA implementation. They would put the budget out and we would advocate for it at the statehouse.

Interviewer: Did you strategize on advocacy with them?

Respondent: In the advocates meeting we would talk about it.

Interviewer: Were Medicaid people there?

Respondent: Yes.

Interviewer: So was it more a matter of you saying how you were going to work it, or did they make any suggestions?

Respondent: The former – they didn't tell us how to do our jobs, but they released the budget information to us and knew what we were going to do with it.

Answers were coded as yes-explicit if respondents felt that anyone in the Medicaid agency or the health departments containing Medicaid agencies verbalized a request for lobbying. For example:

Respondent: Absolutely. They'll say, 'If I were doing this, this might be something I would look at.' That direct. They're really good. Like back on the adult dental piece, it's very clear. They'll say to keep on working this. We get encouragement. It's pretty blunt.

Survey respondents described several kinds of bureaucratic political behavior that did not fit a strict definition of requests for lobbying help with state legislatures and were therefore

coded as no (0). First, several survey respondents described bureaucrats' requests for expressions of support directed toward CMS rather than state legislators. For example:

Respondent: They wanted us to support what they sent CMS and they worked to let us know that they needed us to support it even if we had some objections. Support in concept even if we had specific objections. They let us know [...] that it was very important to the governor.

Second, several respondents described direct lobbying by Medicaid agencies and explained that bureaucrats were unlikely to approach interest groups on policy or legislation because they had their own relationships with legislators.¹ Third, there were several instances in which bureaucrat-lobbyist policy alignment was so high that no lobbying request from bureaucrats—even an implicit one—was necessary for interest group action to occur. In one state, for example, this was a direct result of joint bureaucrat – interest group development of a policy proposal. When the time came to secure legislative authorization, it was understood that interest groups would take the lead on communications; the groups themselves felt a great deal of ownership of the policy due to their involvement in its development and were sufficiently motivated to lobby without extra encouragement. In summary, even though all three of these categories of behavior were coded as “no” for *Requests*, they nonetheless revealed political activism or at least political awareness on the part of bureaucrats.

I hired two masters students in the School of Public Health to code *Requests* and used majority rule after coding these variables once myself. I calculated Krippendorff's alpha as a measure of intercoder reliability because it can be used with multiple coders and for ordinal variables. It is also viewed as more conservative than percent agreement (Lombard, Snyder-Duch & Bracken 2010). Krippendorff's alpha calculates the agreement on assignment of values by

¹ I did not probe for reports of bureaucrats' direct lobbying in a systematic way, although if I were to conduct a similar study in the future I would do so for the sake of comparison with reported indirect lobbying.

independent coders. A two-coder version of Krippendorff's alpha, calculated for an ordinal variable, is equivalent to Spearman's rank correlation coefficient (see Hayes & Krippendorff 2007 for a concise explanation of the differences in how measures are calculated). One drawback of using this measure is that it is difficult to calculate, but I was able to locate a Web utility for this (Freelon 2010).

For the “this bill” version of *Requests*, Krippendorff's alpha for ordinal data is 0.643. For the “other bill” version, Krippendorff's alpha is 0.687. While the alpha for the “other bill” variable meets the reliability standard for data that can be used to draw tentative conclusions ($0.800 > \alpha \geq 0.667$), the alpha for “this bill” does not (Krippendorff 2004). However, the alpha for “this bill” is close to the desired threshold, and the coding disagreements existed primarily among the two assistant coders, who have less familiarity with the subject matter. There were only three observations for which the two assistants agreed with each other and not with me; for two of these I allowed myself to be overruled, and in one case the coding assistants misinterpreted the survey content for technical reasons. Therefore, while I would like the alpha for “this bill” to be higher, the use of the majority rule for the final coding means that in almost all cases my own codes were in the majority and the use of coding assistants served as a check on my own interpretation. As another measure of coding reliability, albeit using a more liberal indicator, the average pairwise coding agreement for “this bill” was 80.5%; for the two assistant coders the pairwise agreement for “this bill” was 74.5%.

Table 4.1 shows the distribution of different versions of *Requests*, where “any bill” is coded as yes if there was an affirmative report for either “this bill” or “other bill.” If respondents described requests for lobbying for *both* “this bill” and “other bill” those requests were described

as being the same type (implicit versus explicit), with only two exceptions in the data. Reading across the table, the “this bill” and “other bill” columns do not add to “any bill”—the “any bill” column reflects whether there was a reported request for either “this bill” or “other bill,” or both.²

Table 4.1: Distribution of *Requests*

	This bill	Other bill	Any bill
No	78	65	52
Yes-implicit	7	8	13
Yes-explicit	21	33	41
Total	106	106	106

In general, reports of implicit bureaucratic lobbying requests were rarer than explicit requests. This is unsurprising, given that implicit solicitation may be hard for interest groups to identify. If bureaucrats are very good at leveraging interest group power without seeming to—for example by sharing information in an apparently neutral way—interest groups may not perceive the implicit request. Reports of implicit requests for lobbying may also be slightly suppressed in the data because, as discussed above, several survey respondents described situations in which bureaucrats are able to leverage interest group power in seemingly passive or non-political ways. Bureaucrats (and lobbyists) often know what position a group will take on an issue, and so bureaucrats have opportunities to rely on interest groups that they know will lobby in the absence of any kind of request. Where the respondent clearly described his or her group as the more active partner in this dynamic, the interaction was coded as not having involved a request for lobbying from a bureaucrat.

² If I were to replicate or expand on this research in the future, I would ask all respondents whether they received a request for lobbying on “other bill,” not just those who did not report a request for “this bill.” Such a strategy would allow me to add the values to create “any bill” rather than code “any bill” responses as reflecting requests on either “this bill” or “other bill.”

Both versions of *Requests* have weaknesses with respect to measurement and analysis. The “this bill” version of reported requests for lobbying is useful because it is more likely to accurately reflect policy agreement (between bureaucrats and lobbyists and between bureaucrats and governors). This is because survey respondents assigned policy agreement scores to individual bureaucrats with respect to their opinions on the bill that was the survey focus. When I use “any bill” (all reports of requests, whether “this bill” or “other bill”) I use policy agreement for “this bill” as a proxy for “any bill.” The “any bill” version of *Requests* is therefore somewhat limited in its ability to reflect the effect of policy agreement.

In addition, interpretation of the “any bill” version is not straightforward because respondents surveyed over an unknown number of bills in their memories and work experience when I asked whether they had received a request for support on other recent legislation. In order to partially overcome this weakness, I re-coded the “other bill” values as zero where the respondents reported a request for lobbying support by the Medicaid agency but clearly referred to communication that occurred during a previous administration. This makes the “other bill” observations slightly more comparable with each other.

The “any bill” version of *Requests* has the advantage when it comes to assessing the effect of state-level variables. *Requests* on “this bill” are a function of both the general political environment of a respondent's state and the politics of one particular bill, which may or may not be generalizable to that state. The combined “any bill” version is more likely to reflect the overall political dynamics in the Medicaid arena in a given state, making analyses of the effect of institutional variables more accurate.

Dependent Variable: Contacts

The second dependent variable is the number of contacts reported by the lobbyist with four (sometimes three) state actors. I defined “contacts” for respondents as conversations about the surveyed bill during the legislative session, whether formal (e.g., in a meeting with an agenda) or informal (e.g., in a hallway), and whether about bill content or legislative strategy. This is an ordered categorical variable that gave respondents the choice of none, “a few” (1-5), “many” (6-10), or “a lot” (over 10). Grouping contacts in this way helped respondents to overcome recall problems. It is difficult to remember the exact number of conversations one may have had on a particular topic last year, or the year before, especially if that number is more than one or two. Table 4.2 shows the distribution of *Contacts* across all levels of Medicaid agencies (I split out the distribution by bureaucracy level in Table 4.6, below):

Table 4.2: Distribution of *Contacts*

Contacts	Observations
None (0)	52
A few (1-5)	137
Many (6-10)	74
A lot (10+)	150
Total	413

I have a fairly large number of observations for *Contacts*, although because each lobbyist respondent assigned a number of contacts to several bureaucrats, they are not independent observations. In other words, *Contacts* is clustered at the level of the lobbyist, and lobbyists are, in turn, clustered by state. One advantage of using *Contacts* is that I can more accurately analyze bureaucrat-lobbyist conversations about legislation as a function of agreement scores assigned to

individuals, rather than averaging over several individuals in an agency.

The major weakness of this variable is that *Contacts* is not equivalent to lobbying, as it is in more traditional lobbying research. Because Medicaid bureaucrats are legally required to communicate with advocates, these conversations could be instances of lobbyists lobbying bureaucrats, bureaucrats lobbying interest groups (whether explicitly or implicitly), or more politically inert presentations of policy information. I had initially planned to control for these possibilities by including a survey question about conversation initiation, on the assumption that contacts initiated by bureaucrats more accurately reflect solicitation of lobbying support. However, given the frequency of standing meetings between bureaucrats and lobbyists, for example the meetings of state Medical Care Advisory Committees, bureaucrats' requests for lobbying support may occur during conversations not initiated by bureaucrats. Given the weaknesses of *Contacts*, I use this variable only as a way to perform robustness checks on the estimated explanations for *Requests*.

Independent Variables

In order to test the effect of policy alignment on bureaucrat-lobbyist coordination on advocacy (Hypothesis 1), I need to measure that alignment. I asked lobbyist survey respondents to assign agreement scores, on a scale from 1-5 where 1 is disagree and 5 is complete alignment, to four levels of the state Medicaid bureaucracy: Medicaid directors, senior Medicaid staff under directors, cabinet secretaries above Medicaid directors (if any), and governors. The score given to governors sometimes reflected agreement with gubernatorial staff or the office of the governor generally. Respondents chose agreement scores with respect to the bill that was the focus of the surveys in each state. Where complex bills contained numerous provisions, survey respondents

sometimes assigned a 2, 3, or 4 as an average of their agreement with state actors across several provisions where alignment differed on individual provisions.

As discussed above with respect to dependent variables, I can use agreement scores assigned to individuals when using *Contacts. Requests*, conversely, has one observation per lobbyist, so I average the agreement scores given to the three agency actors and create a variable called *Average bureaucrat-lobbyist agreement*. Specifically, I add the agreement scores assigned to Medicaid directors, Medicaid staff, and cabinet secretaries (excluding gubernatorial staff) and divide by three.

In order to estimate agreement between Medicaid bureaucrats and governors, I take the absolute value of the difference between average bureaucrat-lobbyist agreement and the agreement scores that respondents assigned to governors, and then reverse the values. This is a continuous variable with a range from 0 to 4, where 0 indicates agency disagreement with governors about the surveyed bill and 4 indicates strong agreement. For example, if the lobbyist respondent assigned a 5 to agency officials (on average) and a 5 to governors, *Estimated governor-bureaucrat agreement* takes a value of zero. When I flip the scale, this becomes a 4, the maximum value, meaning that the governor and the agency were in alignment. If the lobbyist assigned a 3 to the governor and a 4 (on average) to agency officials, the difference indicates some discord. Since there were five cases in which respondents could not assign an agreement score to governors, there are 101 observations for analyses that include estimated governor-bureaucrat agreement.

There is a possibility that this method of estimating governor-bureaucrat disagreement causes some error. In particular, if the average bureaucrat-lobbyist agreement score is less than 5

and the agreement score assigned to the governor is less than 5—for example if they each equal 3—it is possible that the lobbyist respondent disagrees with bureaucrats for quite different reasons than she disagrees with the governor. It is even possible that these reasons for disagreement would be so disparate that the lobbyist would place herself in the middle of a policy alignment continuum, and that she would place the agency on one extreme and the governor on the other. In this hypothetical case the actual estimated governor-bureaucrat disagreement should be 6: instead of subtracting 3 from 3, I should, instead, add them to create the total distance between governor and agency. While I acknowledge the possibility that I mismeasure in this way, I think it is unlikely because lobbyists typically want more liberal Medicaid policies or more conservative policies. It is unlikely that lobbyists are centrists on Medicaid policy, correctly situated between extremist governors on one ideological pole and extremist agencies. Therefore, I issue this measurement caveat but forge ahead with analyses that include estimated governor-bureaucrat disagreement.

Consumer group designates the surveyed interest group as a consumer advocacy group or, conversely, a provider association.³ Among provider associations, the type of provider is self-evident from organizational Web sites, which spell out the name of the group (e.g., “[State] Hospital Association,” “[State] Medical Society,”). The “consumer advocacy group” designation bundles many different types of advocacy organizations, including membership-driven organizations, public interest law firms, and charities (see Phinney 2010 for a review of technical differences among organizations that represent the interests of the poor). I do not distinguish among these types because those that work on Medicaid policy all represent the interests of

³ There were also four business associations among the survey respondents. These associations include providers among their members, as is typical for chambers of commerce. They also include many non-health-related businesses. I include these business groups in the provider category.

Medicaid participants or groups of participants. That the groups are consumer advocacy groups of some type is also generally apparent from groups' Web sites (e.g., "AARP [State]").

All other independent variables are from sources outside of the survey. *Legislative capacity* is from Squire's Index (2007), coded from 1 – 50.⁴ I reversed the original ranking so that lower-capacity states have lower numbers. *Legislative staff* is an alternative measure of legislative capacity (presence of staff is one component in Squire's Index). The legislative staff measure here is count of total session staff (temporary session staff plus permanent year-round staff) from the National Conference of State Legislatures.

Likewise, I use two different measures of *State agency capacity* (or "performance") for comparison purposes.⁵ The first is from an index of state administrative performance developed by Burke and Wright (2002), based on data from the 1998 American State Administrators Project (ASAP). Burke and Wright rank states from 1 – 50.⁶ I reversed the original ranking so that lower-capacity states have lower numbers. The second measure is from the Government Performance Project (GPP) and is based on letter grades assigned to states for overall management capacity. Following Nicholson-Crotty and Miller (2012) I convert the GPP letter grades to numbers, where F = 0, D- = 1, and so on. Thus, this measure does not assign a unique ranking to each state; instead, states are clustered by grade. Both the ASAP and the GPP measure performance across agencies in each state and are not specific to health departments or Medicaid.

⁴ I use the state rank rather than the index value because the index values are fairly skewed, whereas the rank values are more symmetric. The correlation of the rank and index values is $\rho = 0.85$. After dropping California, which is an outlier on the index, the correlation is $\rho = 0.91$. Future work should use the index.

⁵ Burke and Wright (2002) provide an extended discussion of the comparability of these measures.

⁶ Again, I use the rank rather than the original index. The ASAP does not include an index value for California, and while I cannot formulate my own index value for California, it makes sense to use the rank of the index values and to assign California the highest position—as mentioned in Chapter 3, California shows up at the top of two alternative indices. The correlation of rank and index is very high, at $\rho = 0.99$. Future work should explore the use of the original index. In addition, use of the state-wide measures in this research highlights the need for additional agency-specific capacity measures as well as a measure of the variation in agency capacity across the agencies within each state.

Finally, *State population* is from the 2010 Decennial Census, coded in thousands. *Party control of legislatures* and *Party of governors* are from the National Council of State Legislatures (ncsl.org). *Gubernatorial power* is a measure constructed by Krupnikov and Shipan (2012), based on surveys conducted by the National Association of State Budget Officers (NASBO). These are coded from 1 – 5, where 5 is the highest gubernatorial budget power relative to legislatures. I chose to use these NASBO-based scores because they emphasize budget power. Other gubernatorial power scores bundle several different types and sources of gubernatorial power (e.g., the index detailed in Beyle & Ferguson 2008). Some of these sources of power, such as tenure potential, are less germane to Medicaid policy development. Although scholars of gubernatorial power tend to make distinctions between policy power and budget power (Kousser & Phillips 2012), Medicaid policy changes have a disproportionate impact on state budgets, and are often made for this very reason. The policy-budget distinction is sometimes a fuzzy one in practice as well: many of the Medicaid bills that were the topics of my survey phone calls were budget bills that had significant impacts on Medicaid policy. Some of these budget bills were the only recent Medicaid-relevant legislation in those states. For these reasons gubernatorial budget power is the most appropriate power index for my analysis.

In Table 4.3 I present descriptive statistics of all variables described in this chapter.

Table 4.3: Descriptive statistics for variables used in quantitative analyses

Variable	Unique Obs.	Range	Mean	S.D.
Requests, “this bill”	106	0, 1, 2	0.46	0.81
Requests, “any bill”	106	0, 1, 2	0.90	0.94
Contacts	413	0 - 3	1.78	1.07
Lobbyist-bureaucrat agreement	396	1 - 5	3.01	1.31
Average lobbyist-bureaucrat agreement	106	1 - 5	3.09	1.26
Estimated governor-bureaucrat agreement	101	0 - 4	0.44	0.67
Consumer group	106	0,1	0.35	0.48
Legislative capacity	25	1 - 50	28.4	15.6
Legislative staff	25	106 - 2,751	786	702
ASAP state agency performance rank	25	2 - 50	30.4	17.0
GPP state agency performance grade	25	3 - 10	7.0	1.7
State population, in thousands	25	833 - 38,041	8,777	8,605
Party of legislature (1=Repub.; 0=Dem. or mixed)	25	0, 1	0.67	0.47
Party of governor (1=Rep.)	25	0, 1	0.65	0.48
Gubernatorial power	25	1 - 5	3.4	1.0

Exploring the Data

In this section, I present tables and scatterplots that show basic relationships between dependent variables and other variables, including legislation type, state-level characteristics, level of government actor, and interest group type.

Patterns by Type of Bill

There were thirteen budget bills, four provider assessment bills, two managed care expansion bills, three “other” bills, and three bills related to the budget that were not the main budget bill. Table 5.4 shows reported requests for lobbying, where 0 = none, 1 = implicit, and 2 =

explicit, on any recent Medicaid bill, by type of bill. This table also shows the proportion of requests for lobbying to no reported requests by type of bill.

Table 4.4: Reports of bureaucrats' requests for lobbying by type of bill

Bill Type	Requests			Proportion 1 or 2	Total
	None (0)	Implicit (1)	Explicit (2)		
Budget bill	28	7	25	0.53	60
Provider assessment	5	0	8	0.62	13
Managed care expansion	7	2	0	0.22	9
Other	7	2	5	0.50	14
Budget-related (e.g., rates)	5	2	3	0.50	10
Total	52	13	41		106

The proportion of lobbyists reporting a request for support from a bureaucrat (of either type, implicit or explicit) varies by type of bill. For most types the proportion of reported requests for lobbying for that bill type is around 50%. The managed care expansion bills are an exception, with a lower rate of reported coordination on lobbying between bureaucrats and interest groups. This may reflect the fact that Medicaid managed care remains controversial in many states; in particular, consumer advocates worry about the effect of managed care on fragile populations. Political partnerships between bureaucrats and interest groups may be less likely because managed care expansions are controversial. Another exception is the provider assessment bills, which have a higher than average rate of lobbying coordination. These bills, often initiated by the provider associations themselves, allow the providers (typically, but not always, hospitals or nursing homes) and the state to take advantage of additional federal Medicaid matching funds. They establish accounting procedures whereby the state collects a tax (or “assessment”) from certain providers. The state then uses the money collected through the provider tax to pay for Medicaid services, making the money collected from providers eligible for federal matching

Medicaid funds at the state's federal medical assistance percentage (FMAP) rate (Miller & Wang 2009; National Conference of State Legislatures 2013). These arrangements usually increase the providers' Medicaid reimbursement rate and use the rest of the new funds for some specified purpose in the state's Medicaid budget. Thus, these provider assessments are usually in the interests of both providers and Medicaid agencies, so it makes sense that we should see a slightly higher level of political coordination around them.

Patterns in Executive Branch Communications

Table 4.5 shows the frequency and percent of different levels of the executive branch that issues requests for interest group lobbying. The number of total requests here is higher than in other tables in this section because four requests from governors' offices are included—I did not include these governors-only requests in the count of agency requests that I use in all other analyses because I focus on bureaucrats as distinct actors, with behavior and preferences distinguishable from governors. While four may seem like a surprisingly low number of requests for lobbying from governors, governors were also mentioned in the “multiple levels” category.

Table 4.5: Level of executive branch issuing lobbying request

Request Level	Frequency	Percent
Medicaid director or staff	41	71%
Department secretary	5	9%
Governor's office	4	7%
Multiple levels	8	14%
Total	58	

In the majority of cases, requests are from the Medicaid director and/or Medicaid staff.

The relative proportions of requests from Medicaid agencies versus department secretaries may be skewed in this table because I did not code requests as coming from the offices of cabinet secretaries unless respondents explicitly referred to secretaries. If respondents referred to “they” or “the department” I coded the request as coming from Medicaid. However, even if the true proportion of requests from Medicaid directors and staff is slightly lower, these would still constitute the majority of cases.

On one hand, this is surprising because department secretaries have more political power than Medicaid-level bureaucrats, so their requests for lobbying support might have more power to influence interest groups. On the other hand, department secretaries often oversee multiple programs in addition to Medicaid and may not involve themselves in Medicaid legislation unless it pertains to a major gubernatorial initiative. Medicaid directors and staff also tend to have higher expertise about policy details, especially if they are career bureaucrats rather than political appointees. Theoretically, these bureaucrats may have relatively greater abilities to share policy information with groups in a way that appeals to groups' self-interest. This is largely conjecture, however; there were no survey responses describing a clear-cut division of labor in which a department secretary issued a blunt, influence-based request for help and Medicaid staff provided technical information to accompany the request.

Perhaps most importantly, it is also the case that Medicaid bureaucrats are legally required to share policy information with interest groups and other community stakeholders.⁷ They are therefore more likely than cabinet secretaries to have close working relationships with lobbyists as well as the opportunity to discuss legislation and other policy matters. Indeed, many

⁷ As explained in Chapter 1, federal regulation requires all states to maintain a “medical care advisory committee” that meets regularly. The regulation number is 42 CFR 431.12. See <http://www.gpo.gov/fdsys/granule/CFR-2011-title42-vol4/CFR-2011-title42-vol4-sec431-12/content-detail.html>

of the reports of bureaucrats' requests for lobbying consisted of a simple “we need your help on this” without an accompanying exchange of information, indicating either that alignment was presumed or that any information-sharing occurred previously.

The idea that Medicaid directors and staff issue more requests for lobbying assistance than cabinet secretaries at least partly because they have closer working relationships with interest groups is borne out by Table 4.6, which shows the number of *Contacts* with interest group survey respondents by type of state actor. Contacts are in categories: “none” = 0, “a few” = 1-5, “many” = 6-10, and “a lot” > 10. The number of cabinet secretaries is not the same as the other actors because the Medicaid director is at the cabinet level in three states.

Table 4.6: Contacts with survey respondents by level of executive branch

State Actor	Contacts				total
	none	a few	many	a lot	
Medicaid directors	12	33	18	43	106
Medicaid staff	9	28	23	46	106
Cabinet secretaries	17	29	16	33	95
Governors' offices	14	47	17	28	106
Total	52	137	74	150	413

Table 4.6 indicates that there were more reports of high numbers of contacts with Medicaid directors and staff than with cabinet secretaries or gubernatorial staff. Cabinet secretaries had the highest number in the no-contacts category, and Medicaid staff had the lowest number of no contacts.

Patterns in Type of Interest Group

Table 4.7 shows the number of reported lobbying requests, where 0 = none, 1 = implicit,

and 2 = explicit, on any recent Medicaid bill by type of interest group. The table also shows the proportion of reported requests for lobbying (out of all lobbyists surveyed) by type of group.

Table 4.7: Requests for lobbying by type of interest group

Group Type	Requests			Proportion 1 or 2	Total
	None (0)	Implicit (1)	Explicit (2)		
Hospital associations	9	3	13	0.64	25
Community health centers	8	2	6	0.50	16
Medical society (physicians)	4	3	3	0.60	10
Other provider group	8	1	5	0.43	14
Consumer advocacy group	19	4	14	0.49	37
Business association	3	0	1	0.25	4
Total	52	13	41		106

My expectation was that provider groups would be subject to more frequent requests for lobbying than consumer advocacy groups because they have more lobbying power. As discussed in Chapter 2, provider groups like hospital associations often have political action committees and employ a large number of state residents. Hospital and physician associations are also uniquely placed to make both business-based and consumer advocacy -based arguments, thereby potentially appealing to both sides of the aisle. Consumer advocates, on the other hand, usually have fewer resources, and may not be as persuasive with conservative legislators. Community health center associations are very active in Medicaid policy but have fewer resources than other provider groups: their members are exclusively nonprofit and serve largely low-income populations. Thus, the basic finding that hospital and physician groups are subject to more bureaucratic solicitations for lobbying support than consumer advocates and community health center associations fits my expectations. The low proportion of reports of bureaucratic lobbying requests among business groups is surprising, since bureaucrats should want to tap into the

power of business lobbies, but the sample of business groups in this survey is very small.

Term Limits

In Chapter 3, I explained that I doubled up on the sample of states with both high legislative capacity and high agency capacity in order to include a group of states with legislative term limits and a group without. Squire's index, the measure of legislative capacity that I use, does not include term limits. Yet it seems likely that term limits reduce the average amount of policy expertise within legislatures, increasing the chances that bureaucrats conduct indirect lobbying in order to help fill legislative information gaps. In order to determine whether term limits might make a difference among states with high legislative and agency capacity, I provide a side-by-side comparison of those with and without term limits, and the percentage of reported requests for lobbying out of all responses for each state.⁸ I anonymize the states to protect respondent confidentiality.

Table 4.8: Proportion of *Requests* in high-high states, by presence of term limits

No Term Limits		Term Limits	
State	% 1 or 2	State	% 1 or 2
1	50%	1	20%
2	50%	2	50%
3	50%	3	0%
4	50%	4	67%
5	33%	5	20%

Three states with term limits have a low percentage of reported requests. Term-limited, high capacity states do not appear to warrant being treated as other than high capacity.

⁸ Although it looks odd that the percent of respondents reporting *Requests* is exactly 50% for four non-term-limited states (see Table 4.8), there were four respondents in each of these states. In each of these states, two respondents reporting one or more requests for lobbying.

State Patterns

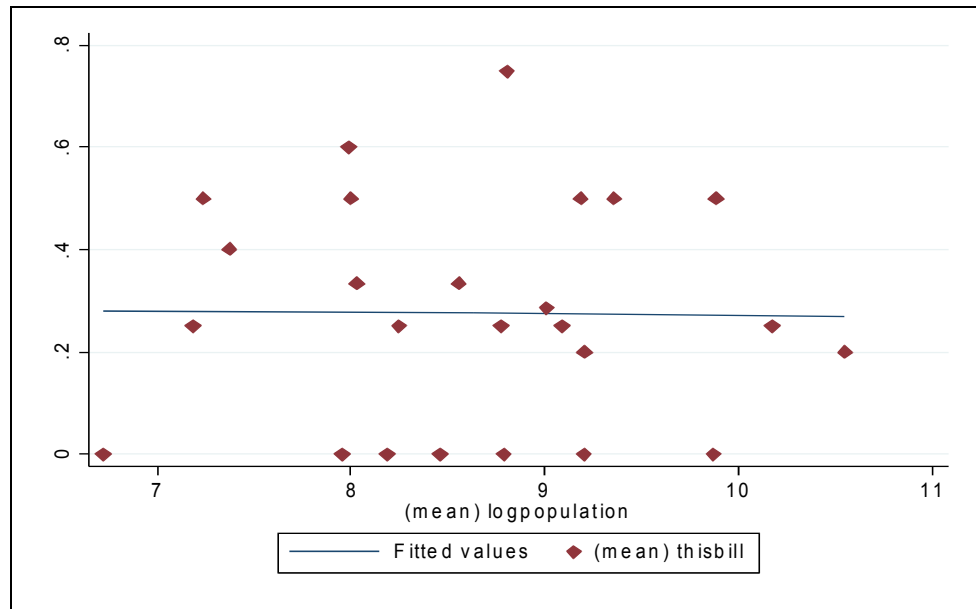
I do not provide a list of the proportion of requests by state in order to protect the confidentiality of respondents. However, I note that reported requests by state range from 0% (no requests for lobbying reported on any bill by any respondent) in one state to 100% in one other state. The modal percentage is 50%, reflecting how typical it was for respondents within a single state to report different bureaucratic behavior. Even in the two states for which I only have two respondents, views about bureaucratic communications differ by respondent. In all but two states with reports of implicit requests there were also reports of explicit requests (there are two states for which requests were only implicit). This could either indicate that respondents perceive similar behavior differently, or more likely that bureaucrats treat different lobbyists in different ways. The intrastate variation in reported requests for interest group support may reflect the fact that lobbying is at least partly dependent on personal relationships. There may be a very small set of lobbyists that bureaucrats feel comfortable asking for support. And, as discussed in Chapter 2, I expect both policy agreement and group power to affect which groups receive a request for lobbying; these factors may also affect the proportion of requests reported within states. I explore the effect of these factors on overall requests for lobbying in Chapter 5.

In order to further explore state-level relationships in the data, I created a binary indicator variable taking a value of 1 for either implicit or explicit agency requests for lobbying, and 0 otherwise. I collapsed the dataset to 25 observations, one per state, with the mean of the dummy variable reflecting agency requests for lobbying on “this bill,” and, separately, any recent Medicaid bill (reports for “this bill” and “other bill” combined). The means of these variables are interpretable as the proportion of the lobbyists in each state reporting agency lobbying requests

out of all lobbyists surveyed in that state. I provide a series of scatterplots with regression lines that help to show which states have Medicaid bureaucrats that tend to engage more in indirect lobbying and comparing the average requests for lobbying to state-level characteristics.

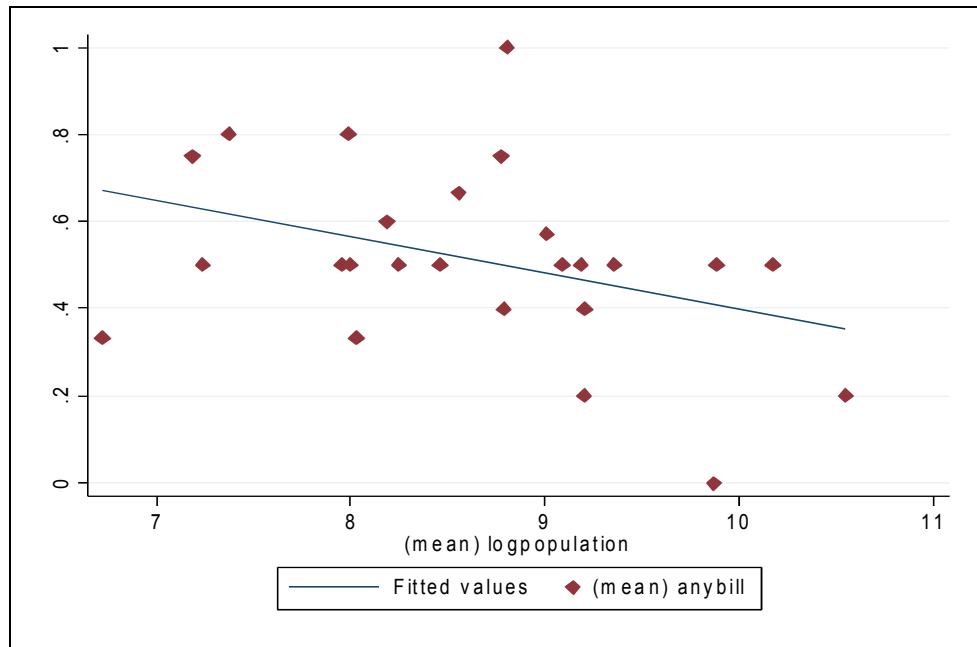
First, in Figure 4.1, I plot the mean of reported requests on “this bill” by the natural log of state population, followed by the mean of reported requests on any recent Medicaid bill by the log of state population. I use the log of population because state population is skewed. I want to see the distribution of *Requests* by state population because I suspect that policy development processes may be more formal in large states, discouraging bureaucratic political activism. The state institutional capacity variables I am interested in correlate with population (at $\rho = 0.57$ for legislative capacity and population), perhaps reflecting that large states devote proportionally more resources to state government. If policymaking institutions are more professionalized, they may also be more formal and there may be more distinct boundaries around bureaucrats' roles. In small states, conversely, the number of important actors may be smaller and policy processes less formal, which may make personal relationships relatively more important and indirect bureaucratic lobbying more feasible. This is largely conjecture but worth exploring as a comparison to the plots of the relationship between *Requests* and institutional capacity measures. Figure 4.1 shows, however, that there is no relationship between the log of population and requests on “this bill.”

