

2018 Midterm Election Results

Across the country, precincts reported record voter turnouts, including many instances in early-voting states where more people voted early than in the previous midterm election. As with many midterm elections, there were many changes at the federal and state levels.

On Wednesday, Nov. 7, Doug Long, General Counsel for SSM Health, sent out an analysis of the Federal elections from our lead Hall Render lobbyist in Washington, D.C. John Williams. For those that didn't see that memo, I have included it at the bottom of this document. The purpose of this memo is to provide you a brief overview of the midterm elections in the states in which we operate as well as an idea of what to expect in the next session.

Missouri

The United States Senate race in Missouri was touted as an election that could tilt the balance of power in the U.S. Senate. Many polls predicted the race to be too close to call; however, it was called in favor of Attorney General Josh Hawley early in the evening after a double-digit percentage victory.

In the State Legislature, there were few legislative surprises. The legislative map is largely unchanged. The national "blue-wave" wasn't felt in any major way in candidacy races across the state.

Missourians agreed to a minimum wage increase by a 28-point margin, while failing to pass a gasoline tax by 8 points. Missourians also passed Amendment 1 overwhelmingly with a 24-point margin, which Republican elected officials by-and-large opposed.

In districts widely-considered to be 'toss-ups', Republicans performed better than the national averages. This means Republicans kept their supermajorities in both the Missouri House and Missouri Senate.

During the next legislative session, we will continue to see financial pressures on the state as revenues have fallen short of projections. The legislature will also have many new members (25%).

Oklahoma

Because of term limits, Oklahoma was poised to elect a new Governor. Up until election day, the polls were predicting an even race. Political newcomer Kevin Stitt, who had very little name recognition when he started his campaign, won by 12%. Governor-elect Stitt brings a business mindset to the statehouse and has pledged to not expand Medicaid and to find reforms to reduce government spending and the tax burden. Even

though there may be attempts by the Republican legislature to expand Medicaid, it more than likely will be met with a veto from the Governor.

Both houses of the state legislature remain Republican-controlled, though the party lost a combined 4 seats. Fifty-five members-elect among the 101 seats in the Senate and House are brand new to the state legislature. This will create a lot of opportunities for us to educate state legislators about the need for investing in health in the communities we serve.

Also of note, Oklahoma elected former lawmaker Glen Mulready as state Insurance Commissioner. Mulready is a proponent of third-party managed care in Medicaid. As we have seen in other states, managed care Medicaid is becoming a popular way to operate the state low-income insurance program.

On a national level, Oklahoma's 5th congressional district moved from Republican to Democrat for the first time since 1975. The remainder of congressional seats all remained Republican.

Illinois

JB Pritzker won the race for Governor over Republican incumbent Governor Bruce Rauner by a double-digit margin. This means both the Illinois legislature and the executive branch will now be led by Democrats. In his victory speech, Pritzker talked about the need for pension reform, job growth, healthcare spending and the tax burden in the state.

On a congressional level, Democrats picked up suburban Chicago seats. One of the biggest issues in the race centered around healthcare and tax reform. Districts in the suburbs and sub-rural districts around Chicago that had typically supported Republicans started to lean Democrat. Highest turnout totals in 32 years for the midterm election were in favor of Democrats at all levels of government.

Wisconsin

Across the country there were many races that ended with only around 1% separating the candidates. In Wisconsin, Governor Walker was defeated by State Superintendent Tony Evers by a little over 1% of the total votes cast. Governor Walker served eight years and had one of the best economies in the nation. Governor-Elect Evers has stated he wants to invest in transportation, healthcare and public schools.

The state legislature, on the other hand, maintained and expanded its Republican majorities. This will set up a contentious budget cycle, which is slated to begin in February of 2019. We expect the Governor to propose expanding Medicaid.

Also of note, current Wisconsin Attorney General Brad Schimel lost his race to Democrat Josh Kaul, which may make regulatory reform more difficult in the state.

From a national standpoint, all incumbents won their races. The seat left open with the departure of Speaker Paul Ryan was won by Bryan Steil, a Republican.

So what does this all mean?

In many instances, we will have divided government. Many people today see divided government as a hindrance to getting their initiatives passed into law – but we have to remember, the framers of this great country put in place checks and balances throughout our three branches of government to limit the control of any one branch. Our system of government isn't always meant to be easy and speedy; it is meant to elicit debate and compromise. Even though there may be awkward moments of stalemate and discord, we may also see great opportunities for good and lasting public policy.

As we head into the next legislative session, a lot will depend on the finances of the states as well. Wisconsin has lagged in transportation funding, Missouri hasn't invested in Medicaid and needed a ballot initiative for roads, Oklahoma's economy has struggled and the state of Illinois has teetered on bankruptcy. This next budget cycle and year-end projected revenues will dictate what, if anything, states are willing to invest in or cut in the future. We will continue providing updates as legislative sessions begin in 2019.

If you have further questions regarding the election or public policy, please do not hesitate to contact the staff in Public Affairs: Michael Richards, System Vice President; Jessica Pabst (IL and MO); Gus Gustafson (WI); James Durant (OK); Kim Bakker (Civic Affairs); and Tanner Smith (Civic Affairs).

