The Daily Dish

CSR Funding, Redux

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On Monday the Department of Transportation (DOT) announced that they have accepted St. Louis Lambert International Airport's preliminary application for the privatization of their airport operations. Transportation Secretary Elaine Chao stated the privatization of airport management leads to increases in productivity, revenue as well as operating efficiency, and noted that this has been demonstrated by the privatization of the San Juan airport. President Trump has repeatedly called for an infusion of private money to help pay for his infrastructure plans and has advocated for the privatization of air traffic control as well.

The American Action Forum released an analysis examining the regulatory costs incurred over President Trump's first 100 days. AAF finds that over this period the administration has imposed nearly $4 billion less in regulatory burdens than the Obama Administration did during its first 100 days. Accounting for President Trump's deregulatory measures, the gap grows to $7.6 billion less in imposed regulatory costs compared to the Obama Administration.

Eakinomics: CSR Funding, Redux

Not long ago, Eakinomics focused on the uncertain outlook for funding the Cost Sharing Reduction (CSR) provisions in Obamacare. Recall that the Affordable Care Act (ACA) provides extra subsidies to those with incomes below 250 percent of the Federal Poverty Limit (FPL) that purchase silver plans in the exchanges. These subsidies serve to further limit the out-of-pocket expenditure for premiums, deductibles and co-pays for those individuals. When an eligible individual purchases a silver plan, the insurer actually delivers a policy with the reduced out-of-pocket built into the terms, counting on the federal government to send it the CSR money.

Whether the CSR money will be provided or not remains an open question due to a collision between Republican antipathy for the ACA, the dubious legality of the administration paying

them, and the fight over funding the government for the remainder of 2017. But in an interesting twist, the Kaiser Family Foundation (KFF) released a report indicating that it might be cheaper for the government to pay the CSR funds than to withhold them. Specifically, KFF said that the cost of taxpayer subsidies in 2018 would be $12.3 billion higher if the CSR payments were withheld. In contrast, KFF estimates the CSR money will be $10 billion in 2018; paying the CSR would save $2.3 billion.

What is going on? CSRs are available through silver plans, and these popular plans carry lower premiums because of the subsidies. If there is no CSR money, KFF estimates that premiums will rise by roughly 20 percent. Obamacare premium tax credits are, in turn, linked to the cost of a silver plan. When premiums rise, taxpayer subsidies go up too. So, directionally, KFF cannot be wrong. The only issue is whether the magnitudes make sense.

The answer to that question looks like: yes. KFF may even have a conservative estimate of the premium shock (and thus the taxpayer subsidy). Now the debate is not only over the possibility of double-digit premium increases. It is also over protecting the taxpayer.