Figure 4.1: Mean of *Requests* for lobbying on “this bill” by state population



In Figure 4.2, I plot the relationship between requests for lobbying on *any* recent Medicaid bill and the log of population. It makes sense that there is a stronger (negative) relationship with population for any Medicaid bill than for “this bill,” since the combined reports of bureaucrats' requests for lobbying on “this bill” and “other bill” are more likely to generalize to states. Since the proportion of agency requests for lobbying by state is a continuous variable, I can use ordinary least squares to test the relationship: the coefficient on the log of state population is -0.08, the standard error is -0.04 and the p-value is 0.06. Consistent with my conjecture, this result tells us that Medicaid bureaucrats in less populous states are more likely to request lobbying assistance from interest groups. The actual number of people living in a state is unlikely to be the cause of this behavior, but institutional characteristics associated with state size may be causal. I tease apart these factors in the next chapter.

Figure 4.2: Mean of *Requests* for lobbying on any bill by state population



Next, I plot the relationship between requests for lobbying and measures of agency capacity. I reverse the coding of the agency capacity variables to make interpretation more intuitive: in the re-coded variables, as rank increases so does agency professionalism. I expect to see a negative relationship between requests for lobbying and agency capacity. As explained in Chapter 2, state agency capacity has been shown to matter for direct bureaucratic influence (Nicholson-Crotty & Miller 2012) but should not affect bureaucrats' likelihood of soliciting interest group support in the same way.

First, in Figures 4.3 and 4.4, I plot the ASAP measure of state agency capacity against *Requests*, on “this bill” and “any bill,” respectively.

Figure 4.3: Mean of *Requests* for lobbying on “this bill” by agency capacity (ASAP)

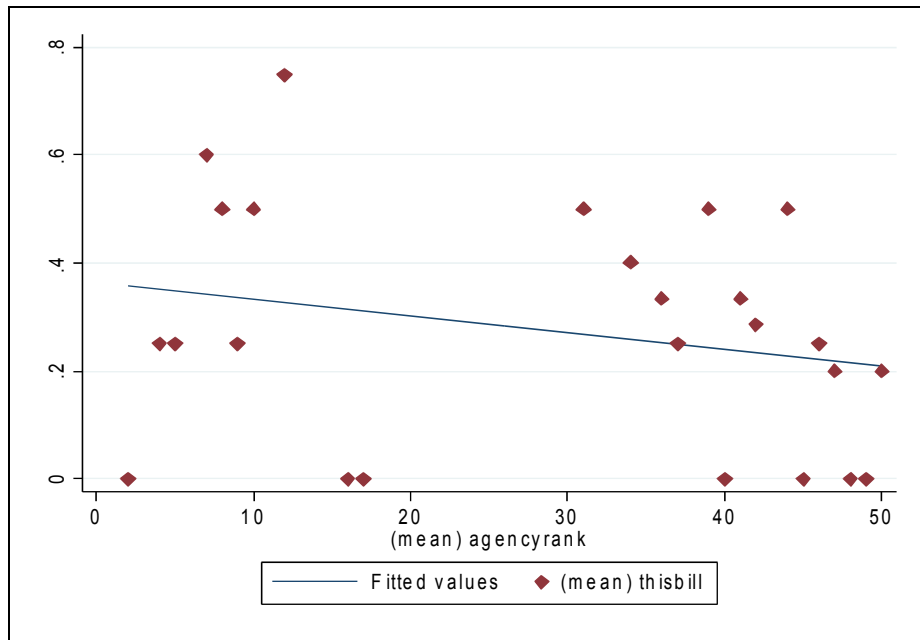
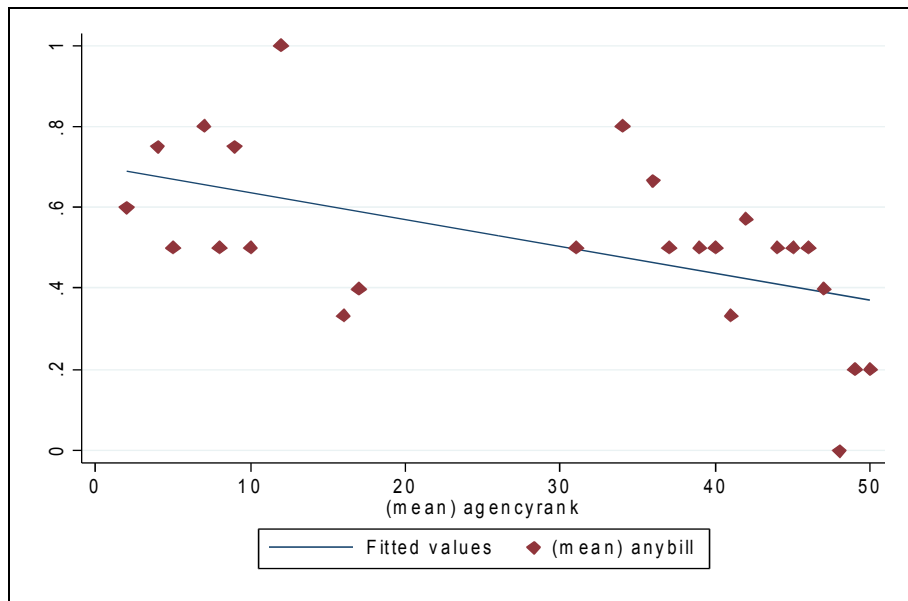


Figure 4.4: Mean of *Requests* for lobbying on any bill by agency capacity (ASAP)



The ASAP measure of agency capacity is not a statistically significant explanation for requests

for lobbying on “this bill” (Figure 4.3). However, for “any bill” (Figure 4.4), the relationship is significant, with a regression coefficient on agency capacity of $-.007$, a standard error of 0.002 and a p-value of $.006$. As expected, the relationship is not positive; in fact, there is a striking downward trend. These bivariate relationships provide initial support for my hypothesis that Medicaid bureaucrats are more likely to request interest group support in states with lower agency capacity (conditional on bureaucrat-lobbyist agreement) (H3). It may be the case, then, that not only is high agency capacity not required for indirect bureaucratic lobbying, but that bureaucrats are more likely to use this as a political influence mechanism where they cannot rely on agency capacity to grant them direct influence with legislatures. I investigate this further in the next chapter.

In Figures 4.5 and 4.6 I plot the relationship between the GPP measure of agency professionalism and requests for lobbying, on “this bill” and any recent Medicaid bill.

Figure 4.5: Mean of *Requests* for lobbying on “this bill” by agency capacity (GPP)

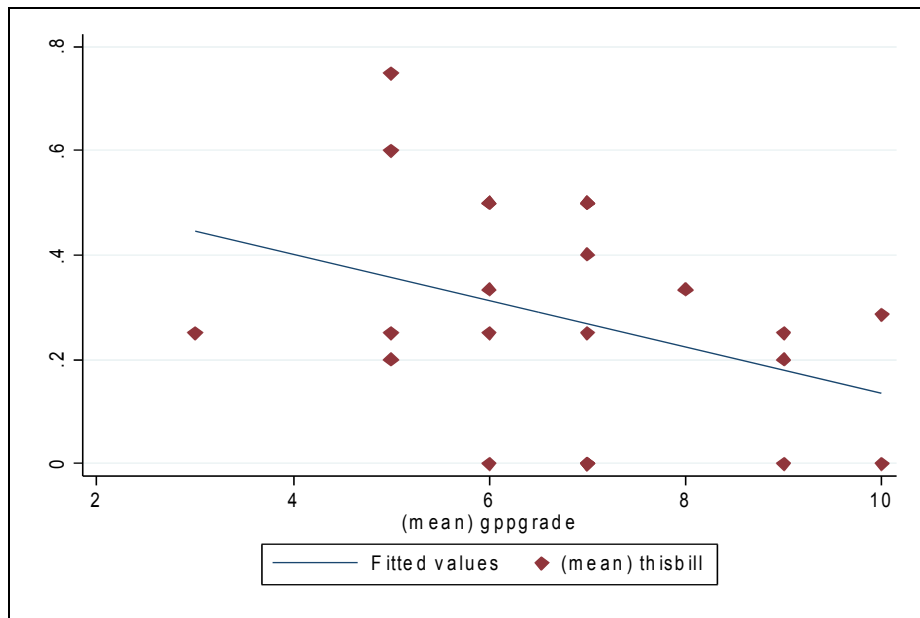
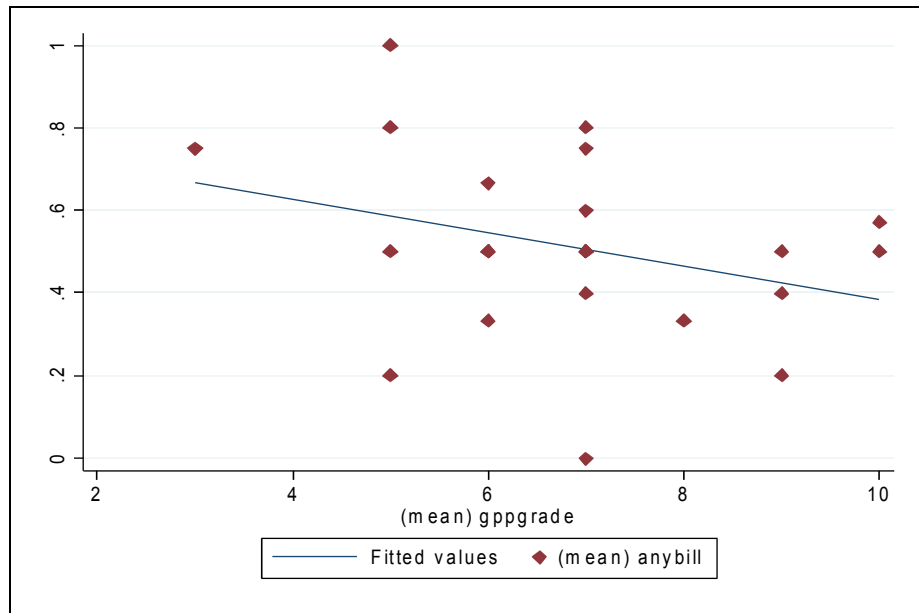


Figure 4.6: Mean of *Requests* for lobbying on any bill by agency capacity (GPP)



Figures 4.5 and 4.6 also show a negative relationship between requests for lobbying and agency capacity. In contrast to the other state-level variables examined in this section, there is a stronger and more significant relationship between the explanatory variable of interest and requests on “this bill” than between that variable and requests on “any bill,” although the differences are slight. For “this bill,” the coefficient on the GPP measure of agency capacity is -0.044, with a standard error of 0.03 and a p-value of 0.096. For “any bill,” the coefficient on agency capacity is -0.040, with a standard error of 0.03 and a p-value of 0.126.

Perhaps more importantly, all four of the plots of the relationship between requests for lobbying and agency capacity show a negative relationship. While this is somewhat surprising given that the ASAP and GPP measures are not especially highly correlated ($\rho = 0.52$), the similarity of the relationship of these measures with requests for lobbying lends credence to the idea that agency capacity matters. In subsequent analyses I focus on the use of the ASAP rank

because its greater variance makes quantitative analysis more tractable.

Next, I plot the relationship between reported requests for lobbying and measures of legislative capacity. Figures 4.7 and 4.8 show this relationship for “this bill” and any recent Medicaid bill, respectively. I reversed the coding of the legislative capacity index to make interpretation more intuitive. The original legislative capacity ranking codes the highest-ranking states with the lowest numbers (e.g., California and Massachusetts have low numbers, indicating their high rank). In the reversed coding, the highest-ranking states receive the highest numbers. Consistent with the theory elaborated in Chapter 2, I expect to see a negative relationship between *Requests* and legislative capacity. This is because lower-capacity legislatures may have lower levels of Medicaid expertise and bureaucrats should be motivated to influence policy by asking their interest group contacts for help. However, any relationship between *Requests* and legislative capacity is more likely to show up in Figure 4.8, since observations for “any bill” are more likely to generalize to respondents' states.

Figure 4.7: Mean of *Requests* for lobbying on “this bill” by legislative capacity

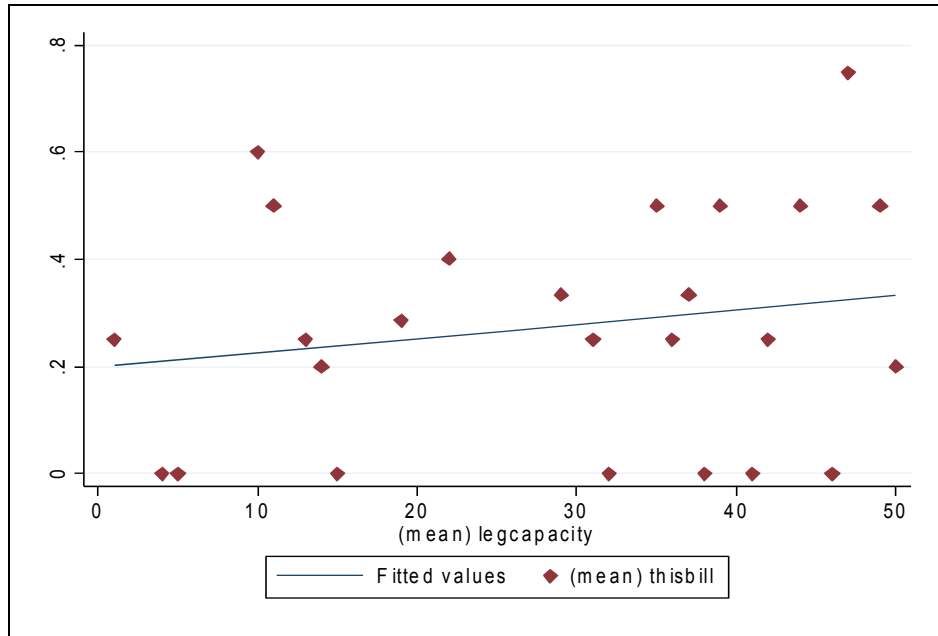


Figure 4.8: Mean of *Requests* for lobbying on any bill by legislative capacity

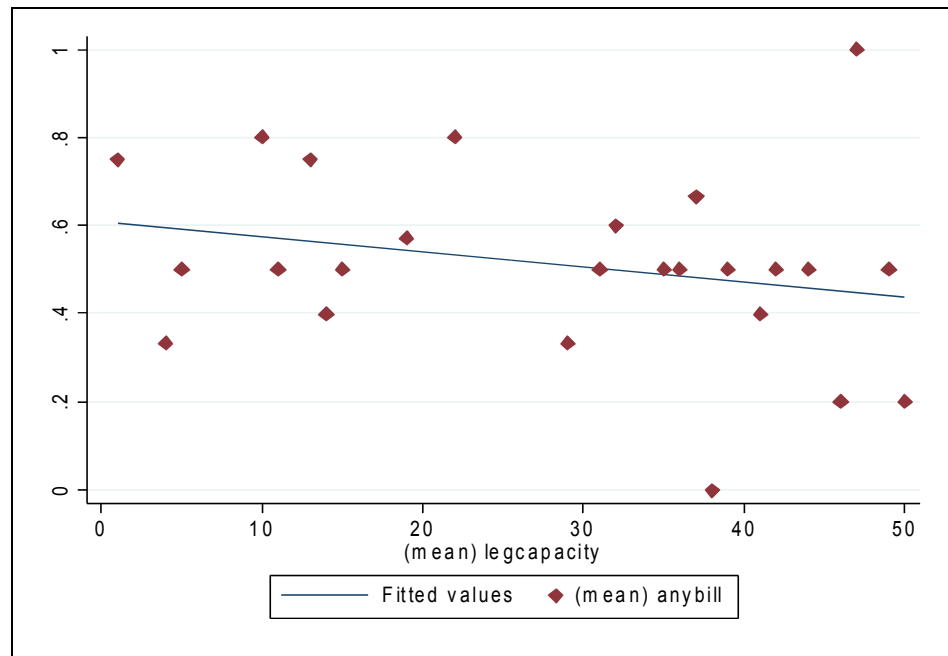


Figure 4.8 shows the expected negative relationship, which provides initial support for my

hypothesis that bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low (conditional on bureaucrat-lobbyist agreement) (H4). However, the regression coefficient on legislative capacity just falls short of conventional levels of statistical significance. This potentially indicates that bureaucrats routinely issue requests for interest group lobbying in states with higher legislative capacity as well, or the effect of legislative capacity is conditional. I investigate this further in the next chapter. I also note that there appears to be an outlier in the upper right quadrant; when I drop this state the bivariate regression results in a significant coefficient. However, I have no theoretical justification for dropping this state and since there are only 25 states I do not pursue this further.

I also note that the arrangement of states in Figure 4.8 looks somewhat similar to that in Figure 4.4, the plot of requests for lobbying on any bill and agency capacity. However, high agency capacity states are not necessarily high legislative capacity states: the correlation of Squire's index of legislative capacity and the ASAP measure of agency capacity is $\rho = 0.24$.

Finally I plot the relationship between reported requests for lobbying and legislative staff for “this bill” (Figure 4.9) and “any bill” (Figure 4.10). Legislative staff is coded as the total number of permanent and temporary staff during the legislative session in each state. I plot this relationship in order to be able to visualize the effect of legislative staff size as distinct from the legislative capacity index as a whole.

Figure 4.9: Mean of *Requests* for lobbying on “this bill” by legislative staff

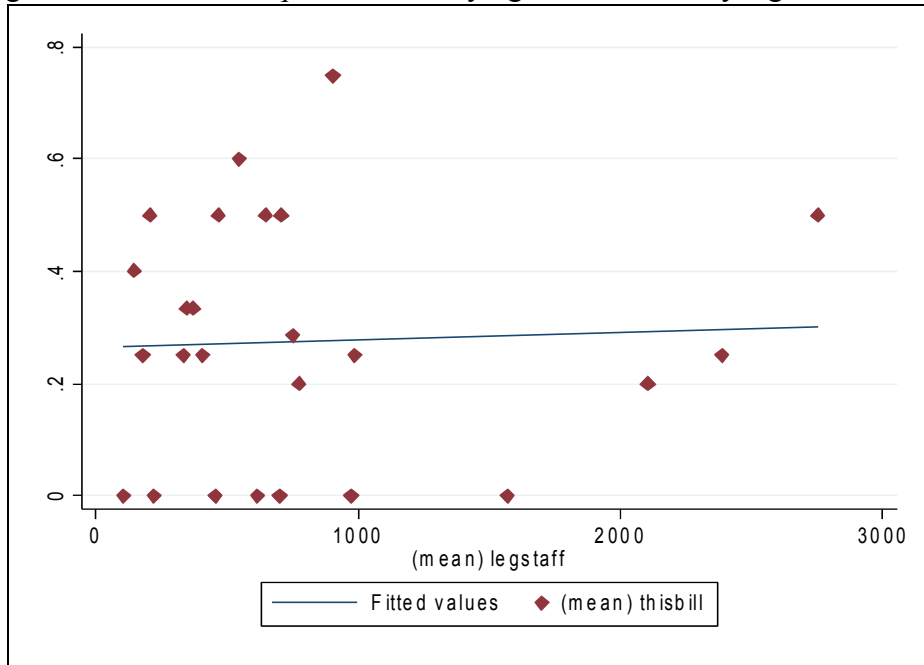


Figure 4.10: Mean of *Requests* for lobbying on any bill by legislative staff



I expect there to be a negative relationship between these variables because the presence or

absence of staff is a theoretically important element in the index of legislative capacity: staff who are expert in health policy may be able to fill legislators' information gaps, at least partly obviating legislators' need for information from lobbyists or bureaucrats. As expected, Figure 4.10 shows a negative relationship, although a handful of states with disproportionately large legislative staffs may be the cause of the slope of the line. This distribution of states by legislative staff is similar to the distribution of states by population before I log-transform population. Indeed, population and legislative staff are highly correlated ($\rho = 0.86$). The regression coefficient on legislative staff is -0.01 but this fails to meet conventional level of statistical significance with a standard error of 0.006 and a p-value of .10. In the analyses in Chapter 5 I use the legislative capacity rank rather than isolating staff.

Conclusion

In summary, the first section of this chapter provided information on my data and the second presented preliminary explorations of the data. In the first section, I discuss the two different dependent variable options: survey respondents' reports of Medicaid bureaucrats' requests for lobbying support (*Requests*) and conversations between lobbyist survey respondents and individual members of state Medicaid bureaucracies about Medicaid legislation during legislative sessions (*Contacts*). *Requests* is coded as none, yes-implicit, and yes-explicit, although for many analyses in this and the following chapters I collapse implicit and explicit to create a binary variable taking the values of no and yes. *Contacts* is coded as none (0), a few (1-5), many (6-10), and a lot (over 10).

Both variables have strengths and weaknesses with respect to measurement and analysis. *Requests* is a more direct measure of the bureaucratic behavior of interest, so I rely on that

variable for the preliminary investigation into bivariate relationships with explanatory variables presented in this chapter. I also rely on *Requests* for the hypothesis tests in Chapter 5. The main limitation of *Requests* is that it has two versions, “this bill,” for which I also have a direct measure of lobbyist-bureaucrat policy agreement, and “any bill,” which is more likely to generalize to states. Therefore, *Requests* on “this bill” are more likely to accurately reflect the effect of lobbyist-bureaucrat agreement and *Requests* on “any bill” are more likely to reflect the effect of the institutional and political variables of interest. At the same time, *Requests* is a better measure than *Contacts*, because *Contacts* may reflect instances of indirect bureaucratic lobbying as well as more neutral conversations. For that reason, I use *Contacts* only for a robustness check on the effect of policy agreement in Chapter 6.

In the second part of the chapter, I presented a series of tables and plots that explore relationships in the data. The most important finding in this section is that *Requests* on any recent Medicaid bill were reported, on average, by half of the lobbyist respondents in the survey. While this may seem like a simple statistic, it is important because it presents a contrast with the research by Carpenter (2001) that provided theoretical inspiration for this project. Carpenter argues that autonomous agencies are influential because they have excellent reputations for expertise and are grounded in networks of private-sector groups. My data show, in contrast, that bureaucrats take advantage of private-sector networks in order to influence Medicaid policy in all survey states but one, and that on average bureaucrats do this with about half of the lobbyist respondents in each state. Thus, indirect bureaucratic lobbying appears to be an influence strategy that is available to most bureaucrats rather than only those working in autonomous agencies with outstanding reputations for expertise.

The series of plots of bivariate relationships between *Requests* and institutional variables show that, in general, there are stronger relationships with the “any bill” version of *Requests*, presumably for the reasons discussed above. In all cases, these relationships for “any bill” are in the expected direction. For example, I see the hypothesized negative relationships with both legislative capacity and agency capacity. However, for legislative capacity, the regression coefficient is not statistically significant. In the next chapter, I estimate multivariate regression models in order to learn more about the effects of legislative capacity (and agency capacity), and whether these effects are moderated by intervening variables like policy agreement.

Chapter 5: Hypothesis Tests

This chapter presents the results of quantitative tests of the hypotheses listed in Chapter 2, using the data detailed in Chapter 4. I begin by estimating a comprehensive model that tests together the effects of all factors—micro-level and macro-level—that I expect to increase the likelihood of indirect bureaucratic lobbying. Next, I conduct robustness tests on the effects of gubernatorial power and provide qualitative illustrations from the survey transcripts. Finally, I test my predictions about the effects of governors on bureaucrats' decisions to request lobbying implicitly versus explicitly.

General Model of Indirect Bureaucratic Lobbying

What factors increase the likelihood of indirect bureaucratic lobbying? In this section I analyze any attempts by bureaucrats to leverage interest group lobbying, whether explicit or implicit. I use the *Requests* dependent variable as a binary indicator, where observations of yes-implicit or yes-explicit both take the value of one. This allows me to take the relatively simple approach of estimating a model using logistic regression with clustered standard errors by state. I include requests on any bill, including both the Medicaid bill that was the survey focus and other recent Medicaid legislation. I center all continuous variables used in interaction terms by subtracting the mean from each value. I do so in order to create versions of these variables that take 0 as their average value—this makes interpretation of interaction terms easier because the “main effect” of one variable is interpretable as the effect on the outcome when the other variable

in the interaction equals 0, its average value. I create an indicator for group type that takes the value of 1 if the lobbyist works for a clientele or consumer advocacy group (“consumer group”), and 0 otherwise. I also create an indicator for party control of state legislatures that reflects whether Democrats control the state house, senate, or both, because my theoretical prediction is that bureaucrats rely on the power of consumer groups more where Democrats control at least one house of the legislature than where Republicans control both houses. All other variables are explained in Chapter 4.

The general model in this section tests the first five hypotheses developed in Chapter 2:

H1: Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity.

H2: Bureaucrats are more likely to request the help of provider groups than consumer advocacy groups, except where at least one house of state legislatures is controlled by Democrats.

H3: Bureaucrats are more likely to solicit interest group lobbying in states where agency capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.

H4: Bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.

H5: Bureaucrats are more likely to solicit interest group lobbying if gubernatorial power is low and bureaucrats agree with governor.

I estimate the following model and present results in Table 5.1:

$$\text{logit}(\text{request} = \text{yes}) = \begin{cases} \beta_0 + \beta_1 \cdot (\text{average bureaucrat - lobbyist agreement}) \\ + \beta_2 \cdot (\text{agency capacity}) \\ + \beta_3 \cdot (\text{bureaucrat - lobbyist agreement} * \text{agency capacity}) \\ + \beta_4 \cdot (\text{legislative capacity}) \\ + \beta_5 \cdot (\text{bureaucrat - lobbyist agreement} * \text{legislative capacity}) \\ + \beta_6 \cdot (\text{Democratic legislature}) \\ + \beta_7 \cdot (\text{consumer group}) \\ + \beta_8 \cdot (\text{Democratic legislature} * \text{consumer group}) \\ + \beta_9 \cdot (\text{gubernatorial power}) \\ + \beta_{10} \cdot (\text{governor - bureaucrat agreement}) \\ + \beta_{11} \cdot (\text{gubernatorial power} * \text{governor - bureaucrat agreement}) \\ + \beta_{12} \cdot (\text{population}) \\ + \beta_{13} \cdot (\text{unified party control}) + \varepsilon \end{cases}$$

The first column of Table 5.1 excludes the controls, and the second includes all variables. I state p -values for all estimates because it can be difficult to quickly assess the meaning of standard errors for odds ratios. Inclusion of controls does not materially affect the odds ratios for the variables of interest; therefore I refer to the estimates in column (2) throughout this section.

Table 5.1: Logit models of requests for lobbying on recent Medicaid bills

	(1)	<i>p</i> -value	(2)	<i>p</i> -value	
	average bureaucrat-lobbyist agreement	1.13 (0.20)	0.48	1.13 (0.20)	0.48
H1; H3	agency capacity	0.96*** (0.008)	0.000	0.96*** (0.009)	0.000
	agency capacity * bur.-lob. agreement	0.98+ (0.016)	0.09	0.98+ (0.01)	0.08
H1; H4	legislative capacity	0.99 (0.01)	0.55	0.99 (0.01)	0.66
	legislative capacity * bur.-lob. agreement	1.04** (0.01)	0.006	1.04** (0.016)	0.007
	Democratic control, one or both chambers	0.74 (0.27)	0.41	0.70 (0.31)	0.43
H2	consumer group	0.62 (0.24)	0.21	0.62 (0.24)	0.22
	Democratic control * consumer group	4.10+ (3.07)	0.06	4.32+ (3.59)	0.08
	gubernatorial power	29.11** (29.72)	0.001	29.13** (29.46)	0.001
H5	governor-bureaucrat agreement	0.58 (0.21)	0.13	0.58 (0.21)	0.14
	gubernatorial power * gov.-bur. agreement	0.42** (0.12)	0.002	0.42** (0.12)	0.002
controls	population (in thousands, logged)	---		0.98 (0.23)	0.94
	unified political control	---		0.89 (0.30)	0.73
	constant	7.13 (8.99)	0.12	9.11 (20.37)	0.32
	<i>N</i>	101		101	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.

*** $p < .001$; ** $p < .01$; * $p < .05$; + $p < .10$.

I first discuss the estimated effects of the controls and then address each hypothesis test.

Institutional capacity and state population are correlated ($\rho = 0.57$ for legislative capacity and population), so there may be some attribute of large states—such as more formal policy

development processes or political communications norms—that discourages bureaucrats' political activism. However, controlling for population does not reduce the effect of institutional variables in column (2). I also control for unified political control of state government to find out whether political control has an effect on bureaucratic activism or whether it significantly moderates the effects of other variables. As explained in Chapter 2, I expect that even where there is unified government, there is a certain baseline amount of conflict and interbranch tension inherent in managing such a costly program, and that political control of state institutions should not materially affect the likelihood of bureaucrats' activism (the type of groups bureaucrats ask for help is a different story). Indeed, I find that this is the case; the odds ratio for unified government is not significant.

I now turn to discussions of each hypothesis test, following the order of hypotheses as discussed in Chapter 2. First, I consider Hypothesis 1 (*Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity*). The odds ratio for bureaucrat-lobbyist agreement (top row, second column) is not statistically significant. However, because I include interactions of bureaucrat-lobbyist policy agreement and institutional capacity measures, the coefficient in the top row means only that the estimated effect of agreement is not significant when the values of the other variables it interacts with—agency capacity and legislative capacity—are at their average values. The interactions of legislative capacity and agency capacity with bureaucrat-lobbyist agreement are both statistically significant. Thus, the effect of bureaucrat-lobbyist agreement should properly be interpreted in the context of these interactions. I return to Hypothesis 1 in the context of the tests of Hypotheses 3 and 4, discussed below.

Interest Group Type and Party Control (H2)

I now turn to Hypothesis 2: *Bureaucrats are more likely to request the help of provider groups than consumer advocacy groups, except where at least one house of state legislatures is controlled by Democrats.* The interaction of group type and party control of state legislatures is (minimally) statistically significant, indicating that group type matters depending on party control. In column (1) of Table 5.2 I show the variables relevant to Hypothesis 2, excerpted from the estimate of the full model (Table 5.1). To more easily interpret the interaction term I reverse the coding of party control and re-estimate (column (2)), again using the full model and showing only the relevant variables for this hypothesis in Table 5.2.