Below is a prediction from John Williams, our lead Hall Render D.C. lobbyist, regarding how the election will affect health care legislation and priorities in the next two years. If you have any questions, please feel free to contact Michael or Doug.

Overall, the election results will mean divided government and a return to the Obama/Boehner era when little gets done legislatively on the Hill. Lawmakers will go from one "fiscal cliff" to another as they struggle to pass continuing resolutions and not shut down the government. Both parties will try to take political advantage of the situation with the hope of gaining more control after the 2020 election. The following is a

summary/analysis of how the election results will impact the congressional committees that have jurisdiction over health care issues.

US House of Representatives

Democrats are expected to return Nancy Pelosi (D-CA), Steny Hoyer (D-MD) and Jim Clyburn (D-SC) to the respective pre-2010 leadership positions as Speaker, Majority Leader and Majority Whip. While they added a doctor, a nurse, and a former HHS secretary as incoming members, none will sit on a health care-related committee due to lack of seniority. A Democratic House rules out another GOP-led attempt to repeal and replace Obamacare, and sets up House Democrats to police the Trump administration's management of health care policy. According to House Democratic aides we've spoken to, they plan to pursue a multipronged health care strategy that includes:

- Shoring up the ACA: Expect the House to pass legislation bolstering the ACA's insurance markets and fixing the cost-sharing reimbursement issue. The later issue saw some support in the Senate last year and could be one of the few pieces of legislation that makes it to the President's desk.
- Drug Pricing: Look for House Democrats to try to reign in Pharma by making drug pricing one of their top issues. Also, leadership staff on the House Energy and Commerce Committee have indicated that incoming chairman Frank Pallone (D-NJ) WILL NOT make 340B reform a priority.
- More oversight of HHS: Expect hearings on how the Trump administration has undercut the ACA, worked to roll back contraception coverage and teen pregnancy prevention and separated migrant children at the border. Democratic aides have indicated they will also focus on less politicized issues, like Medicare payment rates.
 - More House Oversight Activities include:
 - Medicaid work requirements
 - Oversight of the Justice Department's decision to back anti-ACA lawsuits
 - Hearings policing drug companies for their price increases, which will take the focus off 340B

At the committee level, Ways and Means Health Subcommittee Chairman Peter Roskam (R-IL) and subcommittee member Erik Paulsen (R-MN) both lost their race for reelection. With the retirement of Rep. Sam Johnson (R-TX), Lynn Jenkins (R-KS) and Diane Black (R-TN), Republicans will see very large changes in their membership on this subcommittee. Since Republicans currently hold an 11-7 majority on the subcommittee, these losses and retirements should mean no Republican will be removed from the subcommittee and one will be added. On the Democratic side, Richard Neal (D-MA) will become the next full committee chairman. At the Health Subcommittee, Lloyd Doggett (D-TX) is expected to leapfrog Mike Thompson (D-CA) to become the next chairman because he has more overall seniority in Congress. Democrats are also expected to add up to four new members to this subcommittee.

At the Energy and Commerce Committee, Frank Pallone (D-NJ) will become full committee chairman and Greg Walden (R-OR) will become the Ranking Minority Member. Pallone will focus his attention on oversight of the administration, fighting the opioid epidemic and lowering drug prices. He does have a reputation for "doing deals" across the aisle, which could make additional opioid funding a possibility. As for the Health Subcommittee, Anna Eshoo (D-CA) will become the next chairman, and current chairman Michael Burgess (R-TX) will become the Ranking Minority Member. Republicans currently have an 18-14 majority on the subcommittee. Assuming Democrats don't change the subcommittee makeup, member Leonard Lance's (R-NJ) loss, Joe Barton's (R-TX) retirement and Marsha Blackburn's (R-TN) move to the Senate means only one Republican could be forced to give up his or her seat.

Senate

On the Senate side, both parties could make progress on drug pricing and additional opioid legislation, but little else is expected to happen on the health care front. Senate Republicans like Bill Cassidy (R-LA) will continue to push for 340B reform, but any 340B legislation that passes the Senate should die in the Democrat-controlled House. At the committee level, the Health Education Labor and Pensions (HELP) Committee saw no losses in its membership last night. Sen. Lamar Alexander (R-TN) will remain chairman and Sen. Patty Murray (D-WA) will remain the Ranking Member. At the Senate Finance Committee, Sen. Orin Hatch (R-UT), who is term-limited, will be replaced as chairman by Sen. Mike Crapo (R-ID) and Sen. Ron Wyden (D-OR) will remain Ranking Member. Sen. Crapo is widely considered to be a "banking and budget guy" who will focus more on financial issues than health care. Last night's losses by Sen. Claire McCaskill (D-MO), Sen. Bill Nelson (D-FL) and Sen. Dean Heller (R-NV) open up two seats on the Democratic side of the committee aisle and one on the Republican, which are expected to be filled before lawmakers return for the 116th Session of Congress in January.

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