Table 5.2: Logit model of group type (truncated results from estimation of full model)

parameter	(1)	<i>p</i> -value	(2)	<i>p</i> -value
Democratic control of at least one chamber	0.70 (0.31)	0.43	---	
consumer group	0.62 (0.24)	0.22	2.67 (1.95)	0.18
Dem. leg.* consumer group	4.32 ⁺ (3.59)	0.08	---	
Republican legislature	---		1.42 (0.63)	0.43
Repub. Leg.* consumer group	---		0.23 ⁺ (0.19)	0.08
	N	101	101	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state. ****p*<.001; ***p*<.01; **p*<.05; +*p*<.10.

Table 5.2 indicates that the effects of interest group type and party control do depend on each other, but does not reveal more than that since all main effects are statistically insignificant. This may be due to lack of power.¹ I estimate an abbreviated model in order to further explore

¹ Although the variance inflation factor (VIF) is high (over 10) for gubernatorial power and for the interaction of

the possible effects of these variables. The risk of omitted variable bias means that the results of this analysis are not definitive, but estimating the reduced model is worthwhile for the sake of exploration. Suggestive results here might indicate that more or better data could yield significant results with the full model.

I estimate the following model and present results in Table 5.3:

$$\text{Logit}(\text{requests} = \text{yes}) = \{ \beta_0 + \beta_1 \cdot (\text{group type}) + \beta_2 \cdot (\text{Dem.leg.}) + \beta_3 \cdot (\text{group type} * \text{Dem.leg.}) + \varepsilon \}$$

Again, I reverse the coding of party control and re-estimate (column (2)).

Table 5.3: Logit model of group type, abbreviated model

parameter	(1)	<i>p</i> -value	(2)	<i>p</i> -value
Democratic control of at least one chamber	0.77 (0.36)	0.57	---	
consumer group	0.49* (0.15)	0.02	2.22 (1.41)	0.21
Dem. leg.* consumer group	4.57* (3.23)	0.03	---	
Republican legislature	---		1.30 (0.62)	0.57
Repub. Leg.* consumer group	---		0.22 ⁺ (0.15)	0.03
constant	1.17 (0.27)	0.49	0.90 (0.37)	0.80
	N	106	106	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.

****p*<.001; ***p*<.01; **p*<.05; ⁺*p*<.10.

In contrast with Table 5.2, the odds ratio for consumer group in column (1) is statistically significant in Table 5.3. This significant main effect enables interpretation of the interaction in column (1). This result suggests that the odds of consumer groups being asked for lobbying

gubernatorial power and governor-bureaucrat agreement, most variables in the model have a low VIF and the mean VIF is also low (6.49). This suggests that multicollinearity is not driving the lack of significance.

support by bureaucrats are lower than the odds of provider (or business) groups being asked for lobbying support when legislatures are controlled completely by Republicans.²

As expected, party control of legislatures makes no difference in the odds of bureaucrats attempting to leverage the lobbying power of provider groups. And the insignificance of the odds ratio for consumer group in column (2) means that I cannot conclude that the odds of consumer groups being asked for lobbying support by bureaucrats are higher when Democrats control at least one branch of state legislatures. Thus, Hypothesis 2 is not fully supported by the abbreviated model—my prediction is essentially that Democratic control of at least one chamber should make lobbying by consumer groups more important and should therefore increase the likelihood that bureaucrats ask for help from consumer groups. However, the results do suggest that where there is Republican party control, Medicaid bureaucrats are more likely to attempt to leverage provider group lobbying power than consumer group lobbying power. While this finding is tentative due the risk of omitted variable bias, it is consistent with the prediction in that consumer groups are relatively less important for bureaucrats where there are no Democrats in power.

Policy Agreement (H1) and Agency Capacity (H3)

Here I return to the consideration of Hypothesis 1, jointly assessing the test of agreement and the test of agency capacity (H3). While the odds ratio for the interaction of agency capacity with bureaucrat-lobbyist agreement is statistically significant, it is difficult to interpret because the variables are continuous. Therefore, I present a series of marginal effects plots.³ The following

² The coefficient on consumer group in column (1) is interpretable as the odds of consumer groups being asked for lobbying when the legislature is Republican. The odds ratio is less than 1.0, so the odds of consumer groups being targeted with requests are lower than the odds of provider groups being targeted. While the corresponding odds ratio in Table 5.2 is not significant, it is in the same direction.

³ I created these plots using the “margins” command in Stata (version 13.1) to get the marginal effect of one variable at different levels of the other, then saving the estimates to memory using the “parmest” command, and finally plotting them along with confidence intervals using a “tway” command.

discussion adjudicates between Hypothesis 1, which predicts that agreement has an independent effect on bureaucrats' behavior regardless of institutional capacity rankings, and Hypothesis 3, which predicts that agreement interacts with differences in agency capacity. (Next, I discuss Hypotheses 1 and 4 together.)

Figure 5.1 shows the expected change in the probability of requests for lobbying for a one-unit increase in agency capacity at each level of bureaucrat-lobbyist agreement, holding all other variables at their means. The dashed lines in this and all subsequent marginal effects plots indicate 95% confidence intervals.

Figure 5.1: Change in probability of *Requests* for unit increases in agency capacity at each level of agreement (values centered at means)

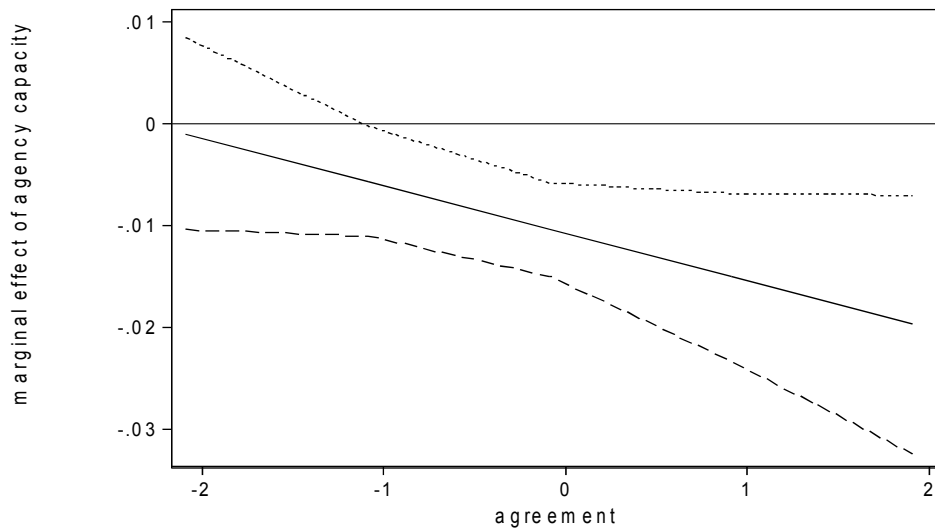


Figure 5.1 shows that the effect of a unit increase in agency capacity is negative at each level of agreement, although the estimates at the lowest levels of agreement are not statistically significant. It is possible that this insignificance results from the fact that there are fewer observations at very low agreement. However, the observations are not dramatically lower than

the observations at higher agreement, where I detect an effect; the overall trend of the distribution is fairly uniform.⁴ The plot also shows that the estimated negative change in the probability of requests for lobbying for each unit increase in agency capacity is very small. This effect increases slightly in magnitude as agreement increases (the average marginal effect of an increase in agency capacity is -0.009, with a standard error of 0.001 and a *p*-value of 0.00).

As expected, Figure 5.1 shows that bureaucrats are less likely to lobby indirectly as agency capacity increases, and slightly more likely to lobby indirectly as agency capacity decreases. For example, then, in states with low agency capacity like New Jersey or Tennessee, I would expect to see more indirect bureaucratic lobbying than in states with high agency capacity like Michigan or Florida, assuming high levels of agreement between bureaucrats and lobbyists and holding all other variables equal. This result presents an interesting contrast with the findings of other scholars on the positive effect of agency capacity on bureaucrats' *direct* influence on legislators (Nicholson-Crotty and Miller 2012). When held up against those findings, my result suggests that state agency leaders can leverage interest group power as a way of circumventing the political limitations imposed by lower agency reputation.

Figure 5.1 also shows that the negative effect of agency capacity increases as agreement increases. The fact that the negative effect of increasing agency capacity becomes slightly stronger at higher levels of bureaucrat-lobbyist agreement provides partial support for Hypothesis 3: *Bureaucrats are more likely to solicit interest group lobbying in states where agency capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.* However, Figure 5.1 also shows that the expected negative effect of agency capacity is also present and statistically significant—although small—at medium and medium-low levels of

⁴ See Appendix B for plots of the distribution of *average bureaucrat-lobbyist agreement*.

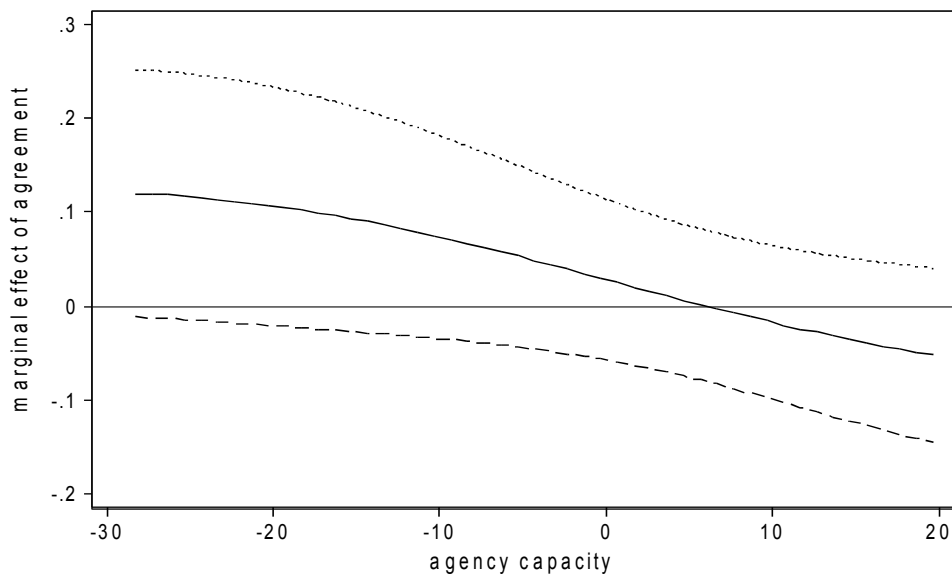
agreement. Thus the hypothesis seems to be only partially correct, since high agreement is not strictly required for the expected effect of agency capacity. I summarize this result in Table 5.4:

Table 5.4: Effects of agreement and agency capacity

		Agency capacity	
		Low	High
Agreement	Low	Medium	Less
	High	More	Less

By extension, if the effect of agency capacity depends to some degree on policy agreement, then the effect of agreement should also depend on agency capacity. In order to look at this interaction a different way, I also plot the marginal effect of bureaucrat-lobbyist agreement at different levels of agency capacity (Figure 5.2).

Figure 5.2: Change in probability of *Requests* for unit increases in agreement at each level of agency capacity (values centered at means)



The marginal effect of agreement is statistically insignificant at all levels of agency capacity. However, the marginal effects shown in Figure 5.2 hold legislative capacity (and all other covariates) at its mean value. Since the effect of bureaucrat-lobbyist policy agreement depends on *both* agency capacity and legislative capacity, it may be that the plot looks different at other values of legislative capacity. Indeed, I find that this is the case (Figures 5.3 and 5.4).⁵

Figure 5.3: Change in probability of *Requests* for unit increases in agreement at each level of agency capacity (legislative capacity at lowest value; other variables centered at means)

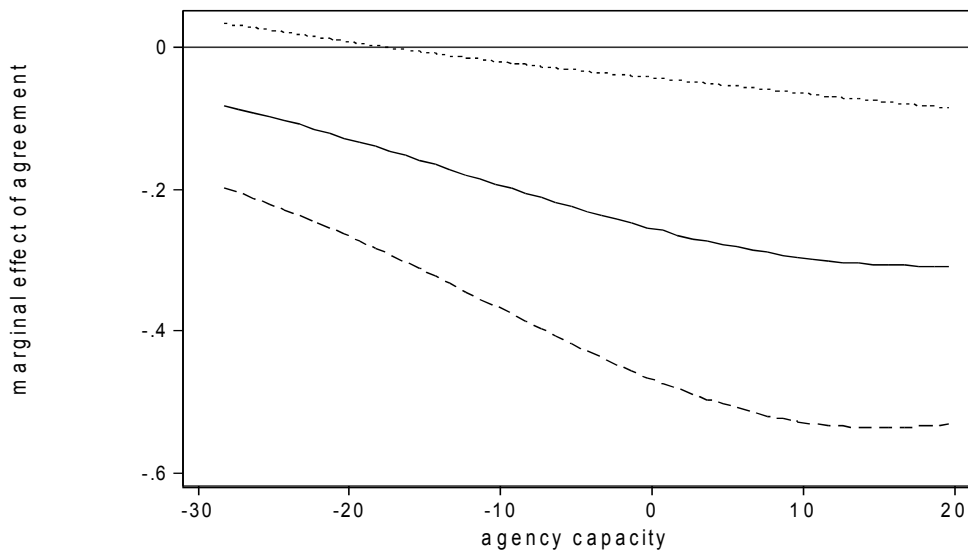
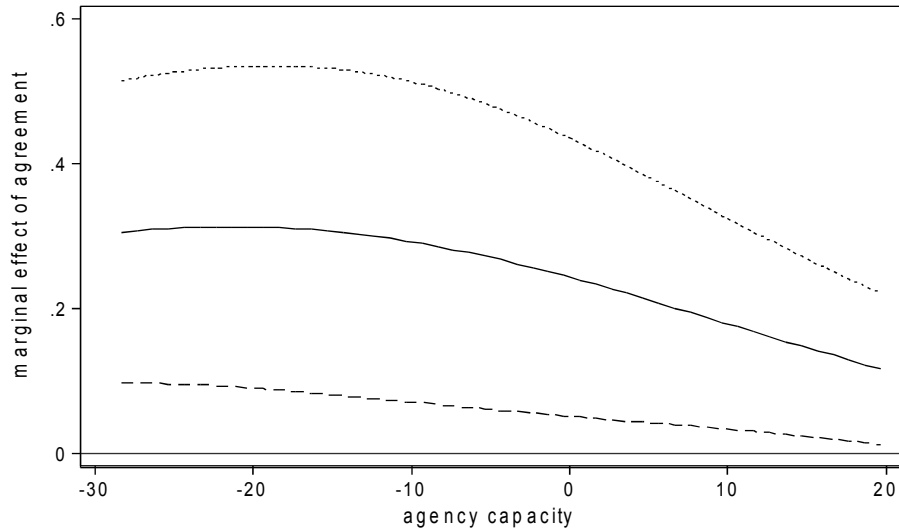


Figure 5.3 plots the marginal effects of agreement at different levels of agency capacity and with legislative capacity at its *lowest* value. Here, the marginal effect of agreement is negative and is statistically significant at all but the lowest levels of agency capacity. This means that where legislative capacity is very low, increases in agreement result in a lower probability of indirect bureaucratic lobbying. The negative effect of agreement increases as agency capacity increases. So, for example, if a state had very low legislative capacity, like New Hampshire,

⁵ I also plotted the marginal effects of agency capacity at each level of policy agreement, as in Figure 5.1, holding legislative capacity at its highest and lowest levels. Those plots do not differ significantly from Figure 5.1.

increases in bureaucrat-lobbyist policy agreement would reduce the probability of indirect bureaucratic lobbying; this effect would become stronger if New Hampshire increased its agency capacity. The discussion of Hypothesis 4, below, sheds some light on this unexpected result.

Figure 5.4: Change in probability of *Requests* for unit increases in agreement at each level of agency capacity (legislative capacity at highest value; other variables centered at means)



Finally, Figure 5.4 plots the marginal effects of agreement at different levels of agency capacity and with legislative capacity held at its *highest* value. Here, the marginal effect of agreement is positive and statistically significant at all levels of agency capacity. This means that where legislative capacity is very high, increases in agreement result in a higher probability of indirect bureaucratic lobbying at all levels of agency capacity. For example, then, if a state had very high legislative capacity, like California, increases in bureaucrat-lobbyist policy agreement would increase the probability of indirect bureaucratic lobbying; this effect would become weaker with increased agency capacity.

To summarize, the expected negative effect of agency capacity depends on the existence of some policy agreement between bureaucrats and lobbyists, although very high agreement is not required for the negative effect. This result provides partial support for Hypothesis 3. In addition, I see different marginal effects for agreement when I hold legislative capacity at low, mean, and high values. The estimates of the effect of increases in agreement are negative for low legislative capacity, insignificant for mean legislative capacity, and positive for high legislative capacity. The strength of these effects also changes as agency capacity changes. That the effect of agreement depends on institutional capacity casts doubt on Hypothesis 1: *Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity.* I continue to explore the results related to Hypothesis 1 below.

Policy Agreement (H1) and Legislative Capacity (H4)

Next, to compare Hypotheses 1 and 4, I plot the marginal effect of increases in legislative capacity at different levels of bureaucrat-lobbyist policy agreement, holding all other variables at their means (Figure 5.5). Again, Hypothesis 4 is: *Bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.* In general, I expect there to be more indirect bureaucratic lobbying where legislative capacity is low because bureaucrats should be interested in leveraging lobbying networks to help fill legislators' information gaps about Medicaid.

Figure 5.5: Change in probability of *Requests* for unit increases in legislative capacity at each level of agreement (values centered at means)

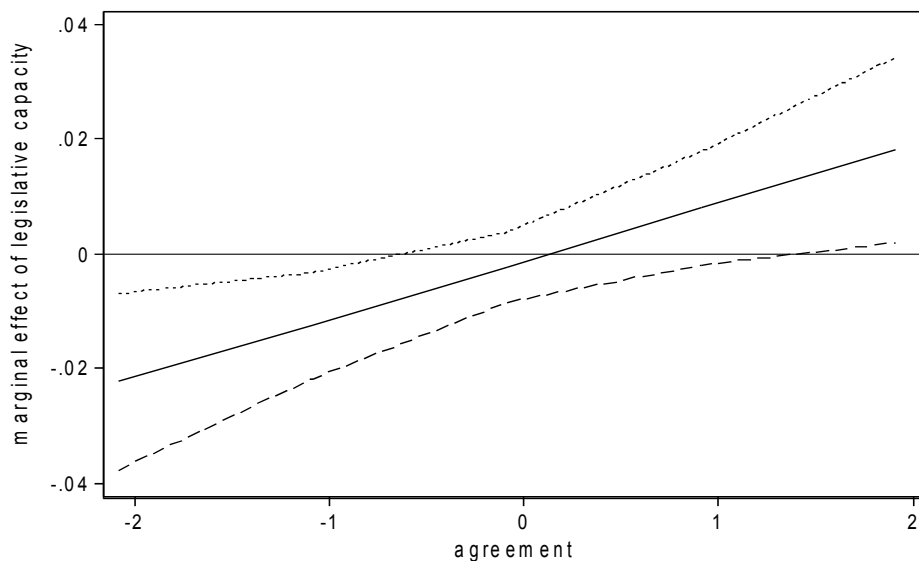


Figure 5.5 shows that the effect of legislative capacity is different at each level of agreement, but that the estimates at the middle values of agreement are not statistically significant.⁶ Where there is high bureaucrat-lobbyist agreement, the effect of increases in legislative capacity is positive—in other words, there is a higher probability of indirect lobbying as legislative capacity increases, and a lower probability of indirect lobbying as legislative capacity decreases. This is the reverse of my prediction. As an example, given a high level of bureaucrat-lobbyist policy agreement, and holding all else equal, there should be more indirect bureaucratic lobbying in Ohio than in Utah since legislative capacity is high in Ohio and low in Utah. At the other end of the agreement scale, where bureaucrats and lobbyists disagree on policy, bureaucrats are slightly less likely to lobby as legislative capacity increases, and slightly

⁶ Because agreement interacts with both legislative capacity and agency capacity, I conducted a robustness check on this result by replicating Figure 5.5 but with agency capacity held at its highest and lowest values rather than its mean value. The plots do not differ significantly from Figure 5.5.

more likely to lobby as legislative capacity decreases. To flip the example, I would expect more indirect lobbying in Utah than Ohio if there is very low policy agreement.

This result suggests that agreement is not a prerequisite for the expected effect of legislative capacity—increases in legislative capacity lead to a lower probability of indirect bureaucratic lobbying only at low levels of bureaucrat-lobbyist agreement. Does this suggest that the persuasion theory of lobbying describes indirect bureaucratic lobbying where legislative capacity is relatively low? On one hand, Figure 5.5 suggests that bureaucrats may be so interested in providing information to low-capacity legislatures that they target non-ally interest groups to convince them to change their policy preferences. On the other hand, the conventional definition of persuasive lobbying is that information from lobbyists serves to change the preferences of uncertain legislators (Hansen 1991; Wright 1996/2003). If persuasion were the correct model for indirect bureaucratic lobbying (at least where legislative capacity is low), I would expect to see significant estimates for the middle values of agreement, indicating that bureaucrats sometimes attempt to convert fence-sitting lobbyists in addition to those lobbyists who strongly disagree with them. The fact that the only significant estimates are at low levels of agreement is also a curious result because lobbyists tend to hold strong, well informed opinions compared to legislators—it should be difficult for bureaucrats to convince them to change their minds and to lobby on that basis. In any case, this test alone is not definitive. I speculate further on the issue of persuasion later in this section, and I return to the question of the correct lobbying model in Chapter 6.

Another way to look at this interaction shown in Figure 5.5 is to plot the marginal effect of agreement at different levels of legislative capacity (Figure 5.6):

Figure 5.6: Change in probability of *Requests* for unit increases in agreement at each level of legislative capacity (values centered at means)

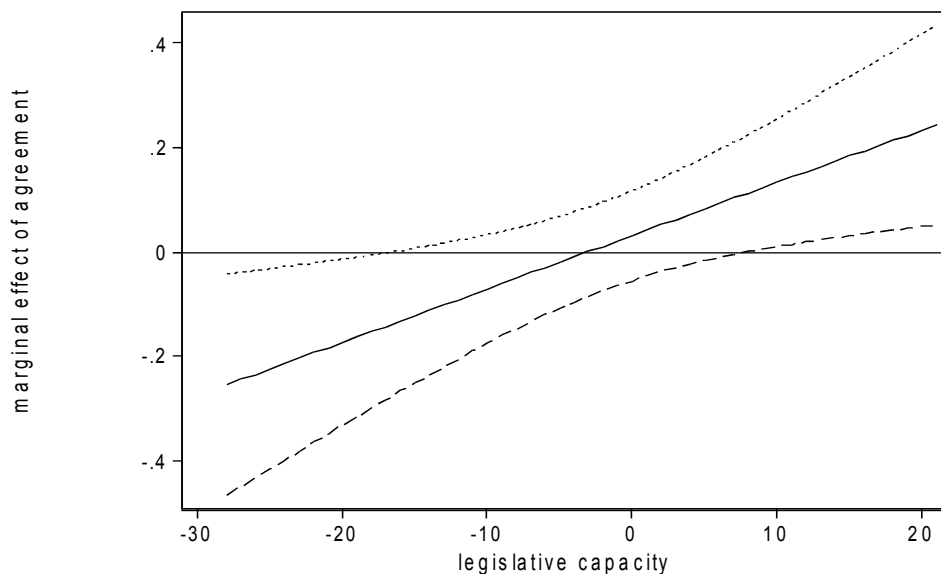


Figure 5.6 shows the same dynamics in reverse. There is a statistically significant effect of agreement only at the lowest and highest levels of legislative capacity. Where legislative capacity is very low, increases in policy agreement result in a lower probability of indirect bureaucratic lobbying. Again taking Utah as an example of a state with low legislative capacity, I would expect to see that there is more indirect bureaucratic lobbying at low levels of bureaucrat-lobbyist policy agreement—perhaps consistent with persuasive lobbying, although this is unclear—and less indirect bureaucratic lobbying as agreement increases. Conversely, where legislative capacity is high, higher policy agreement between bureaucrats and lobbyists increases the probability of indirect bureaucratic lobbying. In a high legislative capacity state like Ohio, then, I would expect to see more indirect bureaucratic lobbying as bureaucrat-lobbyist agreement increases. This result suggests that agreement motivates indirect bureaucratic lobbying where

legislators already have high information levels. High agreement between bureaucrats and lobbyists may represent a key opportunity for bureaucrats to weigh in on legislative decision-making—via indirect bureaucratic lobbying—where legislators are high capacity. These data do not reveal whether, in this scenario, bureaucrats are providing information subsidies to their interest group allies or simply activating them. I return to the issue of information subsidies later in this chapter.

So far, the marginal effects shown in Figures 5.5 and 5.6 are inconsistent with Hypothesis 4: *Bureaucrats are more likely to solicit interest group lobbying in states where legislative capacity is low, but this effect is conditional on high bureaucrat-lobbyist agreement.* If the data supported Hypothesis 4 then I would expect to see that high agreement and low legislative capacity combine to increase the probability of indirect lobbying. Instead, agreement and legislative capacity combine in unexpected ways. I summarize these results in Table 5.5.

Table 5.5: Effects of agreement and legislative capacity

		Legislative capacity	
		Low	High
Agreement	Low	More	Less
	High	Less	More

Table 5.5, however, does not take agency capacity into account. Because the effect of agreement depends on both legislative and agency capacity, I conduct robustness tests by replicating Figure 5.6 but with different levels of agency capacity. Whereas Figure 5.6 holds agency capacity at its mean, Figure 5.7 holds agency capacity at its lowest level and Figure 5.8

holds agency capacity at its highest level.

Figure 5.7: Change in probability of *Requests* for unit increases in agreement at each level of legislative capacity (agency capacity at lowest value; other variables centered at means)

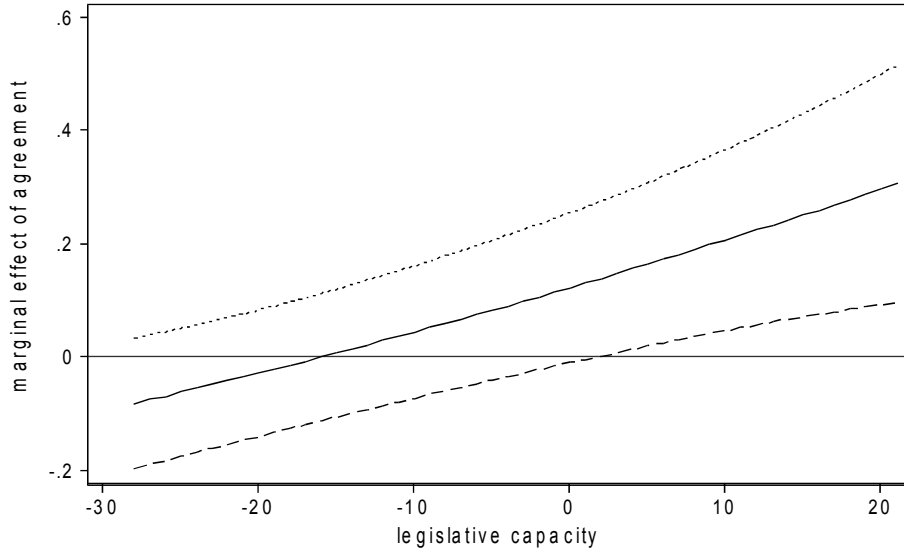
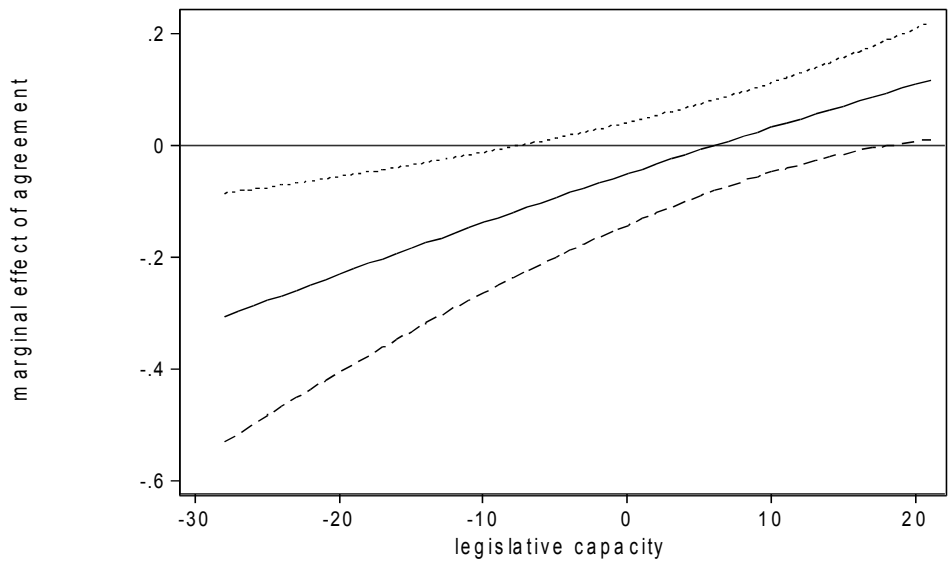


Figure 5.8: Change in probability of *Requests* for unit increases in agreement at each level of legislative capacity (agency capacity at highest value; other variables centered at means)



These plots help to make sense of Figures 5.5 and 5.6, which hold agency capacity at its mean value. Figures 5.7 and 5.8 each reflect one part of the two-part result illustrated by Figure 5.6. In Figure 5.7, where agency capacity is held at its lowest value, there are significant estimates for the positive effect of agreement where legislative capacity is high. Hypothetically, then, in a state where agency capacity is very low and legislative capacity is very high, agreement has a positive effect. If agency capacity is very low *and* legislative capacity is also low, there is no significant effect of agreement.

This series of plots suggest that bureaucrats in very low-capacity agencies (which may be, by extension, low-reputation agencies) who want to influence high-capacity legislatures are more likely to approach lobbyists who agree with them than they are to approach lobbyists who disagree with them. Bureaucrats working in low-capacity or low-reputation agencies may need the existence of alignment in order to ask interest groups for help because their information levels or reputations make it difficult to effectively target lobbyists who disagree. Put simply, persuasion may be especially difficult for bureaucrats in low-capacity agencies. Where bureaucrats are in low-capacity agencies in states with low-capacity legislatures, agreement makes no difference—bureaucrats may request lobbying help where there is alignment, for the reasons I speculate on above, and may *also* attempt to persuade non-aligned interest groups if bureaucrats are sufficiently concerned about information gaps in low-capacity legislatures.

In Figure 5.8, where agency capacity is held at its highest value, there are significant estimates for the negative effect of agreement at low levels of legislative capacity. In other words, in a hypothetical state with very high agency capacity and very low legislative capacity there is a negative effect of agreement. In a hypothetical state with very high agency capacity

and high legislative capacity, there is no effect of increases in agreement.

Figure 5.8, then, suggests that bureaucrats working in strong agencies attempt to persuade interest groups who do not agree with them to assist them with low-capacity legislators, perhaps because they can—these bureaucrats are better able to persuade in this way than bureaucrats working in low-capacity agencies. Bureaucrats working in strong agencies may be equally likely to lobby directly at the same time that they lobby indirectly, because their agency reputation facilitates both. This is speculative since I do not have systematic data on direct lobbying. It may also be the case that these same bureaucrats are *less* likely to request help as bureaucrat-lobbyist agreement increases because they do not need to request it—the combination of high agency reputation and agency – interest group alignment (meaning that any interest group lobbying is already consistent with bureaucrats' policy preferences) is enough to sway low-information legislatures. Where agency capacity and legislative capacity are both high, bureaucrats are able to wield direct influence as well as to persuade or ask for favors from allies equally—their likelihood of indirect lobbying does not depend on agreement.

It is also worth noting here that although this section is ostensibly about the marginal effects of legislative capacity, the plots in Figures 5.7 and 5.8—specifically, the differences between the estimated effects of agreement and legislative capacity at low and high levels of agency capacity—are also consistent with my overall prediction that we should see more indirect bureaucratic lobbying where agency capacity is low because these bureaucrats need an alternative to direct lobbying.

Finally, before moving on to Hypothesis 5 and consideration of governors, I summarize the results presented so far with respect to Hypothesis 1 (*Bureaucrats are more likely to solicit interest*

group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity). The effect of agreement varies—it depends on the levels of legislative and agency capacity as discussed above. If Hypothesis 1 were correct, we would see a positive effect of agreement at every level of legislative capacity and agency capacity. Furthermore, there is an unexpected but striking finding that *decreases* in agreement sometimes produce a higher likelihood of indirect bureaucratic lobbying. This suggests that I should rule out the simple relationship between agreement and indirect bureaucratic lobbying set out in Hypothesis 1. At the same time, changes in the probability of indirect bureaucratic lobbying for each unit increase in agreement are generally much larger than the marginal effects of agency capacity or legislative capacity. Furthermore, as explained in Chapter 4 (and discussed below in the context of Hypothesis 5), I do not have a direct measure of agreement for reported *Requests* on all observations in this analysis. For these reasons—and given the importance of agreement for the applicability of various lobbying theories—I conduct further tests on the effect of agreement in the next chapter.

Gubernatorial Power and Governor-Bureaucrat Agreement (H5)

I now turn to the estimates relevant to Hypothesis 5: *Bureaucrats are more likely to solicit interest group lobbying if gubernatorial power is low and bureaucrats agree with governor*. Again, because the variables in the interaction term are continuous and the meaning of the odds ratio is difficult to interpret, I use the full model to find the effects of unit increases in governor-bureaucrat disagreement at each level of gubernatorial power, holding all other variables at their means (Figure 5.9).

Figure 5.9: Change in probability of *Requests* for unit increases in gubernatorial power at each level of governor-bureaucrat agreement (values centered at means)

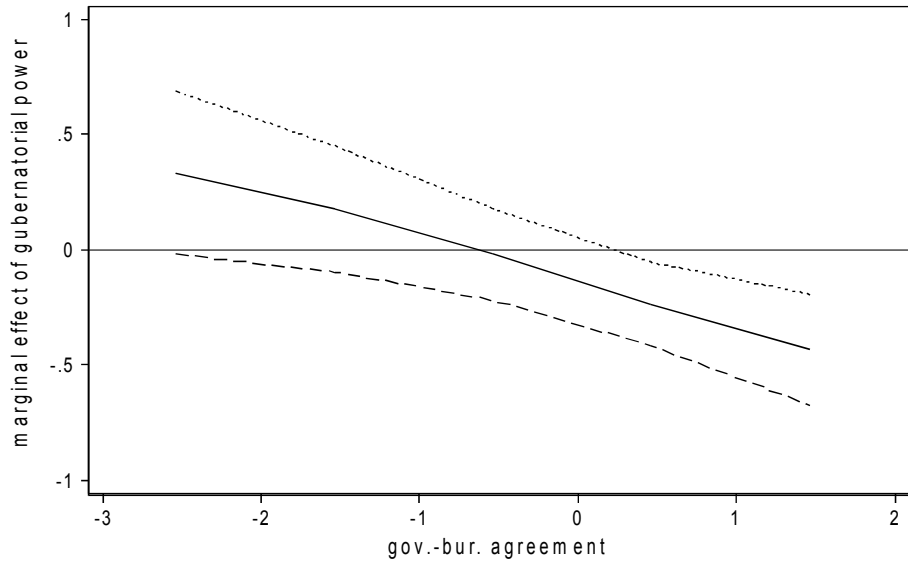


Figure 5.9 shows that the estimated effect of increasing gubernatorial power is significant at high values of governor-bureaucrat agreement (dropping the single observation with the lowest agreement does not change these estimates). Estimates at the middle and low values of agreement are not significant. Where agreement is high, then, increases in gubernatorial power decrease the probability of indirect bureaucratic lobbying. For example, in a state like Michigan, which grants governors more formal budget powers than average, I would expect to see less indirect bureaucratic lobbying than in a state like Colorado, given similar high levels of bureaucrat-governor alignment and ignoring all other variables. This result is consistent with my expectation and supports Hypothesis 5. Again, I expect to see more indirect bureaucratic lobbying where bureaucrats agree with governors on Medicaid legislation (including but not limited to budgets) and where governors are weaker relative to legislatures. This is because

because bureaucrats can increase support in the legislature for the executive branch position—where governors have limited bargaining ability—by asking lobbyists for help. I summarize this expectation and the corresponding result in Table 5.6:

Table 5.6: Effects of gubernatorial characteristics

		Gubernatorial power	
		Low	High
Bur-gov agreement	Low	Less	Less
	High	More	Less

I note that the “main effect” of gubernatorial power, shown in Table 5.1, is interpretable because the other variable in the interaction—governor-bureaucrat agreement—contains zero. To take the estimate in the full model in column (2) of Table 5.1 as an example, each unit increase in the gubernatorial power score makes the odds of bureaucratic requests for lobbying twenty-nine times as high as the odds of no requests when governor-bureaucrat agreement is at zero. This effect is unexpected, since it suggests that where agreement is low, increases in gubernatorial power *increase* the likelihood of indirect bureaucratic lobbying. This may mean that Medicaid bureaucrats sometimes attempt to subvert policy initiatives under powerful administrations. However, there is only one observation in the data that takes a value of zero for estimated governor-bureaucrat agreement and this effect does not show up in the marginal effects plot.

Exploration of Dependent Variable Options in Tests of Effects of Governors

I now turn to a discussion of some of the limitations of my data and how these may affect

tests of the effects of governors.⁷ Specifically—as explained in Chapter 4—there are two versions of the *Requests* dependent variable; each version better reflects one variable in the interaction of gubernatorial power and governor-bureaucrat agreement. Reported requests for lobbying on “this bill” (the bill that was the survey focus) are those for which I have a more direct measure of policy agreement. When I include all requests for lobbying, whether on “this bill” (the bill that is the survey focus) or “any other bill,” I use bureaucrat-lobbyist policy agreement measured with respect to “this bill” as a proxy for agreement on “other bill” observations (as in Table 5.1). Agreement scores are less likely to be accurate for “any bill,” but “any bill” is more likely to generalize within states. Hence, macro-level explanations like gubernatorial power are more likely to be accurate for analyses using “any bill.”

In order to compare the estimated effects of governors for each of these dependent variable versions, I estimate two reduced models and compare the resulting marginal effects plots. Although I run the risk of omitted variable bias, this is the best way to explore a comparison of the effects of governor-bureaucrat agreement on “this bill” and “any bill.” When I estimate the full model shown in Table 5.1 using only *Requests* on “this bill,” the interaction of gubernatorial power and governor-bureaucrat agreement is not significant, meaning that comparison of the variable versions is not possible using the results of the full model. Due to the risk of omitted variable bias, I present these results only for the sake of exploring the dependent variable options and data limitations, rather than to confirm or disconfirm the results of the full model.

Once again, I use *Requests* as a binary indicator, including both implicit and explicit requests for interest group assistance, and I center all continuous variables. In Table 5.7, I present

⁷ I discuss similar data issues with respect to tests of the effects of agreement in the next chapter.

the results of the following model:

$$\text{logit}(\text{request} = \text{yes}) = \begin{cases} \beta_0 + \beta_1 \cdot (\text{gubernatorial power}) + \beta_2 \cdot (\text{governor - bureaucrat agreement}) \\ + \beta_3 \cdot (\text{gub. power} * \text{gov - bur. agreement}) + \beta_4 \cdot (\text{unified party control}) + \varepsilon \end{cases}$$

Table 5.7: Abbreviated logit models of effects of governors

	“this bill”		“any bill”	
	(1)	<i>p</i> -value	(2)	<i>p</i> -value
gubernatorial power	29.77* (46.84)	0.03	5.93* (4.21)	0.01
governor-bureaucrat agreement	0.67 (0.29)	0.36	0.68 (0.19)	0.17
interaction	0.39* (0.17)	0.03	0.61* (0.13)	0.02
unified party control	0.36* (0.15)	0.02	0.55 (0.22)	0.13
constant	2.80 (4.40)	0.51	5.93+ (6.28)	0.09
	<i>N</i>	101	101	101

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.

****p*<.001; ***p*<.01; **p*<.05; +*p*<.10.

Table 5.7 shows that the interaction term is significant in both estimates. Because the interaction terms are significant, I calculate the marginal effects of gubernatorial power on reported requests for lobbying at each level of governor-bureaucrat agreement. I hold unified party control constant at its mean (0.81). First I show marginal effects for “this bill” in Figure 5.10 and then for “any bill” in Figure 5.11.

Figure 5.10: Change in probability of *Requests* for unit increases in gubernatorial power at each level of governor-bureaucrat agreement (values centered at means), “this bill”

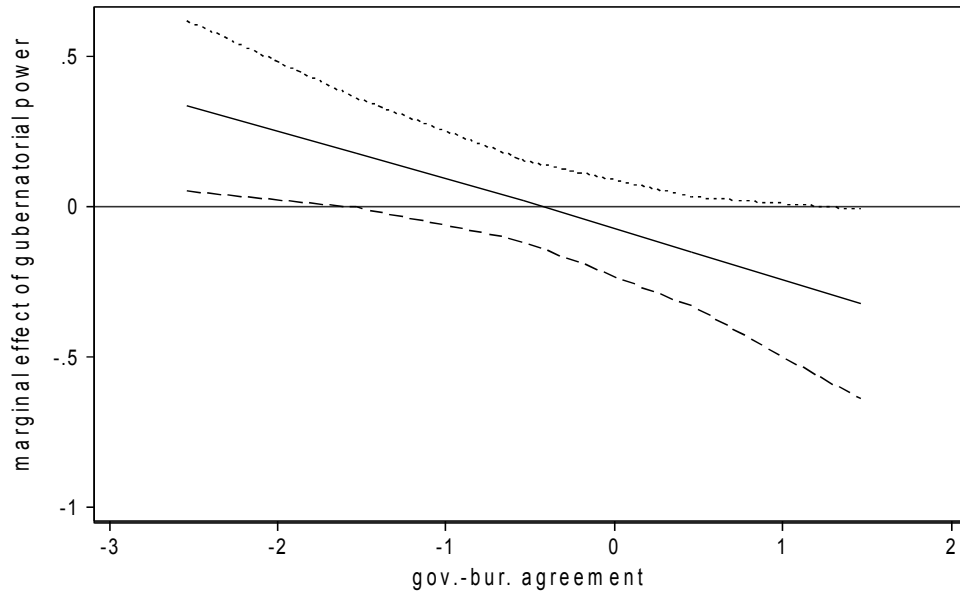
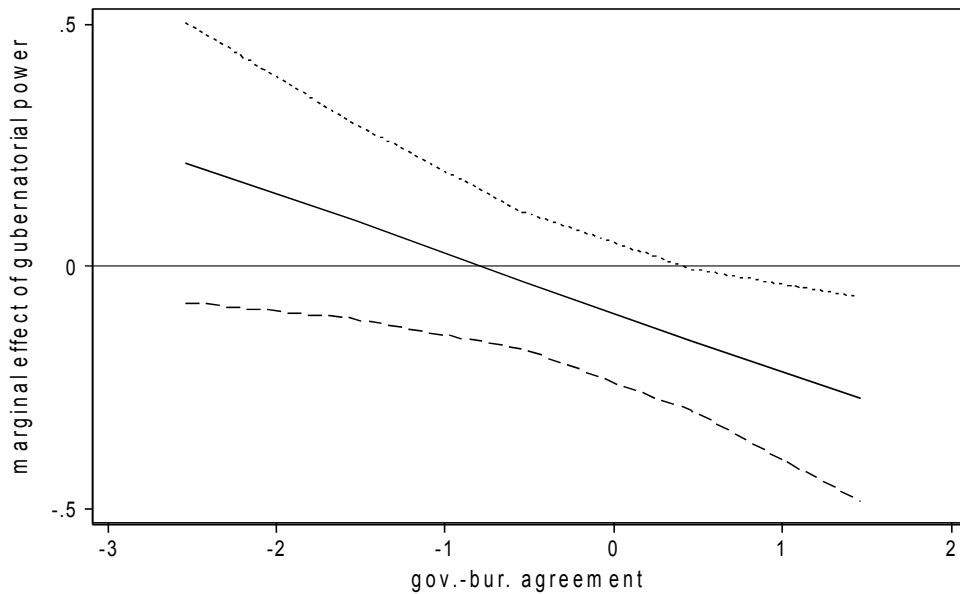


Figure 5.11: Change in probability of *Requests* for unit increases in gubernatorial power at each level of governor-bureaucrat agreement (values centered at means), any bill



The curve of the effect of gubernatorial power is similar in these plots but the confidence intervals shift. For Figure 5.10, the only significant estimate is at low agreement between governors and bureaucrats. This suggests that where bureaucrats do not agree with governors, they are more likely to lobby indirectly (on “this bill”) as gubernatorial power *increases*, perhaps in an effort to counteract proposals of strong governors they see as unfriendly to Medicaid. If this were true, I would expect to see more indirect bureaucratic lobbying in Michigan than in Colorado, given equally low governor-agency agreement and ignoring all other variables, since bureaucrats may want to subvert a strong governor's position on a Medicaid policy they do not like. Conversely, Figure 5.11, which uses “any bill,” shows that the estimated effect of gubernatorial power is only significant at the highest levels of agreement on policy, consistent with Hypothesis 5.

I am fairly confident in Figure 5.11 because it matches the plot derived from the full model (Figure 5.9). The marginal effects shown in Figure 5.10 may be inaccurate due to omitted variable bias and because *Requests* on “this bill” do not accurately reflect the effect of macro-level variables like gubernatorial power. At the same time, the effects shown in Figure 5.10 result from more direct measurement of agreement, and suggest the existence of a different bureaucrat-governor dynamic that may be worthy of further investigation with more or better data.

Following, I discuss illustrative evidence from the survey transcripts related to this.

Illustrative Survey Excerpts on the Subject of Governors

Next to the mechanics of the indirect lobbying process—in particular, how agreement and information subsidies work in this context—governors and their effects on the political behavior of other actors were the most-mentioned topic in the open-ended survey questions. Two themes

emerge. One is that respondents in some states see governors as more effective on legislative policy than the Medicaid agencies in those states. The other theme is that strong governors seem to have two very different effects on bureaucratic behavior.

First, lobbyists in certain states tend to avoid discussing the legislative process with the Medicaid agency in favor of working directly with governors' offices. Respondents characterized this as the more effective strategy, or explained that negotiations about legislation contents are above the pay grade of the Medicaid director. In one state, three out of four respondents spontaneously mentioned how much more likely it was for the governor's office to be involved in the details of Medicaid legislation than Medicaid agency leaders or staff. For example:

Respondent: If the governor of the state is saying we shouldn't take eyeglasses away from old people we're going to coordinate our strategy with the governor's staff.

Interviewer: What about the agency?

Respondent: The secretary is appointed and if that person wants to keep his or her job they'll do what the governor says.

Interviewer: Have you worked more directly with the Medicaid director or senior staff on other issues?

Respondent: Not much, it's more efficient to go to the governor's office.

One reason this is interesting is that we might expect this state to have relatively low agency capacity and a relatively high gubernatorial power score, especially since descriptions of the dynamics of Medicaid policy development are fairly consistent across respondents in that state. In fact, the opposite is true: this state falls in the top quarter of the (cross-agency) administrative capacity rankings but only has a two out of five possible points for gubernatorial budget power. However, the governor is a Democrat in both states where respondents consistently described this dynamic, and for that reason may be seen as Medicaid-friendly.

Second, I consider the effect of strong governors. My hypothesis about weak governors is that bureaucrats should be more politically active in support of Medicaid policies where they

agree with governors and where those governors need extra support in the legislative arena. Again, I expect that bureaucrats should be motivated to leverage interest group power in order to bolster the executive branch position on Medicaid legislation, if that position is one they agree with *and* governors have limited formal bargaining powers relative to legislatures. This hypothesis receives fairly robust support from the data. However, I had no expectations about the effect of *strong* governors other than that they would need less political support from bureaucrats and the interest group community. Unexpectedly, the survey transcripts provide examples of two distinct patterns in agency-governor relations where governors are strong—these are different and more vivid than “strong governors just don't need as much help.”

One of these patterns is consistent with the unexpected findings on high gubernatorial power and governor-bureaucrat policy disagreement shown in Figure 5.10—namely, in some states with strong governors, respondents reported that Medicaid bureaucrats sometimes subtly work to counteract gubernatorial proposals. Specifically, in several survey states respondents seem to think of governors as being interested in cutting the Medicaid program, while they see Medicaid agency leaders and staff respondents as working to protect it (although this is by no means uniformly true across states). Here is an excerpt from one such survey:

Respondent: [...] And even during the budget cycles when [Medicaid] has to present their budget to the legislature, they know it's always good when the community is at those hearings and speaking in support of not cutting funds. There's always been a history among Medicaid leadership to encourage the community—they know they can't do it directly—they can't go into the legislature—they make their budget pitch, but they can't advocate. [...] It actually is rather explicit. If we're in a meeting with the Medicaid director and his staff, and it's a group of advocates, they're pretty clear about asking us, saying hey, you all can make a difference by talking to legislators.

While it is true that this is technically the Republican governor's budget proposal the Medicaid director is described as fighting for, the legislature is also controlled by Republicans, and it was

perhaps not clear to the respondent that the governor would strongly protest budget cuts made by the legislature—other respondents described this governor as being ambivalent about Medicaid, at best. On the surveyed bill, all respondents in this state gave the governor a 1 for lowest policy agreement and the Medicaid director and staff 2s and 3s, leading to a fair amount of estimated governor-bureaucrat disagreement in that state. Given this type of scenario, the unexpected marginal effects shown in Figure 5.10 begin to seem intuitive—it makes sense that we might see *more* indirect bureaucratic lobbying on behalf of Medicaid programs as gubernatorial power *increases* and where governors are seen as being generally unsupportive of Medicaid programs.

The second pattern is that, in some states, strong governors make concerted efforts to control policy communications and silence bureaucrats. In contrast with the first pattern, above, a significant proportion of survey respondents who talked about strong governors did not report that bureaucrats engage in more activism to counteract governors' lack of support of Medicaid. Instead, in general, very strong governors seem to have a dampening effect on both direct and indirect forms of bureaucratic lobbying. For example:

Respondent: In general our agencies try to be very self-contained—our governor has issued an edict that agency legislative liaisons can't take positions without clearance. There is a heavy hand right now.

Interviewer: It seems that could go either way—perhaps agencies become more careful in that context or perhaps their relationship with you becomes even more important?

Respondent: They're more careful—even in informal conversations they're careful, they don't want to lose their jobs.

Other respondents talked about the effect of strong governors on other actors or institutions; by extension, this has a dampening effect on bureaucratic activism. These respondents did not say specifically that the governors would react poorly to indirect bureaucratic lobbying, but within the same conversation they also stated that Medicaid bureaucrats in that state do not typically

engage in such behavior. Following are two examples; the first discusses the governor's strength with respect to the legislature and the second with respect to interest groups.

Respondent: That has happened with the developmental disabilities agency. But not with [Medicaid]. I'm sure there have been times when they've allowed things to go by without protest, but they've never [asked for support]. The Medicaid agency here is a lot more closed in terms of communication than all other agencies. [...] We had a good relationship with [the governor] when he was [in his last political position] but he's very controlling as governor. Very controlling of the legislature.

Respondent: [The lobbying] was spread around, with people working their own reimbursement issues. [Hesitates, makes joke about anonymity.] It's unusual for an administration to put something out that remains unchanged through legislature. You would be hesitant to publicly say that you didn't like something in the bill. This governor is very strong.

Interviewer: That sounds difficult.

Respondent: It's strategic—you want to make sure that there's access, and people just made small points, you wouldn't want to be in the newspaper saying you didn't like the bill. Even legislature didn't make changes to bill. In fairness, the governor prioritized health care in the budget and understands the need for access to care.

In the second example of a respondent's description of a governor's strength and control over the policy development process, it is quite difficult to imagine the possibility of indirect bureaucratic lobbying. If both the lobbyist community and the legislature defer to the governor, there is neither any way for bureaucrats to try to subvert a gubernatorial proposal they dislike nor any need for bureaucrats to support a desirable gubernatorial proposal. These descriptions of governors seem to constitute something other than, or in addition to, simple gubernatorial political strength—it may be the case that some governors are especially interested in control and make a point of acting on that basis. This is clearly not a definitive finding but it does point to an avenue for further research.

Explicitness of Requests (H6)

Finally, also related to governors, I conduct a separate test of Hypothesis 6: *Bureaucrats*

should request interest group support more openly if their preferences are aligned with governors' preferences. This hypothesis test explores the possibility (as suggested by Figure 5.10) that bureaucrats do, occasionally, solicit help from bureaucrats when they do not agree with governors, possibly to counteract the executive branch position on a Medicaid policy. If they do so, I expect that they should issue these requests for lobbying help in a more implicit way. Conversely, I expect that bureaucrats who lobby indirectly in order to support executive branch policy positions should issue more explicit requests.

In all prior analyses of *Requests* in this chapter, I have treated the variable as binary, bundling together any type of request. In this section I use all of the information available in the variable, which is coded as 0 for no request, 1 for implicit requests, and 2 for explicit requests. First, I use only those observations where there was a request, of either type. I use logistic regression to estimate the effect of governor-bureaucrat agreement on type of request, conditional on there being a request. Here implicit requests are re-coded as 0 and explicit requests as 1, so odds ratios represent the odds of switching from an implicit request to an explicit one. I estimate the following model separately for “this bill” and “any bill” and present results in Table 5.8:

$$\text{logit}(\text{request_type}) = \beta_0 + \beta_1 \cdot (\text{governor - bureaucrat agreement}) + \varepsilon$$

Table 5.8: Logit model of type of request for lobbying

	“this bill”	<i>p</i> -value	“any bill”	<i>p</i> -value
governor-bureaucrat agreement	1.98 (0.95)	0.157	1.18 (0.67)	0.773
constant	0.27 (0.45)	0.430	1.96 (3.9)	0.734
<i>N</i>	25		49	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.

****p*<.001; ***p*<.01; **p*<.05; +*p*<.10.

The odds ratio for agreement is more than one for both estimates, which is what I expected. This means that switching from an implicit request to an explicit request is more likely as agreement increases from 0 to 1, 1 to 2, and so on. However, neither of these estimates is statistically significant. For illustration purposes, in Table 5.9 I show the distribution of request type by agreement for “this bill,” for which I have a more direct measure of agreement.

Table 5.9: Request type by agreement scores

Gov.-Bur. Agreement	Request Type		Total
	Implicit (0)	Explicit (1)	
0.0	1	0	1
2.0	0	1	1
2.5	1	0	1
2.6	1	0	1
3.0	0	5	5
3.3	0	1	1
3.6	1	0	1
4.0	3	11	14
Total	7	18	25

Table 5.9 shows that there is a high proportion of explicit requests where there is high agreement (agreement = 4). Where there is least agreement (=0) the only request is implicit. The table also shows that the data are skewed, with more observations for estimated high agreement.

Next, I consider whether including all observations would yield significant estimates of the effect of governor-bureaucrat agreement on request type. I use ordered logistic regression to account for changes between no requests, implicit requests, and explicit requests. This approach requires the assumption that odds of moving from 0-1 are proportional to moving from 1-2. A Brant test of the proportional odds assumption indicated that this assumption is correct for the following model. Therefore I present estimates in Table 5.10 using both versions of the “requests” dependent variable:

$$\text{Ordered logit}(\text{request_type}) = \{\beta_0 + \beta_1 \cdot (\text{governor - bureaucrat agreement}) + \varepsilon$$

Table 5.10: Ordered logit model of type of request for lobbying

	“this bill”	<i>p</i> -value	“any bill”	<i>p</i> -value
governor-bureaucrat agreement	0.77 (0.18)	0.25	0.80 (0.16)	0.27
cut1	0.20 (0.76)		-0.74 (0.65)	
cut2	0.62 (0.72)		-0.29 (0.68)	
<i>N</i>	101		101	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.
 ****p*<.001; ***p*<.01; **p*<.05; +*p*<.10.

The coefficient estimates for the effect of governor-bureaucrat disagreement on request type are both in the wrong direction and both statistically insignificant. I also estimated alternative models using both ordered logistic regression and generalized ordered logistic regression, but the odds ratios remain in the wrong direction and statistically insignificant (not shown). Hypothesis 6 therefore receives some support from descriptive statistics but not from model estimates.

I suspect that the lack of support from model estimates is at least partly a function of the low number of observations for requests of either type, particularly the relatively low

observations for implicit requests on “this bill,” which is the version of the dependent variable that is most likely to accurately reflect policy agreement. The descriptive data for “this bill” show that requests tend to be explicit where there is high agreement, but there are very few implicit requests where there is low agreement. Again, this may reflect the fact that there are very few implicit requests overall. As discussed in Chapter 4, the low number of implicit requests may be a result of the fact that these are difficult for lobbyists to recognize. For example, if bureaucrats provide an information subsidy to lobbyists without articulating a request for lobbying, lobbyists may not recognize the implied request for what it is. Hence, it makes sense that reports of implied requests are relatively few in number. The combination of the descriptive data and the descriptive statistics in this section suggest, however, that there may be some truth to the hypothesis. More data, with more carefully worded survey questions that probe information subsidies, might yield a significant model estimate showing that bureaucrats are more comfortable explicitly articulating requests for lobbying where they agree with governors.

Conclusion

In this chapter I have presented the results of quantitative tests of the factors predicted to affect the likelihood of indirect bureaucratic lobbying. I estimate a comprehensive model that includes two micro-level variables (bureaucrat-lobbyist agreement and interest group power) and three macro-level variables (agency capacity, legislative capacity, and gubernatorial power). I find some evidence that each of these matters for bureaucratic behavior, but not always in expected ways. I also present a series of marginal effects plots and selected alternative model specifications. In addition, I provide illustrative narratives from the qualitative data that bring meaning to quantitative results pertaining to governors.

The strongest support for my theory comes from tests of the effect of agency capacity. The data support the idea that we should see more indirect bureaucratic lobbying where agencies are low capacity and where there is high bureaucrat-lobbyist agreement (Hypothesis 3). My prediction about these dynamics was that bureaucrats working in high capacity agencies should have an increased ability to lobby *directly*; thus, those working in relatively low capacity agencies should be more likely to rely on the interest group community to relay their policy preferences to legislators. My results are consistent with this prediction. Contrary to Carpenter's (2001) account, my findings suggest that a distinguished agency reputation is not a necessary condition for politically consequential relationships with private-sector organizations. I also theorized that the negative effect of agency capacity should be dependent on the existence of high agreement between bureaucrats and lobbyists because it is easier for bureaucrats to ask for help from groups with similar policy preferences. Unexpectedly, however, the negative effect of agency capacity also shows up at medium levels of agreement (Figure 5.1). Thus it appears that there is some lower threshold for agreement that must be exceeded. A more refined measure of agreement—and a dependent variable that equally reflects agreement and institutional characteristics—might help to pinpoint what this threshold is.

I also find strong support for part of my theory related to governors. The combined effect of gubernatorial power and estimated governor-bureaucrat agreement is consistent with my expectation: bureaucrats are more likely to lobby indirectly to support governors that have weaker formal bargaining powers and with whom they agree (Hypothesis 5). Medicaid bureaucrats who agree with gubernatorial goals for Medicaid programs (or at least with the general position on Medicaid policy of the executive branch) may be motivated to support those goals by lobbying

indirectly where legislators are better able to disrupt executive branch plans. Theoretically, if governors have weak bargaining powers relative to legislatures, then bureaucrats may want to solicit interest group support for the executive branch position on Medicaid in order to bolster the governor's powers and increase the chance of realizing preferred legislative outcomes.

However, a robustness check on this result also suggested the possibility of another dynamic: namely, bureaucrats may also sometimes lobby indirectly in order to subvert strong governors they do not agree with. While this preliminary finding needs more investigation to be considered definitive, primarily because I obtained the result with an abbreviated model, illustrative survey excerpts provide a degree of corroboration. Specifically, several respondents discussed having been approached for lobbying help in states where the governor is strong and is widely seen to be unfriendly to Medicaid.⁸ Another qualitative theme related to governors is that some bureaucrats prefer to work directly with governors on Medicaid legislation and advocacy, rather than agencies. Due to the complex effects of governors—and the multiple ways that lobbyist survey respondents characterized these effects—I revisit the topic of governors in Chapter 7 by conducting a more in-depth thematic analysis of the available qualitative survey information on governor-agency relationships. I build on my findings related to policy agreement (in this chapter and the next) by asking whether bureaucrat-lobbyist agreement and governor-bureaucrat agreement should affect the level of bureaucratic activism around different Medicaid policies. The analysis in Chapter 7 thus uses the results of quantitative analyses to inform a qualitative analysis that focuses more directly on Medicaid.

My theory received mixed support from tests related to interest group power (Hypothesis

⁸ In other states, strong governors seem to have a dampening effect on all bureaucratic activism. I return to this topic in Chapter 7.

2). I predicted that Medicaid bureaucrats are likely to ask for help from the most effective lobbying organizations, and that group power depends (at least partly) on party control of state legislatures. I find support for this general idea but only after estimating an abbreviated model. Specifically, I find that Medicaid bureaucrats are more likely to attempt to leverage the lobbying power of provider groups than consumer groups where there is Republican party control of both legislative chambers. Provider and business associations are well positioned to explain the Medicaid “business case” to legislators who are inclined to stress the importance of economic policy considerations over humanist ones. This suggestive finding is consistent with my prediction that consumer groups are relatively less important for bureaucrats where there are no Democrats in power. While my approach to this test risks omitted variable bias, all odds ratios are in the same direction as in the non-significant estimates of the full model. Research on indirect bureaucratic lobbying is still largely exploratory, and these results suggest an avenue for future research that may yield more definitive findings.

My theory received only weak support from the test of Hypothesis 6, which predicts that if bureaucrats do ask for interest group assistance in a way that runs contrary to the preferences of governors, they should do so in a relatively surreptitious manner. I found no statistically significant regression results to support this idea, but descriptive statistics are roughly consistent with my expectation. Where governor-bureaucrat agreement is high, requests for lobbying on “this bill” are mostly explicit. Where agreement is low, there are few requests at all, but 3 out of 4 requests at low agreement are explicit.

Finally, tests of two other hypotheses do not support my expectations. First, the data seem to rule out an independent effect of high bureaucrat-lobbyist policy agreement on indirect

bureaucratic lobbying (Hypothesis 1). Instead, the effect of agreement depends on both agency capacity and legislative capacity. However, due to data limitations, there are reasons to be skeptical of the idea that policy agreement is not important overall. As discussed, the main analysis in this chapter relies on the “any bill” version of the dependent variable, which reflects some indirect (proxied) measurement of agreement. This is because survey respondents assigned policy agreement scores only with respect to the bill that was the survey focus (“this bill”). The “any bill” version of *Requests* (all reports of requests, whether for “this bill” or “other bill”) uses policy agreement for “this bill” as a proxy for “other bill” observations. For this reason I continue to explore the effect of agreement in the next chapter as well as in Chapter 7, as applied to specific Medicaid policies.

The data also do not support my prediction that there should be more indirect bureaucratic lobbying where legislative capacity is low and agreement is high (Hypothesis 4). I expected to see more indirect bureaucratic lobbying where legislatures have low capacity because bureaucrats should be interested in using interest groups to fill information gaps for these legislators. I also expected to see this negative effect of legislative capacity only where there is high bureaucrat-lobbyist policy agreement. Instead, legislative capacity and bureaucrat-lobbyist policy agreement combine to affect indirect bureaucratic lobbying in unexpected ways (Figure 5.5), and their combined effect further depends on the level of agency capacity (Figures 5.6, 5.7 and 5.8).

The combined results of tests of agency and legislative capacity are complex. I summarize these findings as follows: 1) where agency capacity is very low and legislative capacity is very high, agreement has a positive effect on the likelihood of indirect bureaucratic lobbying; 2) if agency capacity is very low *and* legislative capacity is also low, there is no significant effect of

agreement; 3) where agency capacity is very high and legislative capacity is low there is a negative effect of agreement; and 4) where agency capacity is high *and* legislative capacity is high, there is no effect of increases in agreement. I re-state this summary in Table 5.11.

Table 5.11: Summary effects of agreement on *Requests* (“any bill”) at different levels of agency and legislative capacity

		Agency capacity	
		Low	High
Legislative capacity	Low	No significant effect of agreement (<i>Requests</i> equally likely with high and low agreement)	Negative effect of increases in agreement
	High	Positive effect of increases in agreement	No significant effect of agreement (<i>Requests</i> equally likely with high and low agreement)

These findings suggest that bureaucrats behave differently with respect to interest groups and legislatures when they work in agencies of different capacity. This may be because capacity, or agency professionalism, affects agency reputation or relative agency bargaining strength. I offer these possible summary interpretations of the above results: 1) bureaucrats in low-reputation agencies need the existence of bureaucrat-lobbyist agreement either to motivate or to enable them to ask lobbyists for help in influencing legislatures that already have high information resources; 2) bureaucrats in low-reputation agencies are equally likely to ask for help from aligned and non-aligned interest groups if they want to influence low-capacity legislatures, perhaps because they want to fill legislators' information gaps; 3) bureaucrats in high reputation agencies may have sufficiently high information levels and/or reputation that their opinions are somehow dominant—these bureaucrats may try to persuade non-aligned interest groups to help them with low-information legislatures; and 4) bureaucrats in high-capacity agencies are equally likely to ask for

help from aligned and non-aligned lobbyists to help them influence high-capacity legislatures. In the latter two scenarios, where agency capacity is high, bureaucrats may also be simultaneously conducting direct lobbying, consistent with the findings of Nicholson-Crotty and Miller (2012). I re-state these interpretations in Table 5.12.

Table 5.12: Interpretation of interactive effects of agreement and institutional capacity

		Agency capacity	
		Low	High
Legislative capacity	Low	<i>Requests</i> equally likely with high and low agreement, perhaps because filling legislative information gaps is generally important	Here, where agency capacity is high, bureaucrats may persuade lobbyists who don't agree (and may also lobby directly)
	High	Bureaucrats need existence of agreement to be able to ask lobbyists for help?	<i>Requests</i> equally likely with high and low agreement (bureaucrats may also lobby directly)

Overall, then, it appears that these characteristics of state institutions and the actors who inhabit them have more complex, interactive effects on bureaucratic activism than I expected. At the same time, I issue a general caveat that I performed all of these analyses with data that may not always accurately reflect bureaucrat-lobbyist policy agreement. I present robustness checks on the effect of agreement and provide further discussion of this variable in the next chapter.

In conclusion, this chapter tests a theory of indirect bureaucratic lobbying using a novel dataset of lobbyist-bureaucrat communications about Medicaid legislation in 25 states. My results suggest that both micro-level factors (policies, groups) and macro-level factors (institutional capacity, gubernatorial power) matter for indirect bureaucratic lobbying, but not always in expected ways. In particular, the interactions among several of these variables show that their

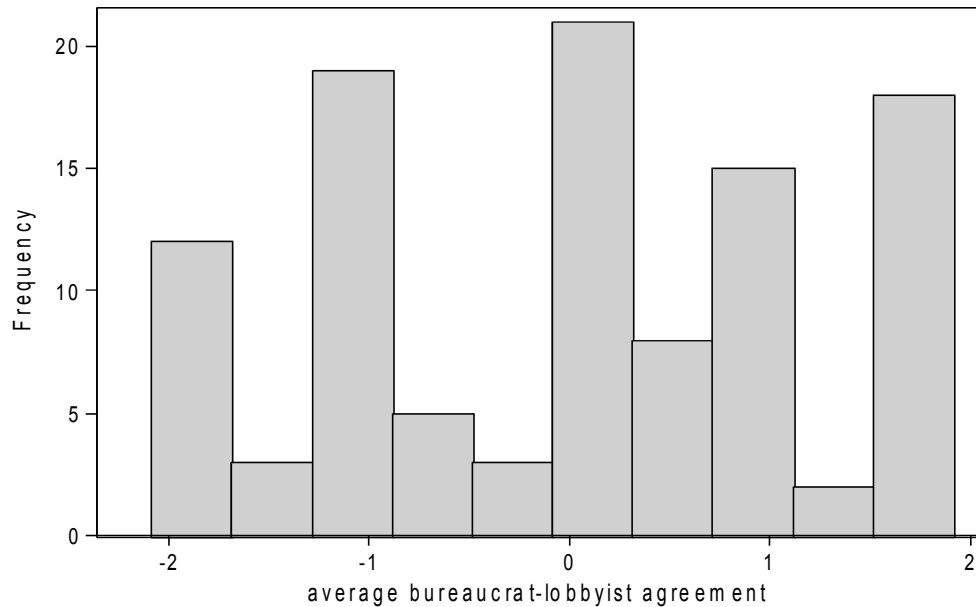
effects on indirect bureaucratic lobbying are more complex than anticipated. Due to data limitations, all results in this chapter should be interpreted cautiously, particularly where I obtained a result using an abbreviated model. However, there is sufficient evidence of relationships between most of my hypothesized factors and indirect bureaucratic lobbying to suggest that future work (on state-level policy bargaining, bureaucratic behavior, and Medicaid outcomes) should take into account bureaucrats' policy preferences, relationships with other actors, and relative institutional power.

Appendix A: Test of Linearity Assumption

As a further robustness check on the results shown in Table 5.1 I explore the possibility of non-linear effects of institutional variables on requests for lobbying. It seems possible that unit increases in legislative or agency capacity at low levels might have a larger effect on requests for lobbying than unit increases at high levels. I took the natural log of agency capacity and legislative capacity and re-estimated the full model. I compared post-estimation model fit statistics (the area under the ROC curve and AIC/BIC values) after estimating the model with original and transformed variables. These statistics indicate that assuming linearity works just as well as otherwise, possibly because the number of observations is not large.

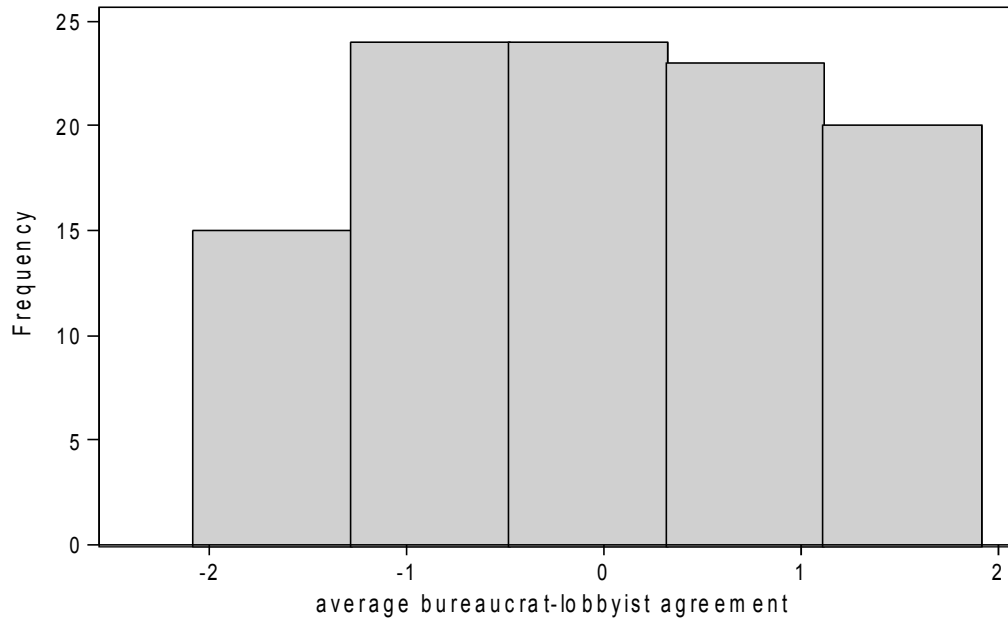
Appendix B: Distribution of *Average Bureaucrat-Lobbyist Agreement*

Figure 5.12: Distribution of *average bureaucrat-lobbyist agreement*, values centered at mean



The dips in the distribution in Figure 5.12 show that integers are more common than decimals in the way the variable is calculated. This is because I take an average of 3-4 agreement scores assigned by each lobbyist respondent to different bureaucrats. The average, as explained in Chapter 4, represents the overall agreement between a lobbyist and the Medicaid agency about a particular Medicaid bill. Figure 5.13 shows this distribution when sorted into 5 bins.

Figure 5.13: Distribution of *average bureaucrat-lobbyist agreement*, smoothed, values centered at mean



Chapter 6: Lobbying Mechanisms in Indirect Bureaucratic Lobbying

The general model of indirect bureaucratic lobbying presented in Chapter 5 and the corresponding marginal effects plots provide some, although mixed, support for the idea that high bureaucrat-lobbyist agreement increases the likelihood of indirect bureaucratic lobbying. Policy agreement has the expected positive effect when interacted with agency capacity, but only at the highest levels of legislative capacity. And agreement has a positive effect at high levels of legislative capacity, but it has a negative effect at low levels of legislative capacity when agency capacity is held at middle and high values. These unexpectedly complex results may reflect some of the measurement weaknesses associated with the *Requests* variable, as discussed in previous chapters and reiterated below, or they may mean that policy agreement is not as uniformly important as I predicted in Hypothesis 1.

In this chapter, I continue to investigate the effect of policy agreement by conducting robustness checks and discussing the limitations of my data. I also address two related questions: 1) what findings on agreement mean for the applicability of the various lobbying theories discussed in Chapter 2; and 2) if agreement is generally important, which helps to rule out the idea that persuasion is a common technique for bureaucrats, what is the likelihood that bureaucrats provide information subsidies to their interest groups allies when they ask for lobbying support? I attempt to answer the first question by first presenting the results of a more detailed investigation into agreement using different dependent variable options and by providing

illustrative excerpts from the survey transcripts on the topic of policy agreement. I address the second question by providing illustrative qualitative information from the original survey on bureaucrats' provision of information subsidies to lobbyists. Finally, I present the results of a small follow-up survey that asked respondents specifically about information subsidies in the context of indirect bureaucratic lobbying.

To briefly recap the lobbying theories discussed in Chapter 2, I summarize three theoretical possibilities that might apply to indirect bureaucratic lobbying: 1) persuasion, 2) information subsidy, and 3) subsidy-free activation of allies. The first of these possibilities is that bureaucrats do not consistently target allies; rather, they request help from interest groups that do not already agree with them and attempt to persuade those groups to support their preferred policy positions. As suggested by the results in Chapter 5, this may be especially likely to occur where legislative capacity is very low and agency capacity is high. However, if that result is an anomaly or exception—if other tests show that high agreement is generally important—then one of the other two models of lobbying may be a better fit.

Both of the other two models depend on the presence of agreement between the lobbyist and the target legislator, or in this case between the Medicaid bureaucrat and the lobbyist. First, the information subsidy theory proposed by Hall and Deardorff (2006) holds that lobbyists target legislative allies in order to provide legislators with policy expertise, thereby enhancing the ability of legislators to deliver lobbyists' preferred legislative outcomes. Extended to indirect bureaucratic lobbying, the theory suggests that we should see Medicaid bureaucrats targeting lobbyist allies in order to subsidize them with policy information, after which lobbyists have greater expertise to share with their own legislative allies. Second, the idea that Medicaid

bureaucrats might instead simply ask interest group allies for help in the legislative arena—without providing information subsidies—accounts for the fact that some interest groups have greater information resources than others, perhaps even greater than those of bureaucrats. These two theories both fall under the rubric of “friendly lobbying” since both predict that bureaucrats ask for help from lobbyists with whom they agree. Finding more support for the idea that agreement matters cannot distinguish between them; therefore, later in this chapter, I also consider the available data on the extension of information subsidies.

In conducting these analyses, including those presented in Chapter 5, I make two important assumptions about the political dynamics in state health policy arenas. First, as explained previously, federal regulation requires Medicaid agencies to gather community input on policy changes through meetings of “medical care advisory committees” that include health service providers and consumer groups. There is a certain predetermined minimum amount of bureaucrat – interest group interaction in every state. Therefore, I assume that access to bureaucrats is automatic for interest groups, and vice versa, and I do not control for the decision to grant access. The key bureaucratic decision is whether to attempt to leverage interest group lobbying power, and the key decision for interest groups is whether to use that power to advance common interests. The second assumption is that state-level provider associations move independently even if they are state-level chapters of a national association. As discussed in Chapter 1, many elements of state Medicaid programs are optional for states, so there is significant variation across states in Medicaid benefits, provider reimbursement, population groups eligible for coverage, and financing and management strategies. This policy variation means that state-level association chapters devote the majority of their attention to state-level

policies and independently choose when to lobby on state policy proposals. They may coordinate with other states when it comes to national policy, but they operate as stand-alone organizations with respect to state Medicaid legislation. Therefore, I do not control for possible non-independence of provider groups across states.

Robustness Checks on Effect of Agreement

Exploration of Alternative Versions of Requests

I follow up on the results presented in Chapter 5 by conducting additional analyses of the effect of agency-lobbyist agreement on bureaucrats' attempts to leverage interest group lobbying power. First, I compare model estimates using only those requests for lobbying reported for the bill that is the survey focus (“this bill”) to those using all requests for lobbying (“any bill”). To reiterate the differences between these two versions of *Requests*, as explained in Chapter 4, reported requests on “this bill” are those for which I have a direct measure of policy agreement. When I include all requests for lobbying, whether on “this bill” or “other bill,” I use bureaucrat-lobbyist policy agreement measured with respect to “this bill” as a proxy for agreement on “other bill” observations (as in Table 5.1). Agreement scores are more likely to be accurate for “this bill.” But the combined “any bill” version of *Requests* is more likely to generalize within states, so macro-level explanations like legislative capacity are more likely to hold for analyses using “any bill.” Thus, each version of the dependent variable is likely to reflect one of the terms in the interaction more accurately, making interpretation of the interactions of agreement and institutional capacity variables particularly challenging. This measurement issue is a key reason for investigating the robustness of the result in Chapter 5 that suggests that persuasion occurs (i.e., the result suggesting that bureaucrats target lobbyists who don't agree with them where

legislative capacity is low and agency capacity is high).

Here I re-estimate the full model from Chapter 5 using the “this bill” version of *Requests*. While I do not expect state-level variables to be significant explanations for this version of *Requests*, I estimate the full model in order to avoid omitted variable bias while examining the effect of agreement. I center all continuous variables at their means in order to facilitate interpretation of “main effects.” I estimate the following model and present results in Table 6.1:

$$\text{logit}(\text{request} = \text{yes}) = \begin{cases} \beta_0 + \beta_1 \cdot (\text{average bureaucrat - lobbyist agreement}) \\ + \beta_2 \cdot (\text{agency capacity}) \\ + \beta_3 \cdot (\text{bureaucrat - lobbyist agreement} * \text{agency capacity}) \\ + \beta_4 \cdot (\text{legislative capacity}) \\ + \beta_5 \cdot (\text{bureaucrat - lobbyist agreement} * \text{legislative capacity}) \\ + \beta_6 \cdot (\text{Democratic legislature}) \\ + \beta_7 \cdot (\text{consumer group}) \\ + \beta_8 \cdot (\text{Democratic legislature} * \text{consumer group}) \\ + \beta_9 \cdot (\text{gubernatorial power}) \\ + \beta_{10} \cdot (\text{governor - bureaucrat agreement}) \\ + \beta_{11} \cdot (\text{gubernatorial power} * \text{governor - bureaucrat agreement}) \\ + \beta_{12} \cdot (\text{population}) \\ + \beta_{13} \cdot (\text{unified party control}) + \varepsilon \end{cases}$$

The “any bill” estimates in Table 6.1 are exactly the same as in Table 5.1; I show them here for comparison to “this bill” estimates in the first column.

Table 6.1: Logit models of requests for lobbying on recent Medicaid bills

		“this bill”	<i>p</i> -value	“any bill”	<i>p</i> -value
	average bureaucrat-lobbyist agreement	2.30*** (0.49)	0.000	1.13 (0.20)	0.48
H1;	agency capacity	1.0 (0.02)	0.87	0.96*** (0.009)	0.000
H3	agency capacity * bur.-lob. agreement	0.97* (0.01)	0.047	0.98+ (0.01)	0.08
H1;	legislative capacity	1.03 (0.03)	0.23	0.99 (0.01)	0.66
H4	legislative capacity * bur.-lob. agreement	1.01** (0.01)	0.29	1.04** (0.016)	0.007
	Democratic control, one or both chambers	0.57 (0.39)	0.41	0.70 (0.31)	0.43
H2	consumer group	0.55 (0.24)	0.41	0.62 (0.24)	0.22
	Democratic control * consumer group	9.05* (9.96)	0.045	4.32+ (3.59)	0.08
	gubernatorial power	31.64** (71.11)	0.12	29.13** (29.46)	0.001
H5	governor-bureaucrat agreement	0.51 (0.36)	0.35	0.58 (0.21)	0.14
	gubernatorial power * gov.-bur. agreement	0.43** (0.26)	0.17	0.42** (0.12)	0.002
controls	population (in thousands, logged)	0.69 (0.27)	0.34	0.98 (0.23)	0.94
	unified political control	0.15** (0.08)	0.001	0.89 (0.30)	0.73
	constant	329.31 (1241.73)	0.12	9.11 (20.37)	0.32
	<i>N</i>	101		101	

Coefficients are odds ratios. Standard errors, in parentheses, are clustered by state.

*** $p < .001$; ** $p < .01$; * $p < .05$; + $p < .10$.

The estimates for “this bill” show that there is a statistically significant main effect for bureaucrat-lobbyist agreement. Surprisingly, the interactions of agreement with agency capacity and legislative capacity are significant as well. In order to interpret the effect of agreement in the

context of these interactions, I present additional marginal effects plots based on the estimates for “this bill.”

Figure 6.1: Change in probability of *Requests* for unit increases in agency capacity at each level of agreement (values centered at means)

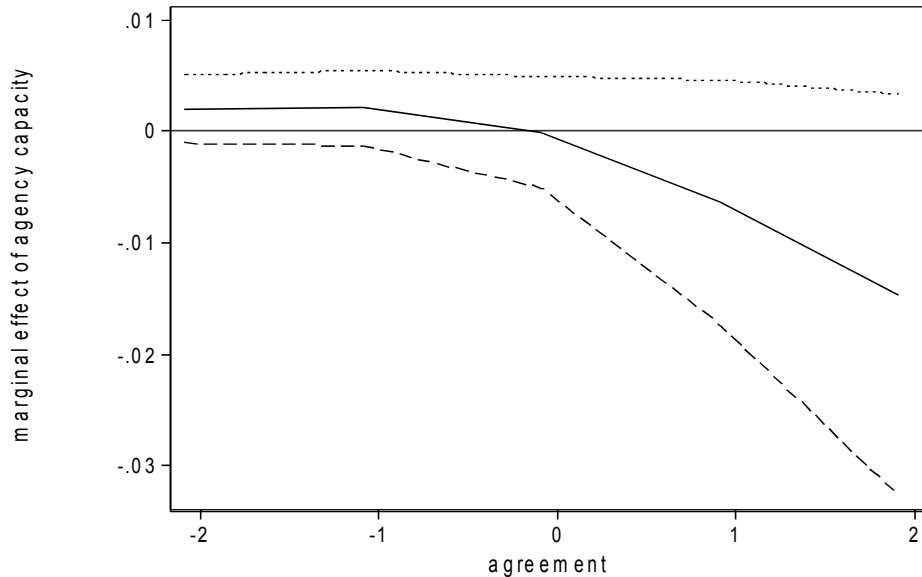


Figure 6.1 shows the marginal effect of agency capacity at different levels of bureaucrat-lobbyist policy agreement for “this bill.” There is no level of agreement at which there is a significant estimate for the marginal effect of agency capacity. Figure 6.1 holds legislative capacity at its mean, so I created the same plot at low and high legislative capacity (not shown). There are no significant effects for agency capacity in these plots either. This lack of effect of agency capacity is not altogether surprising because, as discussed previously, requests on “this bill” are less likely to reflect the effect of state-level variables than requests on “any bill.”

However, the effect of agreement may depend on the level of agency capacity. Therefore I plot the marginal effect of agreement at different levels of agency capacity in Figure 6.2.

Figure 6.2: Change in probability of *Requests* for unit increases in agreement at each level of agency capacity (values centered at means)

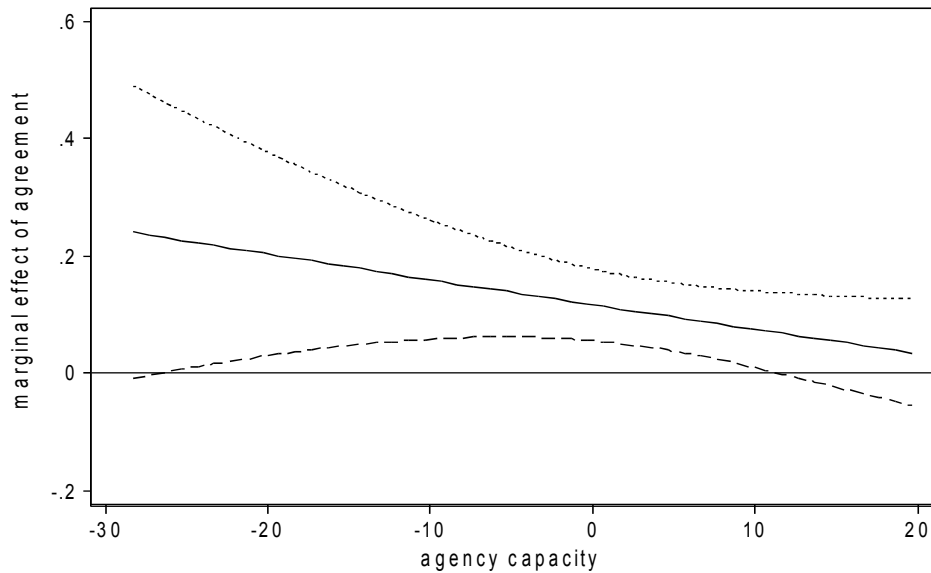


Figure 6.2 shows that there is a significant positive effect of agreement on *Requests* for help on “this bill” at all but the lowest and highest levels of agency capacity and when I hold legislative capacity at its mean value.¹ I created similar plots at low and high legislative capacity (not shown). There are no significant estimates for agreement at all when legislative capacity is low, and there is a very slight positive effect of agreement at middle values of agency capacity when legislative capacity is high.

Next, I plot the marginal effects of legislative capacity on *Requests* for lobbying on “this bill” at different levels of agreement in Figure 6.3.

¹ Only 9 observations (8.5%) have (centered) agency capacity values of less than -26. The small number of observations with low values of agency capacity may be a factor in the lack of significance for those estimates. On the other hand, 41.5% of the observations have a value higher than 10, so low numbers are probably not the cause of insignificant estimates at the high end of agency capacity.

Figure 6.3: Change in probability of *Requests* for unit increases in legislative capacity at each level of agreement (values centered at means)

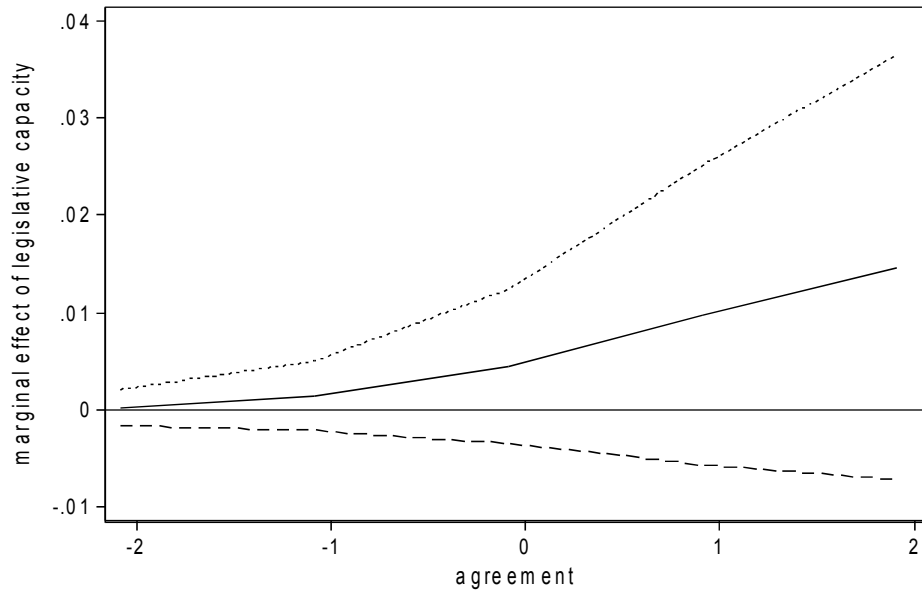


Figure 6.3 shows that, like the marginal effects of agency capacity, there are no significant estimates for legislative capacity at any level of agreement. In Figure 6.3, agency capacity is held at its mean, but I also see no significant effects when I hold agency capacity at its low and high values (not shown). Again, since I am primarily interested in the effect of agreement on *Requests* for lobbying on “this bill,” and since the interaction coefficient in Table 6.1 indicated that there are some significant effects of at least one of the variables in the interaction, I plot the reverse of Figure 6.3 in Figure 6.4.

Figure 6.4: Change in probability of *Requests* for unit increases in agreement at each level of legislative capacity (values centered at means)

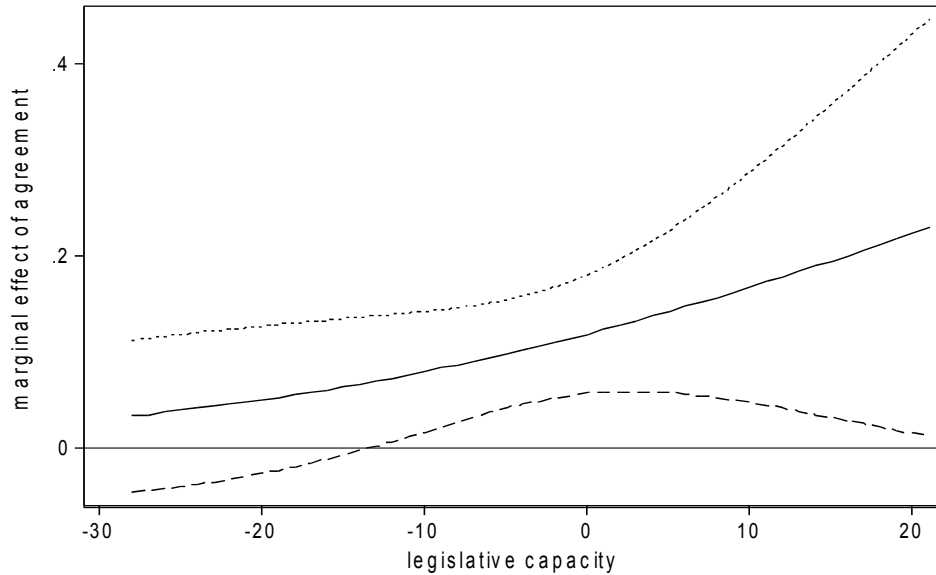


Figure 6.4 shows that there is a significant positive effect of bureaucrat-policy agreement at the middle and high values of legislative capacity, when I hold agency capacity at its mean.² There are no significant estimates when I create the same plot at low and high levels of agency capacity (not shown).

Taken together, these plots show the expected positive effect of agreement, but only at middle values of agency capacity and middle-to-high values of legislative capacity. Because *Requests* on “this bill” are more likely to accurately reflect the effect of agreement than the institutional capacity measures, the positive effect of agreement may be a more reliable result than the estimates for the levels of institutional capacity at which the positive effect is apparent. These estimates therefore provide strong support for the idea that policy agreement matters.

² Low numbers are necessarily the cause of insignificant estimates: 29% of the observations have values of less than -10 for legislative capacity.

Robustness Checks Using Contacts

Next, using the *Contacts* dependent variable, I conduct a robustness check on the effect of bureaucrat-lobbyist agreement on bureaucrats' attempts to leverage interest group power. This dependent variable measures the number of conversations between Medicaid bureaucrats and lobbyists about Medicaid legislation during the state legislative session. I expect that higher levels of lobbyist-bureaucrat agreement will help to explain more discussions about Medicaid legislation between bureaucrats and lobbyists. These conversations do not necessarily reveal bureaucratic activism, but the estimated explanations for contacts should support the findings for requests.

In the following analysis, I drop 17 observations (4.1% of cases) where the lobbyist reported that he or she could not estimate agreement, which yields an n of 396. (For 14 of these observations the respondent did not talk to that state actor at all; the other 3 were in the “a few” contacts category.) Since each lobbyist respondent reported on contacts with 3 to 4 bureaucrats, there are 3 levels of data: contacts are nested within lobbyists and then in turn within 25 states. The dataset is on the small side for reliable coefficient estimates with three levels of data. The relatively small number of states (25) is the effective sample size at the highest level of data, making it difficult to reliably estimate the effect of state-level explanators (Snijders 2005). In addition, the small clusters within states (2-7 lobbyists per state) limit my ability to estimate the between-state variance (Snijders 2005; Rabe-Hesketh & Skrondal 2008). For these reason I estimate several reduced forms of the model, cautiously expanding the number of explanators, and provide information on model fit using likelihood ratio tests.

I employ a three-level random coefficient model, estimated using GLLAMM

(Generalized Linear Latent And Mixed Models) in Stata because the dependent variable is ordered categorical. Contacts is coded as 0 = no contacts, 1 = 1-5 contacts, 2 = 6-10 contacts, and 3 = over 10 contacts. I cannot include estimated governor-bureaucrat agreement, or its interaction with gubernatorial power, because that variable exists only at the lobbyist level. I estimate the following model in full and reduced forms, and present results in Table 6.2.

$$\text{Orderedlogit}(\text{Contacts}) = \begin{cases} \beta_0 + \beta_1 \cdot (\text{bureaucrat - lobbyist agreement}) \\ + \beta_2 \cdot (\text{agency capacity}) \\ + \beta_3 \cdot (\text{bureaucrat - lobbyist agreement} * \text{agency capacity}) \\ + \beta_4 \cdot (\text{legislative capacity}) \\ + \beta_5 \cdot (\text{bureaucrat - lobbyist agreement} * \text{legislative capacity}) \\ + \beta_6 \cdot (\text{Democratic legislature}) \\ + \beta_7 \cdot (\text{consumer group}) \\ + \beta_8 \cdot (\text{Democratic legislature} * \text{consumer group}) \\ + \beta_9 \cdot (\text{gubernatorial power}) \\ + \beta_{10} \cdot (\text{population}) \\ + \beta_{11} \cdot (\text{unified party control}) + \varepsilon \end{cases}$$

Table 6.2: Maximum likelihood estimates for three-level ordinal logistic random-intercept model of *Contacts*

	(1)	<i>p</i> -value	(2)	<i>p</i> -value	(3)	<i>p</i> -value	(4)	<i>p</i> -value
β_1 [agreement]	2.20* (0.69)	0.01	2.14*** (0.36)	0.000	1.97* (0.59)	0.03	1.58 (0.53)	0.18
β_2 [agency capacity]	1.00 (0.04)	0.94	1.00 (0.01)	0.88	0.99 (0.03)	0.81	0.97 (0.03)	0.36
β_3 [agreement* agency capacity]	1.00 (0.01)	0.88	---		1.00 (0.01)	0.63	1.01 (0.01)	0.30
β_4 [legislative capacity]	1.04 (0.04)	0.31	1.00 (.02)	0.89	1.00 (0.04)	0.995	0.97 (0.04)	0.48
β_5 [agreement* legislative capacity]	0.99 (0.01)	0.56	---		1.00 (0.01)	0.93	1.00 (0.01)	0.72
β_6 [Democratic leg.]	---		8.55*** (4.25)	0.000	10.7*** (6.17)	0.000	14.25*** (10.27)	0.000
β_7 [consumer group]	---		0.17** (0.09)	0.001	0.23* (0.14)	0.01	0.20* (0.13)	0.02
β_8 [Demleg* consumer group]	---		---		0.49 (0.40)	0.38	0.45 (0.41)	0.38
β_9 [gubernatorial power]	---		1.13 (0.23)	0.57	1.18 (0.27)	0.48	1.08 (0.71)	0.75
β_{10} [population]	---		1.41 (0.47)	0.30	---		1.68 (0.62)	0.12
β_{11} [unified political control]	---		0.90 (0.48)	0.84	---		1.40 (0.71)	0.51
intercept: lobbyist	5.46 (1.27)		5.05 (1.47)		5.63 (1.49)		5.58 (1.69)	
intercept: state	2.41e-14 (2.09e-07)		7.271e-13 (3.790e-07)		2.49e-12 (7.10e-07)		1.90e-12 (6.04e-07)	
log likelihood	-429.46		-417.05		-417.19		-415.94	
<i>N</i>	396		396		396		396	

Coefficients are exponentiated. Robust standard errors in parentheses.

*** $p < .001$; ** $p < .01$; * $p < .05$; + $p < .10$.

In column (1), I include only the variables directly relevant to tests of the effect of agreement. In column (2), I include all variables other than the cross-level interactions. Column (3) includes all variables other than the controls, and column (4) shows estimates for the full

model. The coefficients in Table 6.2 are exponentiated. The odds of an increase in the *Contacts* category are more than 100% higher for each additional increase in the agreement score in columns (1) and (2), and nearly 100% higher in column (3). In column (4), the odds ratio for agreement is in the expected direction but is not significant. Neither of the interactions that include agreement are statistically significant in any column. This is not altogether surprising since both *Contacts* and *Bureaucrat-lobbyist agreement* reflect only the bill that is the survey focus, which may or may not generalize to all Medicaid bills in each state.

How much stock should we put in these estimates of the effect of agreement? Likelihood ratio tests indicate that each version of the model with explanators results in a better fit than the null model, without covariates. These tests also show that the model in column (2) improves on the fit of the model column (1), perhaps because of the significant effect of party control of state legislatures (this shows, unexpectedly, that lobbyists and bureaucrats are more likely to discuss Medicaid legislation when Democrats control at least one chamber of the state legislature). However, the likelihood ratio tests also indicate that the models in columns (3) and (4) do not result in a better fit than those in column (2). This may be a result of the fact that the effective sample size is small (25), and estimating models with high numbers of covariates or with cross-level interactions may make it difficult to find significant results even where there is a real effect. Lack of significance may also result from multicollinearity: variance inflation factors are high (over 10) for the interactions of agreement with agency capacity and legislative capacity. Overall, given the limitations of the dataset, this analysis provides partial support for the idea that there is a positive effect of agreement on *Contacts*.

I also note that even in the null (intercept-only) model, state-level variance is very small,

suggesting that there is more variance to explain at the lobbyist level. The standard errors for the estimates of state-level variance are relatively large, indicating that including the state-level error component may not be necessary—this is also true of alternative models that substitute agency capacity for legislative capacity (not shown). I estimated two-level models with the same covariates but the coefficient estimates and standard errors were very similar.

Next, I model *Contacts* as a binary indicator. In the models estimated in Table 6.2 I assume that the effect of agreement on contacts is the same for each increase in the contacts category, but that may not be the case. Agreement may have a different effect on the change from no contacts to any contacts than moving from “a few” to “a lot.” Therefore I estimate a multinomial logistic regression model of the effect of agreement on contacts, with no other covariates, and standard errors clustered by lobbyist (Table 6.3).

Table 6.3: Multinomial logistic model of contacts

category	parameter est.	(1)	p-value
0 (base)		---	
1 (1-5 contacts)	agreement	1.58* (0.29)	0.01
	constant	1.03 (0.57)	0.95
2 (6-10 contacts)	agreement	1.25 (0.27)	0.31
	constant	1.12 (0.70)	0.85
3 (10+ contacts)	agreement	1.87** (0.43)	0.006
	constant	0.67 (0.47)	0.57
N		396	

Coefficients are relative risk ratios.

Standard errors, in parentheses, are clustered by lobbyist.

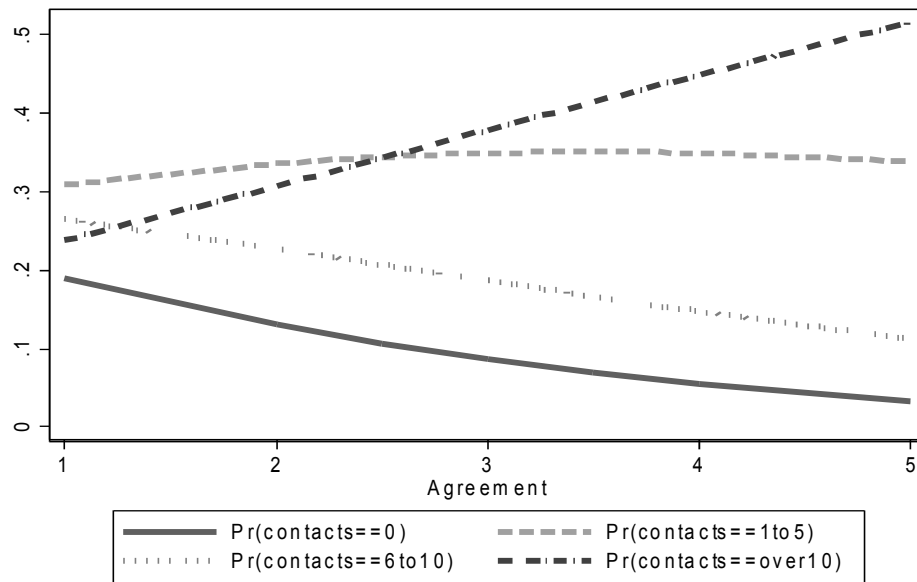
*** $p < .001$; ** $p < .01$; * $p < .05$; + $p < .10$.

Table 6.3 shows that for each unit increase in bureaucrat-lobbyist agreement there is a statistically significant increase in the likelihood of moving from no contacts to 1-5 contacts, as well as from no contacts to over 10 contacts. Agreement is not a statistically significant explanation

for moving from no contacts to the 6-10 category, although the risk ratio is in the right direction.

In order to visualize the relationship between agreement and contacts I plot the probability of each contacts category for different levels of agreement (Figure 6.5).

Figure 6.5: Average predicted probabilities of *Contacts* for different values of agreement



This plot is both revealing and confusing. The probability of having over 10 contacts (the diagonal line ending at the top right-hand corner) increases as agreement increases, which is what I would expect. Similarly, the probability of being in the no-contacts category (the bottom line) drops as agreement increases, which is also as expected. However, the positions of the lines for the middle two contacts categories are the reverse of what I would expect, since the second line from the bottom shows the probability of being in the second-highest contacts category (6-10 contacts), and the second line from the top (the flattest line) shows the probability of being in the second-lowest category (1-5 contacts). I would expect the probability of 6-10 contacts to rise

as agreement increases. However, there are relatively few observations for this category and Table 6.3 shows that its estimated relationship with agreement is less statistically robust.

The shape of the probability lines for the highest contacts category in Figures 6.5 looks the most different from the others. Therefore I bundle the three lower categories and estimate the effect of agreement on contacts using a logit with clustered standard errors by lobbyist. The odds ratio for agreement is 1.36—significantly smaller than the estimates from the multilevel models—with a robust standard error of 0.18 and a p -value of 0.025. This result indicates that the odds of being in the highest contacts category increase by a factor of 1.36 for each unit increase in agreement. For the sake of comparison, I also bundle the highest three categories of contacts and estimate the effect of agreement on switching from no contacts to any contacts. The odds ratio is 1.60, with a robust standard error of 0.31 and a p -value of 0.013.

At this point I tentatively conclude that agreement helps to explain higher numbers of bureaucrat-lobbyist discussions about Medicaid legislation during state legislative sessions. The analysis of *Contacts* shows that contacts are not linear increasing in agreement—although the distribution of the contacts variable makes the 6-10 category less significant—and that agreement produces lots of contacts. It does not appear to be the case that agreement is required for *any* contacts, which may be a result of the fact that some (but not all) interest groups meet regularly with Medicaid agencies even if they disagree on policy. Medicaid policy is often contentious and no policy change makes every interest group happy. However, the fact that higher agreement does a good job of explaining *many* contacts is consistent with my theory that higher bureaucrat-lobbyist agreement should make indirect bureaucratic lobbying more likely.

In summary, alternative methods of modeling the effect of agreement on *Requests* and

Contacts consistently suggest that high agreement matters. I cannot definitively rule out a persuasive lobbying story, in which bureaucrats target lobbyists with neutral or opposing opinions where legislatures are low capacity and agencies have medium or high capacity. But the analyses in this section suggest that the evidence for persuasion, in Table 5.1 and corresponding marginal effects plots in Chapter 5, may be due to data limitations: while reported requests for lobbying on “any bill” may be a better reflection of both policy-level and state-level explanatory factors, average agency-lobbyist-agreement is measured only with respect to the bill that is the survey focus.

Finally, I issue the general caveat that agreement is measured in the same surveys as *Requests* and *Contacts*, and there is some danger that high agreement in the data is a result of previous successful efforts by bureaucrats to persuade lobbyists. Again, however, lobbyists tend to have fairly strong, well informed opinions—as I discuss below, lobbyists are not equivalent to the relatively low-information, sometimes fence-straddling legislators in traditional lobbying research—and it is unlikely that so much shifting of opinion occurs in the course of lobbyist-bureaucrat conversations that the agreement measure is seriously endogenous.

Illustrative Survey Excerpts on the Subject of Agreement

Survey respondents' descriptions of indirect bureaucratic lobbying support the idea that bureaucrats usually ask for lobbying help from interest groups on the same side of an issue, rather than attempting to persuade opposed or neutral groups. In the vast majority of cases where there was a request for lobbying, survey respondents described situations in which policy alignment was a key feature of bureaucrat-lobbyist communication. Following are two examples, from different respondents. These are responses to the last (open-ended) survey question, which

asked “When you discussed the bill with the Medicaid agency, did you have the sense that they wanted to coordinate on advocacy strategy with you, or did they share information in order to change your advocacy emphasis?”

Respondent: Yes, we have conversations like that all the time. We may have a bill on which we have the same position as the agency, but the legislator sponsoring the bill is on the opposite end. We had a bill recently that would enact a safe patient handling program and it would have been very costly. The Department of Health had same position as us. We were in constant communication strategizing with the department on how we were interacting with legislators.

Interviewer: Was that at your request, or theirs?

Respondent: Both, it was really both, they asked us for help on this.

Respondent: Yes. When we're on the same page we strategize together, like we communicated on the [policy in question]. We had conversations with the administration about who had good relationships with legislators. They didn't exactly tell us what to do, but we talked about it.

Interviewer: When you say “administration,” do you mean the Medicaid administration or the governor's office?

Respondent: We have a Medicaid director and [cabinet secretary] that reports to governor. We talked to both of them. Medicaid director tends to talk to the [cabinet secretary] who then talks to governor.

Interviewer: So it's fair to say that you had conversations about legislative strategy with the Medicaid director?

Respondent: Oh yes.

Interviewer: And is that typical of other issues that you're aligned on?

Respondent: Yes.

Interestingly, in the first example, the lobbyist describes an instance of opposition where the legislature is concerned, but the bureaucrat-lobbyist interaction was explicitly a function of a high level of agreement. In the second example, the respondent describes coordination on strategy where the respondent and Medicaid agency agreed, and further characterizes this as business as usual.

Conversely, there were only three cases in which respondents reported that Medicaid agencies tried to get groups to back off on policy proposals where there was a distinct lack of

alignment. Here is one example of this type of attempt to affect interest group behavior:

Respondent: Yes. That's an interesting question. There was an instance where there was a proposed change within the appropriations bill that we advocated for, and the agency wanted to have further conversations about the bill. In terms of trying to understand our opposition to what the administration was trying to put forward.

Interviewer: So you think they were trying to neutralize your active opposition to this?

Respondent: Yes, they were. In general, the administration will engage in lobbying on their own behalf.

This example of policy disagreement between the Medicaid bureaucracy and the lobbyist respondent could be an example of persuasive indirect bureaucratic lobbying, particularly since the respondent notes that “the agency wanted to have further conversations about the bill.” On the other hand, the lobbyist and his or her interest group were clearly not fence-sitters on this issue—the respondent mentions “our opposition.” It seems possible that the agency was trying to understand the group's position without attempting to change it, and in any case was unlikely to be able to change it. More important is the fact that there are only three such examples out of 106 surveys. This further indicates that persuasion, if it occurs, is the exception rather than the norm.

Illustrative Survey Excerpts on the Subject of Information Subsidies

If, at this point, it makes sense to tentatively conclude that indirect bureaucratic lobbying usually consists of bureaucrats targeting interest groups that agree with them, it is still unclear whether bureaucrats provide information subsidies to their allies or simply activate them. Medicaid bureaucrats are well positioned to provide information subsidies on legislation about which they have insider information from CMS or governors. And some interest groups may have low resources and low information levels. Do information subsidies occur regularly in indirect bureaucratic lobbying?

There are no quantitative data on this topic, but the survey transcripts do contain some

illustrative information. The transcripts show that while there is significant variation in how respondents talked about information changing hands, there are few clear patterns by group type. I note that while the survey question allowed for the possibility of information subsidies (“When you discussed the bill with the Medicaid agency, did you have the sense that they wanted to coordinate on advocacy strategy with you, or did they share information in order to change your advocacy emphasis?”), most respondents answered the first part of the question, framing the answers in terms of “coordinating on advocacy.” It is not clear whether this framing is itself evidence of activation, or was simply an easier way to conceptualize these communications or answer the question. I did not ask follow-up questions specifically about information subsidies.

I categorized and counted respondents' answers to this open-ended survey question. I counted 52 instances of no requests at all, 22 requests in which some information appeared to flow from the Medicaid agency to lobbyists, 26 requests that consisted only of a request for help, and 6 cases in which it was unclear whether information changed hands. Therefore, roughly half of the requests appear to accompany obvious information transfers and roughly half did not.

Medicaid bureaucrats' lobbying requests that did *not* involve information subsidies seem to rely on the presumption of very strong agreement on policy and mutual dependence on the continued life of the program. Here are two examples:

Respondent: Medicaid went straight to legislature. They didn't need to avoid visibility.

Interviewer: So did they not ask for advocacy help on this?

Respondent: Oh yes, they absolutely did. They came to us and asked us and said 'we need your help to support this bill.' Oh yeah. All of the groups. Hospital, medical, we all had to support it. The more consumer-type advocacy groups opposed it, and the smaller disabled groups opposed it.

Respondent: Yes. When I've seen this happen it's in the hallway, in the lobby at the statehouse, certainly at stakeholder meetings, they'll be direct about it—'we're going to rely on you guys to do the advocacy and explain the impact of these cuts, put a face on

the impact of the cuts.' This is direct but never in writing, if you know what I mean. It's clear. But not for public consumption. The legislature would probably string up [Medicaid]. They would see this as collusion.

At the same time, some of these apparently subsidy-free requests for lobbying involve exchanges of small amounts of political intelligence. If a Medicaid bureaucrat's statement that he or she "needs help" constitutes political information, then we might think of this as a small information subsidy. As Hall and Deardorff (2006) explain, information subsidies can consist of either policy or political information. Hearing a bureaucrat's view that a mutually preferred policy is at risk might be helpful information to a lobbyist who cares strongly about a policy outcome and would want to know that he or she cannot rely on the Medicaid agency to usher it through the legislature or through a particular committee. For example:

Respondent [in reference to a policy changing coverage of preventative care and immunizations]: We're all in lockstep with the [Medicaid agency], so they have called on us to explain that to legislators.

Interviewer: What did the request sound like? Was it pretty explicit?

Respondent: Yes, it's a hallway conversation saying 'I need your help, we need to have folks testify on this because I'm not going to be able to kill it on my own.'

Respondent: Yes. And they have confidential communications with legislators all the time. If it's an issue where we're aligned and they want to get something done and they're having a problem with a legislator they'll tell me because we can help. [Medicaid] will say, 'if you want to get this done, so and so is a problem, you'd better talk to her.' We work very closely with the state. As an advocacy partner on a lot of this stuff.

In a few cases, groups with presumably high levels of technical information clearly described information subsidies consisting of political information and they seemed to understand that as "information." For example, one hospital association executive said: "They never gave us information that wasn't publicly available, but we do keep each other informed, ask each other what have your conversations [with legislators] been like."

In contrast, several respondents talked about how they have the requisite political

intelligence for lobbying, and reacted to the perceived suggestion that Medicaid would tell them *how* to lobby. They described a division of labor in which Medicaid bureaucrats supply technical information and the lobbyist relying on his or her presumably greater political expertise in order to decide how to use that information most effectively. Following is a straightforward example of this, albeit with no details about the information provided, followed by a more complex example:

Respondent: Agency people don't recommend the strategy, but they do provide us with information that affects strategy.

Interviewer: Do you ask for it or do they just provide it?

Respondent: Both. They have scarce [lobbying] resources. They know that we have more resources. They use us.

Respondent: Yes, that does happen, although I'm not sure it happened on [the bill in question] because we didn't agree with the agency. On initiatives where we have worked with them on legislative initiatives we both supported then it's easier to coordinate.

Interviewer: Can you give me an example of how the coordination happens?

Respondent: I think this happens a lot in regulatory areas where they say, if you will go advocate for this, for instance when we were opposed to additional licensing on [a particular clinical service], and them saying well, we don't have the power to do it anyway, like giving us talking points for the legislature. They would say 'FYI, if that passed, here are two reasons why that would be bad,' and knowing that would give us a talking point; we would then take that information directly to legislators, lobby with it because the agency can't, plant the seeds of the idea behind closed doors, and then legislators would ask the agency about it point blank, so it's not lobbying for the agency to say that in response to the legislators' question.

The second quote above, which describes the agency using the group's power to open the door for the agency to use its own talking point with legislators, was echoed by another respondent in a different state.

In order to see whether there are patterns in the type of request issued (simple request vs. information subsidy) by group type, I sort the data in Table 6.4.

Table 6.4: Subsidy-free requests for lobbying and information subsidies, by group type

Group Type	Requests	Information
hospital association	9	5
community health centers	3	3
medical society (physicians)	1	3
other provider group	3	0
consumer advocacy group	9	11
business association	1	0
Total	26	22

Table 6.4 reveals that there are fewer hospital associations that received information subsidies (of either policy or political information) than the number that received apparently subsidy-free requests for lobbying assistance (5 versus 9). The greater number of subsidy-free activations for this high-resource interest group type is consistent with my expectations, yet there is still a surprisingly high number of information subsidies. There are slightly more consumer advocacy groups that received obvious subsidies than those that did not—11 versus 9—but this is a very small difference. This may reflect the wide variation in resources among consumer groups.

Follow-Up Survey on Information Subsidies

Because I did not ask follow-up probes on the topic of information subsidies and the available data on this topic are neither systematic nor conclusive, I re-contacted 16 survey respondents to ask specifically about information. I chose these respondents because they originally affirmed that they received a request for lobbying from a Medicaid bureaucrat and did not explicitly describe information subsidies. I also chose these 16 because I had a good rapport with them during the original survey and thought some might be willing to speak with me again. Of these 16, I had follow-up survey conversations with nine. I organize excerpts from these conversations and the original survey in Table 6.5.

Table 6.5: Conversations on Information Subsidy by Type of Group

#	Group Type	Original Survey Excerpt	Follow-Up Survey Excerpt	Information Subsidy?
1	Consumer advocacy group	“So if they get a sense that they're having trouble with a committee or issue there have been instances where they've said this particular item of shared interest is falling, or on the other side, we want to help support you, what can we do, because we have a shared interest.”	“[...] when and if they do ask for assistance they typically give us information that you, know, a) might give us a reason to do that and b) go in [to talk to legislators] so we're as informed.”	Yes, policy information.
2	State business association	“[Medicaid] understand[s] our role with the legislature and they seem to appreciate how we're trying to elevate the conversation about Medicaid, so they just ask for support broadly.” (As opposed to asking for help with a particular legislator.)	“[...] [I]f it's something at the time that we weren't as aware of, they're very helpful with explaining it, and we have extended conversations. [...] [T]hey will offer that kind of information. If it's needed we can use that with legislators.”	Yes, policy information.
3	Consumer advocacy group	“Yes. [...] I can just hear [Medicaid] saying 'we are going to need your support on this with the legislature'.”	“Asking us for help like that is not something they do a lot, since it's behind the scenes, they also advocate directly on their own. We asked what the money would be used for, and [Medicaid told us]. [...] We felt better knowing what it was for and it definitely helped us talk to legislators about it.”	Yes, policy information, but group had to ask for the information.
4	Primary care association	“[Medicaid] came to us and asked us and said 'we need your help to support this bill'.”	“No, we talked in broad terms. [...]The support came because we'd been involved almost from the beginning. So we knew what was in it. Because they are a partner we had to support them. [...] [Y]ou're either a good partner or you're an adversary.”	No particular information/ details required. But information subsidy could be political (“we need your help”).
5	Consumer advocacy group	“Yes, [the agency said] things like 'You know who the people are, we're this close to a budget agreement, the governor isn't going to budge on this, please help explain this'.”	“[...] We supported the policy broadly. [...] We did pretty well on our own on this. We figured out as an organization that we supported this on the front end. [Medicaid] provided that [descriptive policy] language to everybody.”	No information/ details required. However, original request could be read as political information (“the governor isn't going to budge on this”).

#	Group Type	Original Survey Excerpt	Follow-Up Survey Excerpt	Information Subsidy?
6	Primary care association	“[Medicaid] did advise [us] on the [policy] issue – in the context of meetings that Medicaid did not initiate – that advocates should pursue certain strategies, [saying] 'if I were you...!'”	“They didn't supply any additional information. Just insinuating or asking or implying that it was going to be a huge lift. I can't think of a time we would have worked on something having to do with community health centers when they would have supplied us with information.”	Appears to be activation based on mutual goals, but information subsidy could be political here (“huge lift”).
7	Consumer advocacy group	“If we're in a meeting with the Medicaid director and his staff, and it's a group of advocates, they're pretty clear about asking us, saying 'hey, you all can make a difference by talking to legislators'.”	“They're not necessarily providing details – they will be making their [public] presentations – they know they don't need to rely on the community to relay that same information. But they do want people to show up and speak on behalf of the program and its benefits. [...] [Q]uite frankly we had enough expertise in the group, we had people in the group that had expertise with [the policy in question].”	No particular information/ details required. However, original request could be read as political information (“hey, you all can make a difference”).
8	“Other” provider group	“Medicaid will] be direct about it – [saying] 'we're going to rely on you guys to do the advocacy and explain the impact of these cuts, put a face on the impact of the cuts!'”	“I would say most times they kind of are banking on the fact that we already have a pretty good sense of the issues, what's at stake. [...] To be perfectly blunt, the advocates are way ahead of the bureaucrats as far as analyzing the issues and seeing how policy is going to impact folks. It seems like we're always ahead of the curve on preparing to do advocacy. And the department is a little bit behind.”	No information subsidy. Characterizes interest groups as having higher information levels.
9	Hospital association	“[Medicaid] reached out and asked the whole provider community, ourselves included, to support them. We get calls from them to go to the [relevant] hearing.”	“[Medicaid] sometimes needed information because one of the selling points was [related to hospitals], and they didn't have that information. They were open to our data on that issue. Sometimes they're open to us knowing that we have certain expertise. Other times they think they know best.” (Probe: What about on the hearing we talked about last year?) “Yeah that was more a matter of going down to the hearing and saying [Medicaid] is efficient, it works, blah blah blah. They might have given us a couple of talking points but we also use our own.”	No information subsidy. Hospitals gave Medicaid information.

Table 6.5 divides the nine responses into three groups, according to whether an information subsidy clearly existed, may have existed, or definitely did not occur. The first three rows give three clear examples of policy information subsidies (e.g., “they're very helpful with explaining”); however, the third respondent describes having asked the agency for the information—the extension of information in this case was apparently not a strategy purposefully used by bureaucrats. In these three examples the interest group seemed prepared to agree with the agency but did not already have opinions strong enough to motivate lobbying in the absence of a request for support. I note that this section of the table includes three non-provider groups: two consumer advocacy groups and a business association. The fact that there is no high-Medicaid-information provider group in this section of the table is consistent with the idea that information-rich groups are less likely to need subsidies.

In the middle section, there are four examples of requests for lobbying that did not include explicit subsidies of policy information. Indeed, these groups—two provider groups and two consumer groups—all disavowed that idea. However, there are still two possible ways to look at the four examples in this middle category. One is that these are subsidies of political information rather than policy information: by informing these interest groups that a policy of mutual interest is in some political danger, Medicaid bureaucrats provided an information subsidy of a different kind. The other way to read these examples is that the worry expressed by bureaucrats (e.g., “we need your help”) is simply the language used to activate the groups in a mainly subsidy-free manner. I argue that we should properly interpret these examples as the latter, especially since these respondents do not describe bureaucrats as having shared *specific* political information about specific legislators or political problems. Furthermore, in contrast

with Hall and Deardorff's (2006) theory, these examples do not appear to shift the interest groups' priorities by providing them with details that could make them more effective. Rather, these groups were already prepared to lobby on these issues (this is more apparent when reading the entirety of the surveys).

The third category includes two examples, both from provider associations.³ Both described having received a request for lobbying that did not contain any subsidies at all; both further characterized their groups as having more information than Medicaid bureaucrats. The fact that both groups that clearly did not receive subsidies are provider groups, combined with the fact that all three groups that clearly received an information subsidy are consumer groups, suggests that my expectations for group type are correct: higher-resource groups like resource-rich provider associations are less likely to need information subsidies from Medicaid.

In summary, the qualitative information available in the original survey and the re-contact survey both clearly indicate that information subsidies do occur, even if not in all cases. Where they do not occur, bureaucrats seem to rely on high policy agreement or mutual dependence on the program as they activate interest groups by simply asking for help. These conclusions are not definitive since I do not have reliable systematic data on information subsidies. However, the available illustrative survey excerpts highlight the variation in the existence of subsidies and suggest that this variation may depend on group type.

As discussed in Chapter 2, the idea that indirect bureaucratic lobbying sometimes fits a model of lobbying as “activation” (or “mobilization”) is theoretically challenging because there are no existing models that clearly outline a specific mechanism underlying subsidy-free

³ Unfortunately there is only one hospital association in the set of follow-ups. I requested follow-up phone calls from three other hospital associations but did not receive a response.

activation of interest groups' legislative allies. The idea of activation is also conceptually challenging because subsidy-free requests for lobbying assistance appear to entail little convincing on the part of bureaucrats—it appears that, in many cases, the interest group was both willing and able to lobby before the request. So what do these subsidy-free requests for lobbying actually do? I contend that they mainly shift lobbying activity at the margins; that is, these requests slightly increase the intensity or type of lobbying even while the group is already planning to lobby. Subsidy-free requests can do this in one of two ways. The request can alert ally interest groups to a specific opportunity to support a mutually preferred policy, for example, by talking to a certain legislator, attending a hearing, or “putting a face on these cuts” as one survey respondent said. The request can also alert interest groups to the fact that the agency is constrained in its ability to support the mutually preferred policy. Shifting lobbying activity at the margins does not mean that the lobbying is not influential—coordinated lobbying, or coalitional lobbying, may be necessary to increase the likelihood that legislators support mutually preferred policies; this may be especially the case where those policies benefit the poor Phinney (2010).

If this preliminary analysis is essentially correct, then how could we predict when bureaucrats are likely to issue requests along with information subsidies versus requests that are geared toward coordination of lobbying activity? As suggested above, one answer may be that bureaucrats are likely to provide subsidies of policy information if groups have relatively low resources. Another possible answer is that lower-capacity agencies are more likely to issue subsidy-free requests in general. And another possible answer is suggested by the preliminary findings on the effect of group type and party control of legislatures in Chapter 5: if it is true that

Medicaid bureaucrats are more likely to ask for help from provider groups than consumer groups where there is Republican party control of both legislative chambers, then bureaucrats' requests for lobbying in those states may consist primarily of activation attempts rather than the extension of subsidies. Both of the latter possibilities mentioned here are questions for future research.

Conclusion

This chapter has presented further quantitative explorations of the effect of agreement on *Requests* and *Contacts*, a qualitative exploration of agreement, and a qualitative exploration of information subsidies from both the original survey and a small follow-up survey. In the first part of the chapter, I find further support for the idea that bureaucrats usually ask lobbyists for help when they agree with those lobbyists. The results of these tests are not entirely straightforward—they do not provide statistically significant evidence of a strong effect of agreement on *Requests* on “this bill” at all levels of institutional capacity (Table 6.1) or when I estimate a large multi-level model of the effect of agreement on *Contacts* (Table 6.2). Given the data limitations, however, all of the tests provide at least partial support for the expected positive effect of agreement.

Taken together with the qualitative illustrations of the importance of agreement, these tests suggest that persuasion in indirect bureaucratic lobbying is rare. The evidence in this chapter also provides fairly robust support for Hypothesis 1 (*Bureaucrats are more likely to solicit interest group lobbying on a particular policy if bureaucrats and interest groups agree on that policy. This effect will hold regardless of legislative capacity or agency capacity*). Given the data limitations, better data are necessary to substantiate the findings in Chapter 5 about the interdependence of agreement and institutional capacity measures.

The second section of the chapter goes on to consider whether, if the findings in support of agreement are collectively robust and there is comparatively little support for persuasion, indirect bureaucratic lobbying is more consistent with an information subsidy model or with an activation model. Both the qualitative information contained in the original survey and the evidence provided by the follow-up survey suggest that information subsidies consisting of policy information do occur, although they are more likely to occur where interest groups have relatively low informational resources. Just as commonly (if not more often), bureaucrats simply ask for help if they know that interest groups agree with them.

Why does it matter if bureaucrats ask for help from lobbyists they agree with? One reason this is important is that it helps us to understand when Medicaid bureaucrats are likely to engage proactively in the legislative process and which groups they are likely to target. If Medicaid policies pit agencies and interest groups against each other, as is likely, for example, in the case of legislation that authorizes provider reimbursement cuts, then there is little scope for indirect bureaucratic lobbying. The analyses in Chapters 5 and 6 have all treated Medicaid policies interchangeably, but some policy proposals are more likely to engender bureaucratic activism because there is more likely to be agreement. I explore this idea in more detail in the next chapter by considering the policy content of the bills that were the focus of the surveys in each state. The qualitative analyses in Chapter 7 build on the findings in this chapter (and findings on governor-bureaucrat agreement in Chapter 5) by considering specific Medicaid policies.

A second rationale for asking whether agreement matters is that the results help to shed light on the mechanism(s) bureaucrats use to wield influence. One of the contributions of this

study is that it proposes, and finds evidence of, a relatively precise mechanism for bureaucratic influence. In contrast with studies that find evidence of perceived bureaucratic influence but are more general about the mechanism underlying that influence (e.g., Nicholson-Crotty & Miller 2012), my research contributes a more specific investigation into bureaucrats' behavior. Seeking detailed information about what bureaucrats do when they leverage interest groups' lobbying power is consistent with the overall goals of this research.

Chapter 7: Medicaid Legislation Content, Executive Branch Dynamics, and Bureaucratic Activism

All analyses presented thus far treat Medicaid bills as interchangeable, since they do not account for policy content. In this chapter, I build on my findings related to agreement by considering the policies at stake. More specifically, the overall importance of bureaucrat-lobbyist policy agreement has implications for the type of behavior we should expect to see around certain Medicaid policies. Is there evidence of patterns in bureaucratic behavior according to the type of Medicaid policy? And how does bureaucrat-governor alignment on different policy types affect the degree of bureaucratic activism?

I address these questions by investigating whether two factors—policy type and agency-governor relationships—appear to affect bureaucrats' engagement in the legislative process. As measures of governor-agency relations I consider both governor-agency policy agreement, based on numeric survey data (discussed in Chapter 4), and a new variable, “perceived agency independence,” that emerges from a thematic qualitative analysis of open-ended survey responses. I find patterns in agency behavior suggesting that this latter variable matters, alone and in combination with policy type. The analyses in this chapter extend my theory and earlier findings through qualitative analysis and policy contextualization rather than establish explanations for bureaucratic behavior that contradict my earlier findings. Because I have 25 observations for policy type, more data would be necessary to conduct a comprehensive

quantitative analysis that incorporates the variables I consider here.

In the following sections, I outline a set of theoretical predictions for agency behavior and describe the qualitative methods I employ. I then discuss policy type, sorting the legislation in the study according to whether it expands, manages or cuts Medicaid. Next, I present analyses and results in two separate sections. In the first, I explore the data by presenting a series of bivariate relationships among the variables of interest: agency activism, policy type, and governor-agency relationships. In doing so, I also provide information on governors' political parties to determine whether party control is a significant intervening factor. Second, I consider how the variables of interest may work in combination to affect agency activism. This second set of findings addresses my theoretical predictions. Finally, I summarize the findings and offer preliminary conclusions.

Theoretical Predictions

In Chapter 2, I discuss parallels between bureaucrats' indirect lobbying and coalition lobbying. In general, if individual Medicaid bureaucrats are motivated to support (or oppose) a piece of legislative policy, soliciting private-sector lobbying assistance could strengthen their ability to influence the policy outcome. Medicaid policies may differ, however, in how much agency activism is necessary to support them and in how amenable they are to public-private lobbying coordination. Phinney (2010) argues that diverse lobbying coalitions are important where policies expand net benefits to the poor, since legislators may require a diverse set of signals in order to support these policies. Bureaucrats may therefore be more likely to solicit lobbying support on behalf of Medicaid expansions, or on behalf of program changes that help avoid benefit or reimbursement cuts. Conversely, where proposed policies would shrink

programs or aggressively manage Medicaid costs, it may be difficult for bureaucrats to solicit lobbying support due to interest group opposition to those policies. This idea is underscored by my finding that bureaucrat-group policy agreement generally increases the likelihood of indirect bureaucratic lobbying¹

Earlier quantitative analyses also show that bureaucrats' agreement with governors has implications for the likelihood of agency activism (Chapter 5). Consistent with the theory elaborated in Chapter 2, my results suggest that Medicaid bureaucrats are more likely to lobby indirectly where they agree with the Medicaid policy positions of relatively weak governors. An additional analysis that I conduct to explore data limitations also suggests that bureaucrats may lobby indirectly to counteract positions of strong governors. And in open-ended survey questions, respondents also frequently mentioned governors' positions on Medicaid legislation and involvement in the legislative process. The complex nature of the effect of governor-bureaucrat agreement on bureaucratic behavior (and the frequency of respondents' spontaneous references to governors) motivates inclusion of both governor-bureaucrat agreement and bureaucrat-lobbyist agreement in this qualitative examination of the effect of policy content. Unexpectedly, thematic analysis of governor-agency relationships in this chapter leads to the creation of a new “perceived agency independence” variable. I discuss this variable in more detail later in this chapter. I theorize in this section only about the effect of governor-agency policy agreement since I have no pre-defined expectations for the effect of (or even existence of) agency independence from governors.

How might policy type affect agency activism in the legislative process given the

¹ As discussed in Chapter 6; the results in Chapter 5 suggest that the effect of agreement depends on states' institutional characteristics.

importance of bureaucrat-lobbyist agreement and governor-bureaucrat agreement? In making the following predictions, I assume that most Medicaid policies originate in the executive branch. This is a simplifying assumption that admittedly does not always reflect reality, although I argue that there is usually executive branch involvement in major Medicaid policy proposals if not outright leadership. In addition, budget proposals always originate in the executive branch. The majority of the bills in my survey (22 out of 25) were described as originating with “the administration”; the only exceptions were two provider assessment bills initiated by provider associations and one Medicaid management initiative led by legislators.

First, I predict that a proposal to cut Medicaid benefits, eligibility, or reimbursement should result in little or no indirect bureaucratic lobbying. It is difficult for bureaucrats to solicit private-sector support for cuts to Medicaid: consumer advocates tend to oppose cuts to benefits and eligibility, and providers tend to oppose cuts to reimbursement (and cuts to benefits and eligibility, for that matter, since these also affect provider income). The surveys support this idea; survey respondents were unified in their opposition to legislation that proposed to cut Medicaid, with the exception of the respondents in one state. In that state, the bill that was the focus of the survey divided the advocacy community: major provider groups supported it but not the providers that were the target of specific cuts. As a survey respondent described it,

[Medicaid] came to us and asked us and said “we need your help to support this bill.” [...] All of the groups. Hospital, medical, we all had to support it. The more consumer-type advocacy groups opposed it, and the smaller disabled groups [i.e., providers of disability services] opposed it.

In general, significant interest group support is not available to bureaucrats when the legislation in question cuts Medicaid. If Medicaid bureaucrats agree with a proposal to make cuts, then, they may express their support directly to the legislature (either reactively or proactively, through

direct lobbying), but are unlikely to ask interest groups for help (prediction 1).

Second, if bureaucrats do not agree with the proposal to cut the program, they may lobby indirectly in a surreptitious manner to counteract the official executive branch position, or they may remain entirely silent (prediction 2). While the survey provides several examples of cuts supported by Medicaid agencies, such as the one mentioned above, respondents in other states described agencies' discomfort with cuts proposed by governors. For example, one respondent said of the Medicaid agency, faced with a gubernatorial proposal to cut Medicaid after several consecutive years of cuts, "We've had "we know this is bad" conversations, but they're very careful." Previous analyses (in Chapter 5) suggest that agency silence and small amounts of surreptitious indirect lobbying are both possibilities in this type of scenario.

In contrast, where a governor proposes an expansion or management reform and the agency agrees with the policy, it seems likely that there will be a relatively large amount of indirect lobbying and possibly direct lobbying as well (prediction 3). Again, as Phinney (2010) argues, legislators may need a wide range of signals to support expansions. And although progressive management reforms may not be precisely equivalent to expansions, such policies may improve program services and/or financing and may serve as an alternative to cuts. These policies are often complex, requiring a great deal of negotiation and communication. By extension, we should be more likely to see proactive bureaucratic communication in these states.

Finally, for a proposed program expansion that the agency supports but the governor does not (more likely to originate outside of the governor's office) we should not expect to see bureaucratic activism (prediction 4). The reason is that if interest groups or legislators support an initiative to expand Medicaid, bureaucrats may be able to stand back from the process. In other

words, bureaucrats should rely on the support of legislators and/or lobbyists rather than risk angering the governor by engaging in potentially unnecessary activism.

I summarize these four predictions in Table 7.1.

Table 7.1: Indirect bureaucratic lobbying predictions

	Medicaid bureaucrats support executive branch position	Medicaid bureaucrats disagree with executive branch position
Medicaid policy shrinks or aggressively manages program	<i>1: No indirect bureaucratic lobbying (no coalition expansion). Direct lobbying possible.</i>	<i>2: Surreptitious indirect lobbying—rarely—or none at all</i>
Medicaid policy expands program or manages to prevent benefit cuts	<i>3: Indirect lobbying, akin to coalition expansion, and possibly direct lobbying as well</i>	<i>4: No bureaucratic activism</i>

Methods

I use qualitative research techniques to enhance the completeness of my inquiry into bureaucratic lobbying, as well as to expand on quantitative findings in a way that accounts for the Medicaid-specific research context. This analysis—like the unstructured interviews I used to inform instrument design and the survey excerpts that illustrate the findings in Chapters 5 and 6—is valuable addition to quantitative hypothesis testing because research on indirect bureaucratic lobbying is exploratory. Qualitative analysis is helpful for uncovering unpredicted relationships and taking a broad, exploratory view of a research topic. This approach can be especially useful in health care contexts due to the complexity of health systems and health policy (Cunningham, Felland, Ginsburg & Pham 2011).

Furthermore, a qualitative approach to portions of the survey data is appropriate because several survey questions were open-ended. Taking advantage of the information contained in

these responses explicitly entails subjective interpretation. But doing so allows for examination of themes and patterns not captured by pre-defined variables (Schutt 2012). In order to enhance the validity of analysis based on these themes, I follow established matrix analysis and data display procedures, detailed below.²

Matrix analysis enables the researcher to select portions of raw data, organize them, and condense them in a way that facilitates analysis (Miles and Huberman 1984). The iterative process of data reduction involved in making matrices helps the researcher to see patterns and draw conclusions (Marsh 1990). I created several matrices to condense portions of the survey data. First, I developed a set of variables that comprise matrix columns. I based my choice of column variables on policy-relevant hypothesized explanations for bureaucratic lobbying. Some of these variables were not part of the quantitative analyses detailed in Chapter 5, but rather represented themes that emerged from commonly discussed topics and observations made by respondents.

Next, I entered raw data from each survey observation into these categories, using excerpts in their entirety from each of the 106 respondents. I then collapsed the person-level observations to 25 state-level observations, creating a matrix that summarized the person-level data across respondents within each state. Finally, I sorted the state-level matrix by the type of Medicaid policy, ordering responses according to how much the Medicaid legislation for that survey state would cut the program. I include this master state-level matrix in the Appendix.³

Each row in the master state-level matrix represents a state, and the columns represent the variables I discuss in this chapter. (I keep “policy context” in the master matrix for background

² I detail the initial data collection procedures in Chapter 3.

³ I removed state names and organization names to protect respondents' anonymity.

and interest.) For example, reading across the first row shows that the Republican party controlled both the legislature and the governor's office in state 1. The legislation in this state cut eligibility for an optional Medicaid program; this was the most severe cut among the bills in my sample. Surveyed lobbyists agreed with the Medicaid agency's position on this legislation more than the governor's, revealing agency-governor disagreement. The last column indicates that the agency was not proactively engaged on fighting this policy.

From this master state-level matrix, I made several subsequent sub-matrices (not shown) to compare and contrast variables. I also used data clustering and grouping techniques to examine relationships among variables (Miles and Huberman 1984). I created several different displays of these relationships, which I show and discuss in the two findings sections.

Policy Type

The master state-level matrix shows that of the 25 bills in this study, four were Medicaid expansions (states 22 – 25). None of these expansions authorized significant new benefits or eligibility. The absence of significant expansions is unsurprising given that the survey asked about bills considered by legislatures during the 2012 and 2011 sessions, when states were still struggling to deal with the aftermath of the 2008 economic downturn. Legislation in the other 21 states authorized program cuts, combinations of cuts and minor expansions, management reforms, or specific financing arrangements. This set of bills does not lend itself to simple cut-versus-expand categorization, and therefore makes policy-based contextualization of bureaucratic behavior more complicated. I categorized these bills using a three-way cut/manage/expand scheme and I rank the bills within those categories. This allows me to treat policy type as a continuous variable as well as a three-way categorical variable.

The “manage” category includes bills that outline quality improvements, payment reforms, managed care expansions, and other reforms, in addition to combined cuts and expansions in budget bills and bills that address financing issues. A clear example of a “manage” bill is one that authorized changes to hospital reimbursement methodology and granted the Medicaid agency the ability to expand the portion of the total Medicaid program under managed care, among other changes (state 14). Another example of legislation that authorized these types of changes instituted new provider payment based on episodes of care instead of fee-for-service (state 13).

A few of the budget bills were more difficult to label as “cut” or “manage.” An example of a bill that is close to being a cut but which I ultimately categorized as “manage” is one that allowed the Medicaid agency to change provider reimbursement rates (state 8). The state had passed a law several years earlier that prevented the agency from changing provider rates. The bill that was the survey focus reinstated the agency's ability to change rates without legislative approval. It was clear to survey respondents that the end result would be rate cuts, although the bill did not actually make those cuts. One provider representative explained that the interest group community was resigned to the passage of this bill:

[The agency's] argument was much more compelling to legislators than ours, their position was more compelling – [they said they] need the flexibility to adjust rates as budgets change.[...] So for us to go up there and protest would have damaged our relationships.

Conversely, where bills authorized program management tools but where respondents focused entirely or mainly on the cuts those management tools might result in, I placed them in the “cut” group. An example is a managed care expansion that many advocate perceived as a cut in disguise (state 3). One said,

[Proponents] have not proved that it saves money and have not proved that the quality is acceptable. We said [the related pilot program] is a failed program, nobody can say this is a better model than other models of Medicaid reform.

Some cuts were easy to categorize. A clear example of a “cut” bill is a state budget bill (state 1) described by one respondent as “draconian.” The respondent explained that “the upshot of [the bill] was that we lost some optional benefits that really are going to be difficult for us to replace. The biggest impact was [the legislature's] decision to eliminate our expanded Medicaid population.” Another state established eligibility determination procedures that created barriers to enrollment in an optional benefits program that grew more quickly than expected (state 2). The agency was seen as generally supportive of this cut. One respondent commented, “I mean I think they thought that the opposition was overblown, that they were trying to put into place reasonable limitations.”

There are also similarities among some of the financing arrangements that “manage” and that “expand.” To distinguish these, I included bills that identify new permanent or semi-permanent sources of program funding in the “expand” group, and bills that authorize temporary financing fixes or that extend previous financing arrangements in the “manage” category. For example, states 23 and 24 created new provider assessments, categorized as “expand,” and state 20, categorized as “manage,” reauthorized an existing provider assessment. As explained in Chapter 4, states use provider assessments to increase the amount of money available to pay for Medicaid by collecting a tax from providers and using that money to pay for Medicaid services, thereby making that money eligible for federal matching Medicaid funds at the state's federal medical assistance percentage (FMAP) rate. None of the bills in the survey actually expanded eligibility or benefits. I categorized state 25 as the most significant expansion because it would

have increased Medicaid enrollment via the establishment of a state health insurance exchange (the bill did not pass).

Findings I: Bivariate Relationships

In this section, I present plots of three bivariate relationships: 1) bureaucratic activism and policy type; 2) bureaucratic activism and agency-governor agreement; and 3) bureaucratic activism and perceived agency independence from governors. My theoretical predictions are based on both policy type and agency-governor agreement, so these bivariate relationships do not determine the accuracy of the predictions. However, they do shed light on the strength of the underlying dynamics. In particular, this section provides a useful comparison of agency-governor agreement and perceived agency independence as two different measures of agency-governor relationships.

Ia: Bureaucratic Activism and Policy Type

To examine the relationship between policy type and agency activism, I array the state-level observations along two dimensions: agency activism (X-axis) and type of policy (Y-axis) (Figure 7.1). The labels at the top and bottom of the figure indicate the extremes, or poles, of policy type, and the labels on the right and left indicate the extremes, or poles, of agency activism. I treat both policy type and total reported agency activism in each state as continuous variables, using the available qualitative information in the summary matrix to estimate the best location for each state in both the vertical and horizontal space of the figure (as I do for the other figures of this type). This approach enables visualization of the association between the variables for each observation. For example, the first “R” in the upper-left-hand corner represents state 1 in

the master matrix (see Appendix). This placement reflects the fact that the bill in this state made cuts and there was no bureaucratic activism reported. Each state in Figure 7.1 is represented by a letter indicating the party of the governor.

Figure 7.1: Relationship between legislation content and bureaucratic activism

	Legislation cuts Medicaid		
No bureaucratic activism	(I) RRRD D R	(II) D R R D	Bureaucratic activism
	RRDD R	R	
Bureaucratic activism	(IV) R R R D	(III) R RD D R	No bureaucratic activism
	Legislation expands Medicaid		

For example, then, quadrant I (the upper left) of Figure 7.1 contains observations for states that considered bills that proposed cuts to Medicaid, at the very top, and bills that proposed management reforms or combinations of cuts and expansions, closer to the bottom of the quadrant. For all of the bills in quadrant I, there was relatively little reported bureaucratic activism, whereas in quadrant II there are similar bills that saw more bureaucratic activism.

In this and the following two figures, “agency activism” includes respondents' descriptions of both indirect and direct agency lobbying. While I did not ask specifically about

direct lobbying, many responses to my query about indirect lobbying also contain information about direct lobbying. I include this information in the master state-level matrix because it allows for a more complete assessment of agencies' political activity.

Figure 7.1 shows that there is little apparent relationship between the party of the governor and the type of policy—Republicans and Democrats are approximately equally likely to oversee cuts versus expansions. The array also provides a visual representation of the information on policy type contained in the master state-level matrix: there is a cluster of bills spread out near the top of the figure, where the bills primarily authorize program cuts, and another cluster spread around the mid-point of the Y-axis, representing combined cuts and expansions and management reforms. Figure 7.1 also shows that there is only a very weak relationship between the two variables that comprise the axes, since the data points are spread out with little to no clustering in the corners of the figure, with the possible exception of the upper-left-hand corner of quadrant I.

Ib: Bureaucratic Activism and Agency-Governor Agreement

Next, I turn to agency relationships with governors. First, I compare estimated agency-governor agreement on Medicaid policies with the existence of agency activism around those policies. Estimated policy agreement is based on agreement scores assigned by lobbyist respondents to Medicaid bureaucrats and governors, as described in Chapter 4. Where these differ on average, I interpret this to mean that the agency and the governor had different policy opinions on the bill in question, as explained in Chapter 5. While the original agreement data are numerical scores, numbers can be useful in a qualitative data display (Miles and Huberman 1984).

I compare agency-governor agreement with agency activism in Figure 7.2. The X-axis again represents agency activism, and the Y-axis represents agency-governor agreement, where high agreement is at the top and low agreement is at the bottom. For example, then, quadrant I (the upper left) of Figure 7.2 contains observations for states that had overall high levels of estimated agency-governor agreement about Medicaid legislation but little bureaucratic activism.

Figure 7.2: Relationship between agency-governor agreement and agency activism

		Agency estimated to agree with governor					
No bureaucratic activism	(I) RR D R RD	(II) D RD D D					Bureaucratic activism
	R R D	D	R				
No bureaucratic activism	(IV)	(III)					Bureaucratic activism
	R R	D	RR	D			
	R	D R R					
		Agency estimated to disagree with governor					

Figure 7.2 shows that there is a cluster in the upper left hand of quadrant I, but there are also high-agreement bills around which there was more agency activism, in quadrant II, and overall the observations are spread out. The lack of a strong overall relationship between agency-governor alignment on Medicaid legislation and agency activism is consistent with the quantitative analysis provided in Chapter 5, which showed that the strength of this relationship is

dependent on the intervening effects of gubernatorial power.

Ic: Bureaucratic Activism and Agency Independence

The numeric agreement scores leave little room for interpretation that could lead to deeper understanding of executive branch dynamics. Therefore, I take advantage of other information in the survey transcripts to assess the relationship between governors and Medicaid agencies. As discussed in Chapter 5, respondents frequently mentioned governors and gubernatorial style, even though I did not specifically ask about this. In Chapter 5 I highlight two related themes that emerge from these responses: first, lobbyists in some states see governors as more effective partners on Medicaid legislation than Medicaid agencies, and second, certain governors are so strong or controlling where Medicaid policy is concerned that Medicaid bureaucrats are absent in the legislative arena. For the more in-depth qualitative analysis in this chapter, I re-examined the survey responses related to these themes, using matrices and broadening the scope of analysis to include any characterization of the relevant or central executive actor (with respect to a particular Medicaid bill) as either the governor, a senior Medicaid leader, or both. Respondents talked about this in the course of explaining their stances on policies, the lobbying activity around those policies, and the presence or absence of agency involvement in the legislative process.

I provide several survey excerpts related to these themes in Chapter 5. Here is another example of a respondent who sees the governor as dominating the policymaking activity in this arena: “[The] governor's office approached us, I helped draft the bills, we helped lobby them. The agencies can introduce their own bills, but anything of importance on this level tends to be done out of the governor's office.” As an opposing example, a respondent in a different state said,

“A lot of what was in the bill was stuff the agency wanted” and “[the governor] is really very disengaged on this stuff.” And although it was rare, some respondents explicitly described the agency as being aligned with the governor, without necessarily being silenced. For example, in answer to my survey question about whether the lobbyist respondent had been approached by the agency with a request for lobbying activity:

The question suggests that there might be a separation between the agency and governor's office. They are unified. If there was any separation at all it was very technical, amounts and duration. [They are] pretty unified most of the time, on other bills.

Not all respondents provided details about these within- executive branch dynamics, but even where they did not, many frequently mentioned either the governor or the agency in their descriptions of policymaking activity while the other entity was not mentioned. When I considered this frequency-of mention information together with the available detailed characterizations of executive branch dynamics, a theme emerged that I call “perceived independence of agency.” I used matrix-based data reduction to summarize this theme across respondents within each state, allowing me to label states as having Medicaid agencies that are, with respect to governors, *conjoined*, *aligned*, or *independent*. Some observations land in a gray area between two of these labels.

I plot perceived agency independence against agency activism in Figure 7.3. Once more, the X-axis represents agency activism, and the Y-axis represents agency independence—conjoined agencies are at the top, aligned agencies are in the middle, and independent or separate agencies are at the bottom. For example, then, quadrant I (the upper left) of Figure 7.3 contains observations for states where the Medicaid agency is perceived to be controlled by or conjoined with the governor and where there was relatively little reported bureaucratic activism around the

surveyed Medicaid legislation.

Figure 7.3: Relationship between perceived independence of agency and agency activism

	Agency conjoined with (controlled by) governor		
No bureaucratic activism	(I) RR R D RD R	(II) D R D	Bureaucratic activism
	(IV) R RR R R	(III) R D R R D R D R	
	Agency perceived as independent from governor		

Figure 7.3 shows the strongest bivariate relationship of any examined thus far. There is a cluster in the upper-left-hand corner of quadrant I, and another cluster in quadrant III. The data array suggests that where agencies are conjoined with governors' offices they are less likely to lobby, even indirectly. Where agencies are perceived as having an independent institutional identity, separate from governors, they are more likely to be politically active. Yet “independent identity” does not automatically imply agency activism—there are observations in quadrants II representing conjoined Medicaid agencies that were nonetheless activist, and observations in quadrant IV representing independent Medicaid agencies that were not activist. The party labels in Figure 7.3 are interesting as well: all of the agencies in quadrant IV are in executive branches

controlled by the Republican party. These agencies are perceived as more independent from governors than not, yet are not engaged in the legislative process.

There is some overlap among “agency-governor agreement” and “perceived agency independence,” both conceptually and in terms of the source of the variables in the survey transcripts. For example, why should we expect that lobbyist respondents are able to give different agreement scores to a governors and an agency if the agency is seen as conjoined, without a separate identity within the policymaking process? As an attempt to check the degree of overlap, I present counts of both variables in Table 7.2.

Table 7.2: Perceived independence of agency compared to interest group agreement with governor vs. agency

	Groups agree more with governor	Same agreement	Groups agree more with agency
Agency conjoined	2	6	2
Agency aligned	1	2	1
Agency separate	---	7	4

Table 7.2 shows that there is a non-trivial number of states for which agency-governor agreement and agency independence seem to capture different dynamics. For example, there are a number of agencies that are estimated to agree with governors but that are viewed as having a separate policymaking identity (shaded cell in middle cell, bottom row). And there are several

conjoined agencies whose leaders are estimated to have policy opinions that differ from the governors they serve (right-hand and left-hand shaded cells, top row). If these two variables measured exactly the same things, I would expect the table to show that all “conjoined” and “aligned” agencies were estimated to have the same position on Medicaid legislation as the governors in those states, and that all “separate” agencies were estimated to have different positions from governors.

Perceived agency independence may provide a deeper assessment of governor-agency relations with respect to policymaking since this variable takes advantage of several types of information in the survey transcripts. On the other hand, since I did not specifically ask about governors other than when I solicited lobbyist-governor agreement scores, this measure of agency independence may also be less reliable than the policy agreement measures. I compare these variables in a different way in the next section.

Findings II: Agency Activism, Policy Type, and Governors

At this point, I have explored several bivariate relationships in the data; I now turn to combinations of policy information, agency activism, and executive branch dynamics that address my theoretical predictions. Table 7.3 shows my original predictions with an added row for the “manage” policy category that emerged from analysis of policy type. Table 7.4 sorts the state-level summaries of Medicaid agency activism according to the same table design, and is explicit about whether these observations include indirect or direct lobbying, or both.

Table 7.3: Indirect bureaucratic lobbying predictions

	Medicaid bureaucrats support executive branch position	Medicaid bureaucrats disagree with executive branch position
Legislation cuts program	<i>1. No indirect bureaucratic lobbying (no coalition expansion). Direct lobbying possible.</i>	<i>2. Surreptitious indirect lobbying—rarely—or none at all</i>
Management reforms or combined cuts/expansions	<i>[not predicted]</i>	<i>[not predicted]</i>
Legislation expands program	<i>3. Indirect lobbying, akin to coalition expansion, and possibly direct lobbying as well</i>	<i>4. No bureaucratic activism</i>

Table 7.4: Actual bureaucratic lobbying by policy type and agency-governor agreement

	Medicaid bureaucrats support executive branch position	Medicaid bureaucrats disagree with executive branch position
Legislation cuts program	None (3) Very little direct (1)	None (1) Very little indirect (2)
Management reforms or combined cuts/expansions	None (2) Very little indirect (3) Indirect (1) Direct (1) Direct and indirect (2)	Direct (1) Very little indirect (2) Direct and indirect (2)
Legislation expands program	None (1) Very little indirect (1)	None (1) Very little indirect (1)

In comparing only the boxes for which there are predictions about agency activism in Table 7.3 with the results in the same boxes in Table 7.4, the actual results fit the predictions rather well, with one major exception. Where I expected to see no or very little indirect bureaucratic lobbying, that is what the results show: bureaucrats appear to be much less active around legislation that primarily cuts Medicaid. Where I expected to see the most indirect bureaucratic lobbying—where legislation authorizes a program expansion and there is also high estimated agency-governor agreement—there is very little indirect lobbying at all. But there are also only two observations that fall into this category. The boxes in the middle row, representing

bills that authorized management reforms or combinations of cuts and expansions, contain the majority of observations where there was either type (or both types) of bureaucratic lobbying. Medicaid bureaucrats are slightly more likely to engage in lobbying around these policies where they are estimated to agree with governors, although it is surprising that both “none” observations fall into the higher agreement category.

Because the bivariate relationship between agency activism and perceived agency independence (Figure 7.3) appears to be stronger than the bivariate relationship between agency activism and agency-governor agreement (Figure 7.2), I re-sort the observations into a table that has the same format but replaces agency-governor agreement with perceived agency independence (Table 7.5).

Table 7.5: Actual bureaucratic lobbying by policy type and agency independence

	Agency seen as conjoined with governor	Agency seen as separate entity
Legislation cuts program	None (4) Very little direct (1) Very little indirect (2)	---
Management reforms or combined cuts/expansions	None (1) Very little indirect (4) Indirect and direct (1)	None (1) Very little indirect (1) Direct (2) Indirect (1) Direct and indirect (3)
Legislation expands program	None (2)	Very little indirect (2)

The placement of the observations changes in several ways from Table 7.4. In Table 7.5 there are no observations at all where legislation primarily cuts Medicaid and agencies are perceived as independent; instead, all legislation of this type is in states where agencies are seen as conjoined. This finding is suggestive—it may be the case that where governors are more

controlling of agencies, they are less willing to rely on agency expertise and agency-lobbyist relationships to craft and fight for more complex approaches to Medicaid management.

Where legislation expands Medicaid and agencies are perceived as conjoined with governors, there was no reported agency activism. The survey bill in one of these states was a health exchange authorization bill that respondents felt was related to Medicaid but was in fact only peripherally so. This observation may or may not be typical for that state and does not help to confirm or disconfirm any patterns. The survey bill in the other “conjoined” state was an appropriations bill that received attention from many different provider organizations as well as a coalition of consumer groups. One respondent in this state described the absence of Medicaid activism as fairly typical:

We advocate for money in the budget. They just let it happen. The Medicaid agency here is a lot more closed in terms of communication than all other agencies. I've been doing this for 12 years and it's always been like that.

Providers and other interest groups in this state may therefore bear disproportionate responsibility for maintaining the size of the program.

Where legislation expands Medicaid and agencies are perceived as independent, there was a very small amount of agency lobbying. These bills were both new provider assessments, which increase reimbursement for the provider group in addition to expanding the money available for Medicaid operations. These bills were proposed by the provider groups in question and lobbied almost exclusively by those organizations. Focused interest group attention may allow Medicaid agencies to take a back seat and conserve their own political capital for issues where there is not such an active private-sector partner.

The middle row of Table 7.5 includes the bills that authorize management reforms or

combine Medicaid cuts and expansions. In this middle policy category, there are more observations for activist agencies where those agencies are perceived as independent, but still a fair number of conjoined agencies that conducted at least a small amount of indirect lobbying. Overall, the proportion of some agency activism to no reported agency activism is higher for bills in this category than the “cut” and “expand” category. This makes sense given that these bills were complex and may have required a great deal of communication between agencies and interest groups and legislators. Even very controlling governors might endorse small amounts of agency activism on behalf of complex bills.

The outlier for this category of legislation is the “none” observation where the agency is perceived as having a separate organizational identity (middle row, right side). This bill for this observation was a complex management reform, and it was the only bill in the dataset that originated within the legislature. One respondent in this state, a provider association representative, described a large amount of communication about this bill between the Medicaid director and legislators prior to the legislative session, but characterized the Medicaid director's stance as primarily reactive rather than activist. He also indicated that the lobbying community felt cut out of the loop:

There are fewer networking conversations. [The agency had] lots of direct conversations with legislators and legislative sponsors. There was a standing meeting for 3 or 4 months with sponsors leading up to bill to draft bill and discuss areas of concern. [...] Advocacy groups in general were not important in this. We have less access to the legislature. We're not taken that seriously.

Although the respondent did not describe the agency's communications during the session, I did not ask specifically about direct bureaucratic lobbying during the session, only indirect lobbying.

Discussion

The analysis of the specific sample of state Medicaid legislation in this chapter suggests that bureaucratic engagement in legislative decision-making varies according to policy content and governor-agency relations. The most striking finding is that Medicaid agencies appear to conduct more direct and indirect lobbying where bills authorize program management strategies—rather than cutting or expanding programs—and where agencies have political identities that are separate from governors. A second key finding is that there are no observations for bills that simply cut Medicaid where Medicaid agencies are perceived as having independent political identities. And a third key finding is the emergence of the “perceived agency independence” variable itself. This variable suggests a new way to consider the role of agencies in the Medicaid policy development process.

These findings are all suggestive rather than conclusive, and they raise several questions. First, what does relative agency independence from governors depend on? Related to that, should we expect this measure to extend to other policy areas and other agencies? Finally, what do my findings tell us about Medicaid policymaking in general and the expansions authorized by the Affordable Care Act (ACA) in particular? I consider these questions in turn and note how my findings might inform future research.

The perceived agency independence variable represents a continuum. At one end are states in which governors are highly involved in bargaining with legislatures over Medicaid policy. At the other end are states in which Medicaid agencies have an institutional identity separate from the rest of the executive branch, and tend to play an independent role in policy development (regardless of whether they are also activist). What causes a state's placement on

this continuum? In states with highly engaged or controlling governors, those governors may easily dominate otherwise (or formerly) strong agencies. On the other end of the continuum, where Medicaid agencies have a separate political identity, it is not clear from my data whether governors cede policy development work to agencies, or whether strong agency leaders are able to maintain some policy authority *even if* the governors they report to are normally controlling. Clearly, these factors are interdependent, but to what degree? How much does this dynamic depend on governors, and how much on agencies?

Related to those questions, my data do not shed light on whether lack of agency independence is usually due to governors' interest in Medicaid in particular, desire to control any agency behavior, or both. Future research might consider whether controlling governors are motivated by interest in Medicaid outcomes (or budgets), by the desire to compensate for weak or low-reputation agencies, or by a desire to dominate interbranch bargaining in general. If strong governors prefer all agencies to take a back seat in legislative bargaining, we might expect to see conjoined agencies in other policy areas as well.

Next, does the relative independence of agencies affect Medicaid policy outcomes? What difference does it make whether governors exercise a great deal of control over agencies or agencies have their own political identities? While there were few outright expansions during the survey period, there were many bills that outlined complex management reforms and that combined cuts and minor expansions. Many of these bills represent complex policy approaches to managing scarce Medicaid resources that help these states to avoid major cuts to eligibility, benefits, and provider rates. In states where Medicaid agencies are perceived as being separable entities within the executive branch, these bills are the focus of a fairly high degree of agency

activism—including multiple reports of direct lobbying. Combined with the finding that the dataset includes no bills that simply cut Medicaid where agencies are perceived as independent, this suggests that more politically independent Medicaid agencies may play an important role in proposing and supporting complex policy strategies as they move through the policy process.

As I argue elsewhere in the dissertation, the potential for Medicaid bureaucrats to influence policy at all stages of the policy development process—not only during rulemaking and implementation—suggests that attention to agency preferences should be important for policy scholars. This chapter makes the added suggestion that another reason to pay attention to agency preferences is that agencies can provide technical and/or political support for complex policy approaches that obviate the need for straight cuts. This may be especially true where agencies have institutional identities independent from the rest of the executive branch. Why should this be the case? The mechanism at work here isn't clear, but I speculate that independent identities may enable agencies to maintain the kind of relationships with other actors that channel agency expertise and facilitate productive policy bargaining. This sounds a bit like the idea of agency autonomy espoused by Carpenter (2001). Yet I contend that “independent agency identity” is conceptually different from autonomy, capacity, or reputation: having a reputation that is separable from the governor's does not imply a good reputation, and independent identity does not imply the ability to act autonomously with respect to legislatures or interest groups. In addition, the degree to which agencies are conjoined with governors depends on both agencies and governors.

Finally, I consider what my findings might predict about agency behavior around the ACA-authorized Medicaid expansions. There were only four program expansions in the sample,

reflecting the fact that state Medicaid programs were under severe budget stress during the 2011 and 2012 legislative sessions. There was very little or no bureaucrat-lobbyist coordination for the four expansion bills in the sample, and there were no great differences in agency activism according to agency independence or governor-agency agreement measures. Furthermore, the policy changes authorized by three of the four expansion bills were relatively simple—two identified a new funding source and one partially reinstated provider rates that had been cut previously. The ACA expansions may be more analogous to the bills in the “manage” category in the sample, due to their complexity. If so, my findings imply that agencies with independent identities should be more proactively involved in crafting and supporting ACA expansion authorizations and that these bills may entail more complex and sophisticated policy changes than bills in states with conjoined agencies. Additional, more focused research is needed to determine whether this is true, and whether agency independence generally explains more instances of effective or sophisticated Medicaid policies and fewer instances of ineffective or retrenching policies.

Appendix: Master state-level matrix, sorted by policy type (Table 7.6)

State	Policy context	Party control		Legislation expands/ manages/ cuts	Views on exec branch/Medicaid		Bureaucratic activism none/ direct / indirect
		Leg. party	Gov. party		Agree w agency/ gov/ same	viewed as conjoined/ aligned/ separate	
1	Several years of cuts	R	R	Freezes (cuts) optional program	Medicaid, consistently	Conjoined, but Medicaid is visible	Not for cuts; more prior to Republican governor
2	Program that was cut grew faster than expected	D	D	Cuts eligibility	Same	Conjoined – agency supported though theory they didn't like it	Very little direct; not much on other bills either
3	Very strong conservatism. Seen as ideological proposal.	R	R	Manages (managed care expansion), but widely seen as harmful	Same	Conjoined	Zero mention of any kind of activism
4	Very bad budget situation	D	D	Cuts and manages – reforms seen as cuts in disguise	Same	Conjoined	Majority of respondents said no indirect; not on other bills either
5	Unclear (gov seen as controlling)	Divided	R	Cuts proposed, but did not pass	Medicaid more	Aligned/conjoined (but inconsistent views)	Not much indirect, but inconsistent views
6	Governor lowered budget base several years ago	R	R	Cuts – reimbursement	Mixed – same on average	Coinjoined – Medicaid director not visible	Not on this; secretary generally more active than Medicaid
7	Several years of cuts	Divided	D	Cuts – reimbursement	Governor	Conjoined, but governor also weak	Some indirect lobbying but agency seen as weak
8	Was difficult for groups to fight this	R	R	Manages/cuts – enables agency to change rates	Agency slight edge – antipathy toward governor	Separate	Fairly direct lobbying
9	Cut dental year before, got small part back	D	D	Some cuts, seen as reasonable; some small expansions	Same	Separate/aligned – Medicaid visible, no mentions of governor	Yes, very active, mainly indirect
10	Kitchen sink bill – previously failed bills included	R	R	Manages/ cuts – multiple reform components	Agency	Separate but not disaligned – governor disengaged (though Lt. Gov engaged)	Some indirect and some direct – agency generally quite visible/active
11	Bad budget situation	R	R	Manages/cuts – managed care, other reforms, a few cuts	Agency more; governor nonentity	Separate – no mention of governor – all was about Medicaid	Agency active – direct and a bit of indirect lobbying
12	Came after years of cuts – potentially better method of handing funding	R	R	Manages – payment/quality reforms – but also funding cap	Same	Separate – governor a nonentity in the comments	No, and not much reported on other bills
13	Payment reform, budget shortfall	R	D	Manages – payment reform	Varies – same on average	Aligned, but Medicaid director was new	Not on this, but agency is fairly active on other bills

State	Policy context	Party control		Legislation expands/ manages/ cuts	Views on exec branch/Medicaid		Bureaucratic activism none/ direct / indirect
		Leg. party	Gov. party		Agree w agency/ gov/ same	viewed as conjoined/ aligned/ separate	
14	New unified gov't, new Medicaid director	R	R	Manages – program renewal and reforms	Same	Separate – Medicaid director seen as powerful entity	Mixed reports – very subterranean indirect if any
15	Governor-appointed public-private reform design group	D	D	Manages – payment and quality reforms	Same	Conjoined/aligned – Medicaid was mentioned as an entity, but not out front	Yes, but not so much on this bill, since bill design process was collaborative
16	Bill associated with global waiver application	D	R	Both cuts and expands – some cuts, some small expansions	Same	Conjoined – governor in lead, Medicaid not very visible	Not much – more operationally focused
17	Governor proposed very large cuts; several years of “level funding”	R	R	Both cuts and expands – small eligibility expansion, a few rate increases, also cuts	Agency, on average	Conjoined – respondents see as separate people but hampered politically	Indirect lobbying but very subtle
18	Structural deficit	R	R	Manages – attempts to retain eligibility and reimbursement status quo	Slight edge for governor	Aligned/conjoined – agency takes lead from governor	Mixed reports weighted toward no activism. Medicaid not out in front of secretary or governor.
19	Change from all Dems to all Reps, growing deficit	R	D	Manages – temporary fix for budget gap	Same	Aligned/conjoined	Yes, some indirect and one report of direct
20	State has a broad waiver	R	R	Manages – renewal of provider assessment	Same	Separate	Some indirect and some direct, but very mixed reports
21	Uncontroversial – assessment preexisting	D	D	Uses provider assessment to fill budget gaps	Same	Mixed reports leaning toward separate	Some direct, and indirect on other bills
22	Enrollment growth, many cuts previous year	R	R	Expansion – partial rate reinstatements	Modal response is same, but slight edge for governor	Conjoined – agency seems irrelevant	Generally no – agency seen as nonentity
23	Strained provider-agency relationship	D	D	Expands – provider assessment (new)	Inconsistent reports but same on average	Separate – no mention of governor – all comments about secretary	Yes, indirect, but mixed reports
24	Political fight because considered tax	R	R	Expands – provider assessment (new)	Mixed reports; slight edge for agency	Separate – more mentions of Medicaid than governor	A bit of indirect lobbying
25	Health insurance exchange bill	R	R	Expands, but very indirectly	Same (but agency hard to read)	Aligned/conjoined - governor in lead, Medicaid not visible	No, not on this bill; mixed reports for other bills – very subtle if any

Chapter 8: Summary and Conclusions

Bureaucratic activism intended to influence legislative decision-making lies outside of most models of bureaucrat-legislator relations. Legislators develop statutes and budgets that constitute operating instructions for bureaucrats, sometimes granting more discretion for administrative decision-making, but always setting the course for bureaucratic action. For that reason, most scholarly conceptions of bureaucratic activism focus on bureaucrats' influence on policy during the rulemaking and implementation stages of the policy process. Likewise, research on political control of the bureaucracy typically focuses on bureaucrats' actions after legislation has passed. In this dissertation, I have argued that these models of bureaucrats' behavior are overly narrow. Bureaucrats' attempts to influence legislative decisions may exist outside of the bureaucrat-politician contract, yet they still exist, and scholars should account for them.

Bureaucrats have multiple reasons to want to influence legislation itself: they have policy preferences and expertise, and they may have more influence on ultimate policy outcomes if they proactively attempt to shape legislators' decisions instead of waiting for the stages of the policy process under their traditional purview. Bureaucrats have multiple tools for influence as well: they may carefully craft their advice as they react to legislators' requests for information; they may attempt to directly lobby legislators or their staffs; or they may lobby indirectly by asking their interest group contacts for lobbying help. I contend that these mechanisms for bureaucratic influence in the legislative arena have been understudied and underappreciated, especially the last. Any bureaucrat might have personal and professional relationships with interest group

representatives that allow them to lobby indirectly. This is particularly true for state Medicaid agency leaders and staff, since federal regulations require them to meet regularly with interest group members.

As I argued in Chapter 1, the overly narrow view of bureaucrats' role in the policymaking process also pervades the literature on determinants of states' health policy choices. These studies tend to examine the influence of legislatures, governors, and other state-level political forces; if they consider agencies they restrict this consideration to states' implementation capacity. Even recent, prominent research focusing on interest groups' influence on states' health reform choices (Gray, Lowery & Benz 2013) considers agency implementation capacity but not how bureaucrats may join the interest group community in shaping the policy choices that states make. This lack of attention to the potential influence of bureaucrats is startling, given that Medicaid and other health-related agencies employ people with health policy expertise, a deep understanding of the health policy development process, and long-term working relationships with interest groups.

To my knowledge, this is the first systematic study focused on indirect bureaucratic lobbying. This dissertation provides evidence that Medicaid bureaucrats take advantage of interest group power in attempts to influence legislation, that this occurs routinely, and that there are conditions that make this behavior more likely. This evidence has major implications for both the bureaucratic politics and state health policy literatures. First, even if legislatures are ultimately dominant over agencies, this dissertation has shown that bureaucrats can and do attempt to influence the way that legislatures direct them. Bureaucrats do not merely await legislative instructions and then decide whether to rebel against those instructions. My findings call into question key assumptions underlying studies of *ex ante* controls of the bureaucracy, which rely on

the idea that legislators move first and bureaucrats are reactive. I argue that there is room for additional nuance and conditionality in the conceptual models and empirical approaches in this literature. Moreover, my findings have significant implications for the generation and dissemination of health services research related to Medicaid. Knowing what bureaucrats think about a policy issue and their placement in issue networks can help health policy researchers and practitioners target research evidence more effectively.

Summary of Chapters

After introducing my topic in Chapter 1, I developed a theory in Chapter 2 that guides much of the subsequent empirical analysis. This theory argues that multiple micro-level and macro-level conditions should affect bureaucrats' assessments of the benefits and costs of engaging proactively in legislative decision-making. The main benefit of proactive engagement is that bureaucrats are more likely to get the policy they want, or avoid the policy they don't want. The main cost is that proactive engagement has the potential to anger political principals, including both legislators and governors (or other superiors in the executive branch). Thus, the likelihood that bureaucrats lobby indirectly depends on conditions that increase the likelihood of realizing preferred policies and that decrease the risks to bureaucrats. I developed hypotheses about two micro-level conditions (bureaucrats' agreement with interest groups and relative interest group power) and three macro-level conditions (agency capacity, legislative capacity, and gubernatorial power). I also theorized that governor-bureaucrat agreement should affect the way in which bureaucrats issue requests for lobbying help, making more explicit requests where they agree with executive branch positions on Medicaid policy.

In Chapter 3, I detailed the process of designing and conducting a systematic survey of

bureaucratic behavior that would allow me to test the theory. I presented findings from a set of in-depth, unstructured interviews of state bureaucrats and lobbyists that informed the survey design, and I discussed the process of conducting the survey. The survey asked state health interest groups about their communications with Medicaid bureaucrats about Medicaid legislation during the 2011 and 2012 state legislative sessions. I gathered 106 complete surveys of state health lobbyists in 25 states.

I described the survey data in Chapter 4 and the independent variables I use in hypothesis testing. I also presented descriptive statistics and showed a set of bivariate relationships between dependent variables and other variables. The most important descriptive finding presented in this chapter was that about half of the lobbyist survey respondents indicated that Medicaid bureaucrats had recently approached them with an implicit or explicit request for lobbying help. In one survey state, all respondents reported that they received requests for lobbying help from Medicaid bureaucrats. In one other state, no respondents said this happened. In the other 23 states, there was within-state variation in perceptions of bureaucratic behavior among lobbyist respondents. The finding that indirect bureaucratic lobbying occurs routinely, rather than rarely, is important because the overwhelming majority of bureaucratic politics and policy scholars simply do not think of bureaucrats this way. This evidence provides a new avenue for research on bureaucrats' policy activism and influence on policy.

The results of hypothesis tests in Chapter 5 were consistent with several of my predictions but revealed other, unexpected dynamics as well. I found that while bureaucrat-lobbyist policy agreement affects the probability of indirect bureaucratic lobbying, this effect is dependent on agency capacity and legislative capacity. Tests of the effect of interest group power, the other

micro-level factor, provided preliminary support for my predictions. Estimation of an abbreviated model showed that bureaucrats are more likely to leverage the lobbying power of provider groups than consumer groups when legislatures are controlled by Republicans. It may be that a larger sample could clarify whether this effect holds in an estimation of the full model. In any case, this preliminary result points to intriguing possibilities for future research on the conditionality of interest group power and bureaucrat-lobbyist alliances.

The results of my tests of macro-level factors provided mixed support for my theoretical expectations. First, as predicted, agency capacity has a negative effect at high levels of bureaucrat-lobbyist agreement. Interestingly, agency capacity also has a slight negative effect at medium levels of agreement. This result might reflect the fact that bureaucrats working in low-capacity agencies are slightly more likely to ask interest groups for lobbying assistance than to lobby directly, even if bureaucrat-lobbyist alignment is imperfect. Next, in contrast, legislative capacity and policy agreement combine in unexpected ways, and their effects vary based on levels of agency capacity. Because the results of these three-way interactions are complex, I repeat the summary findings as stated in Chapter 5: 1) where agency capacity is very low and legislative capacity is very high, agreement has a positive effect on the likelihood of indirect bureaucratic lobbying; 2) if agency capacity is very low *and* legislative capacity is also low, there is no significant effect of agreement; 3) where agency capacity is very high and legislative capacity is low there is a negative effect of agreement; and 4) where agency capacity is high *and* legislative capacity is high, there is no effect of increases in agreement. These findings suggest that agency capacity may grant bureaucrats different levels of bargaining strength that affect how they interact with both interest groups and legislatures. This is an intriguing preliminary finding that requires a

more focused investigation and a more refined agreement measure to be considered definitive.

Finally, the last factor that I examined in Chapter 5 is gubernatorial power. As expected, where bureaucrats agree with governors, they solicit more lobbying support as gubernatorial power decreases. But a comparison of two versions of the *Requests* dependent variable suggested that bureaucrats may also work to subvert powerful governors they do not agree with. I also tested the prediction that there should be more explicit requests for lobbying assistance where bureaucrat-governor agreement is high. This prediction received support from descriptive statistics but not from regressions. Overall, my findings on the effects of governors are important for several reasons. One reason is that few studies that focus on executive branch politics separate governors from the agencies under them, either conceptually or empirically. My findings show that governors and agencies often have distinguishable policy opinions, and that differences in opinion matter for agency behavior. This highlights yet another opportunity for additional fruitful research. A second reason these findings are important is that they show that the effects of gubernatorial power may be more complex and nuanced than previously realized. I expected bureaucrats to be likely to leverage interest group power on behalf of weak governors they agree with, but there are also disparate pieces of qualitative evidence suggesting that powerful governors both induce bureaucratic activism designed to subvert them and dampen such activism.

Bureaucrats' ability to ask interest groups for help in opposing a governor's policy position may be an unexpected (and previously unexamined) mechanism for agency power, but it appears that bureaucrats do not engage in such behavior lightly, and mostly they do not use this strategy at all.

In Chapter 6, I conducted a more in-depth exploration of the effect of bureaucrat-lobbyist policy agreement on indirect bureaucratic lobbying and I discussed the implications of these

results for the applicability of various lobbying theories. I also presented relevant qualitative survey excerpts from respondents' answers to open-ended survey questions, as well as the results of a small follow-up survey. Taken together, the information in this chapter suggests that bureaucrats usually ask for help from lobbyists with whom they agree. If bureaucrats attempt to change the Medicaid policy preferences of lobbyists, consistent with theories of persuasive lobbying, they do not do this often. Friendly lobbying is more typical.

However, the finding that high bureaucrat-lobbyist policy agreement usually characterizes indirect bureaucratic lobbying does not answer the question of whether bureaucrats usually subsidize lobbyist allies with policy or political information, consistent with Hall and Deardorff's (2006) theory, or merely activate them. My analysis of both the original survey and a small follow-up survey indicated that both information subsidy and activation occur. These surveys also suggest that bureaucrats are more likely to provide subsidies of policy information to groups with lower information resources, like consumer advocacy groups, than they are to groups with higher information resources, like hospital associations. When activation occurs, it appears to consist of simple requests for interest groups' help, made on the basis of fairly strong policy alignment and mutual interest in a particular Medicaid policy outcome. Does it matter whether bureaucrats provide information subsidies to interest groups or simply activate them? If this or future research can shed light on the ways in which policy information travels through bureaucrat-lobbyist policy alliances, such knowledge can help health services researchers effectively disseminate evidence.

Lastly, in Chapter 7 I analyzed the survey data in a different way, by accounting for the policy content of the Medicaid bills that were the focus of the survey in each state. This focus builds on the findings in Chapter 6 on the overall importance of policy agreement, since certain

policies are more likely to produce bureaucrat-policy agreement than others. I also extend earlier findings on governor-bureaucrat agreement by conducting a thematic qualitative analysis of the survey transcripts. This yielded a new variable called “perceived agency independence,” reflecting the degree to which interest groups perceive state Medicaid agencies as having a policymaking identity distinguishable from the rest of the executive branch. This variable correlates with bureaucratic engagement in legislative decision-making more strongly than governor-bureaucrat agreement does. The patterns uncovered in this chapter do not invalidate the results of the earlier quantitative analyses—they are based on a small sample and should be considered preliminary—but rather extend them by informing the way I approach the available qualitative data. Like the findings in Chapter 5, these patterns also suggest that more research is needed on governors' propensities for controlling agencies' political activity, separate from examination of their formal policymaking powers.

The main finding in this chapter is that bureaucratic activism varies according to policy content and perceived agency independence: Medicaid bureaucrats appear to be more activist where bills authorize program management strategies—rather than cutting or expanding programs—and where agencies have policymaking identities that are separate from governors. In addition, all observations for legislation that cuts Medicaid occur in states where agencies are seen as conjoined with governors, rather than having a separate institutional identity. I interpret this as suggesting that controlling governors are less willing to rely on agency expertise and agency-lobbyist networks to support more complex approaches to Medicaid management. While I do not, in general, make normative claims about bureaucratic activism, this finding suggests that there may be value in allowing agencies a voice in the policymaking process and that bureaucrat-

lobbyist linkages may serve to improve interest groups' effectiveness in fighting for beneficial policies. I would need a larger sample of bills, and a comparison to a different overall budget environment, to make these claims more definitively.

Contributions

As discussed above, this research contributes to our overall understanding of bureaucrats' political power simply by showing that bureaucratic involvement in the legislative process—via alliances with interest groups—occurs with some regularity. Rather than sitting back and awaiting legislative instructions, Medicaid bureaucrats routinely seek to influence policy authorizations and state budgets. This finding has significant implications for research on political control of the bureaucracy. It implies, in particular, that *ex ante* controls may be more limited or conditional than previously realized. For example, theories of statutory control, whereby legislators seek to constrain agency behavior by increasing the specificity of their instructions to those agencies, rely on the idea that bureaucrats do not influence the contents of statute. However, my findings show that bureaucrats are interested in influencing legislation and that they regularly leverage interest group power in attempts to do so. Similarly, procedural control theories rely on the idea that political principals can dictate the terms of bureaucrats' interactions with interest groups. My findings cast doubt on this, given that bureaucrats are capable of leveraging lobbying power in attempts to influence legislators' decisions prior to agency delegation. Furthermore, bureaucrats might be able to stack the decks in their own favor during rulemaking, if interest group allies activated to influence legislation remain activated throughout the rules process. Building on the findings in this dissertation, a fruitful line of related research might clarify whether, and to what extent, bureaucrat – interest group lobbying alliances

carry through rule promulgation.

This research also extends, in specific ways, two related lines of inquiry about bureaucratic activism. First, my finding that agency capacity has a negative effect on indirect bureaucratic lobbying presents an intriguing contrast with recent work by Nicholson-Crotty and Miller (2012) that shows a relationship between *high* agency capacity and *direct* bureaucratic influence on legislative decision-making. Taken together, these studies suggest that bureaucrats in both high- and low-capacity agencies are capable of influencing legislators, although the tools for doing so are quite different. Individual relationships with members of interest groups may enable bureaucrats to circumvent limitations to their political power resulting from lower agency reputation.

Second, my findings run counter to Carpenter's (2001) work on sources of agency autonomy during the Progressive Era. Carpenter focuses on explaining why particular agencies were very influential, arguing that their reputations for expertise and placement in private-sector networks caused legislators to defer to them. My research, in contrast, shows that stellar agency reputations are not required for indirect influence via interest groups. As discussed above, high agency capacity has a negative effect on indirect bureaucratic lobbying. I also show that bureaucrats build coalitions with interest groups in order to influence single pieces of legislation. These coalitions therefore occur in issue-contingent, short-term ways, over shorter time periods than the time it takes, in Carpenter's story, for agencies to become autonomous and therefore influential. Indirect bureaucratic lobbying constitutes a common, everyday political strategy that is available to most bureaucrats.

This dissertation also contributes to the lobbying literature by examining the applicability

of various theories of interest group lobbying to indirect bureaucratic lobbying. My investigation into the specific nature of bureaucrats' requests for lobbying support suggests that bureaucrats may affect interest group activity both by providing information subsidies to lobbyists and by activating interest groups on the basis of mutual policy preferences. It is possible that all of the lobbyists in my study would have lobbied in the absence of requests for support from bureaucrats. But several respondents talked about how they used information from bureaucrats as they lobbied, reflecting one effect of bureaucrats' requests. In addition, this research contributes a degree of precision in the conceptualization of lobbying as activation. My preliminary findings suggest that bureaucrats may not incentivize lobbying activity per se; rather, they highlight the need for coordination or a specific opportunity for lobbying as they point out that a mutually desired policy is in political jeopardy.

Finally, this dissertation contributes to policy research on Medicaid. Medicaid agencies are rarely included in political-economic studies of the determinants of Medicaid outcomes, yet they are arguably the most important and most central institutions in the Medicaid policy arena. This research shows that Medicaid agencies do not merely influence policy outcomes at the implementation stage. Instead, their relationships with interest groups give them a way to influence legislative policy on Medicaid even (perhaps especially) where agencies are low-capacity. I show that they use this tool routinely. Furthermore, my findings about the factors that influence the likelihood of indirect bureaucratic lobbying (Chapters 5 and 6) and the types of Medicaid policies that are likely to create to more opportunities to partner with interest groups (Chapter 7) contribute nuance to our understanding of when bureaucrats are likely to attempt to influence Medicaid legislation. Medicaid policy studies—especially research on states' policy

choices—should consider how Medicaid bureaucrats' activism is likely to be affected by their policy preferences, relationships with other actors, and placement in different bargaining environments and political regimes. Incorporating this perspective may be especially helpful and important where research attempts to predict states' future decisions, or to understand states' decision-making *processes* around Medicaid, rather than focusing only on past determinants of policy outcomes (Jacobs & Callaghan 2013).

Future Research

This dissertation leads to multiple questions, in addition to those mentioned above. One major question raised by my findings is whether bureaucratic activism makes a difference for legislative policy. If indirect bureaucratic lobbying does change legislative outcomes, by how much? The current study contributes systematic information about bureaucrats' behavior, but not about the ultimate effect of that behavior. The best way to gain leverage on this question might be to conduct an in-depth case study of a single piece of legislation, tracing changes to the bill (both the draft bill and as introduced) and attempting to discern whether those changes result from lobbying activity and/or bureaucrats' engagement in the legislative process.

Another question raised by this research is whether observations of indirect bureaucratic lobbying would increase in an expansionist era—that is, when there are more bills that expand Medicaid than there were during the timeframe I asked lobbyists about (2011-2012). If interest groups do lobby on the basis of bureaucratic requests—and many of the survey responses suggest they do—my findings suggest that the mutuality of Medicaid policy goals generates meaningful opportunities for bureaucrats to influence legislative policy. This finding is especially striking given that the survey asked about legislation in a period when many state Medicaid programs were

under severe budget stress and the only major legislation simply cut provider rates. Several respondents suggested that this timing exerted downward pressure on bureaucrats' indirect lobbying because cuts are contentious and there were corresponding low levels of bureaucrat-lobbyist alignment. Indirect bureaucratic lobbying may be a more significant factor in policy development when state budgets are healthier and mutually desirable policies are more politically feasible. One way to investigate this might be to look at bureaucratic activism around the ACA Medicaid expansions and compare the findings of that study to my existing findings.

A different set of unanswered questions has been raised by my preliminary findings about the applicability of different lobbying theories to indirect bureaucratic lobbying. As mentioned above, these findings suggest that bureaucrats sometimes provide information subsidies when they request lobbying support, and sometimes simply ask for help in supporting (or fighting) a policy. My research also suggests that the type of request may be related to interest groups' information resources. If groups have relatively strong resources, like hospital associations, they may not need information subsidies, and may in fact provide information to bureaucrats. A survey that asks about information subsidies more pointedly and systematically might do more to uncover differences in the type and amount of information subsidy by group type, policy type, and policy environment. Further research could also shed light on two related questions: 1) whether agency capacity affects bureaucrats' overall likelihood of providing information subsidies; and 2) whether bureaucrats are less likely to provide information subsidies where legislatures are entirely controlled by Republicans, due to the preliminary evidence suggesting that bureaucrats are more likely to rely on (presumably high-resource) provider groups in those states.

Finally, my research uncovered an unexpected but real puzzle: many state-level actors

consider bureaucratic lobbying to be illegal, but I was unable to locate state laws or regulations prohibiting proactive bureaucratic engagement in the legislative process. The widespread view that bureaucrats should not attempt to influence legislation appears to result from norms rather than laws at the state level. And, as mentioned in Chapter 2, while relevant federal law has been interpreted to prohibit federal bureaucrats from conducting “substantial grassroots lobbying,” it is not clear that this interpretation extends to bureaucrats' requests for interest group assistance. If I were to continue working in this general vein of research, my first priority would be to develop a variable reflecting the relative strength of state norms about bureaucratic behavior, and to trace the source of those norms to related administrative rules, laws, or legal precedent in each state.

In conclusion, while this dissertation raises several questions worthy of additional research, these questions do not undercut the value of the findings that I present and discuss here. To the contrary, this research raises interesting and important questions that might have otherwise gone unasked, serving as a foundation for multiple new lines of inquiry on bureaucratic activism, state institutional capacity, governor-agency relations, and interest group power. More importantly, this dissertation tells us much we did not know before. Namely, state Medicaid bureaucrats routinely attempt to influence legislators' decisions by leveraging the lobbying power of interest groups; multiple state- and group-level conditions affect their likelihood of doing so. These findings highlight the need for greater attention to bureaucrats' power, role in the policy process, and policy preferences.

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