



The Daily Dish

The Senate Health Bill

DOUGLAS HOLTZ-EAKIN, PATRICK HEFFLINGER | JUNE 23, 2017

On Thursday President Trump told a group of business leaders that overly burdensome regulations targeting the technology industry are stifling job growth and he vowed to tackle these regulations. The president said that the U.S. must give tech companies the “competitive advantage” that they need and that is precisely what he and his administration intend to do. Since his election President Trump has made regulatory modernization a priority of his administration, going as far as issuing a [directive which orders each agency repeal two regulations for each one](#) they enact. As of June 5th Congress and the Trump Administration had [achieved \\$4.1 billion in total cost reductions](#) through regulatory modernization.

Yesterday the Federal Communications Commission (FCC) proposed levying a \$120 million fine on a man who is accused of making close to 100 million illegal robocalls. The robocall scheme took place over a three month period and was called “particularly abhorrent” by FCC Chairman Ajit Pai because it is believed that the scheme interfered with an emergency medical paging provider’s operations. The man accused of the crime, Adrian Abramovich, will have a chance to defend himself against the FCC’s findings. If the proposed fine is made official, it will be the largest fine in FCC history.

Eakinomics: The Senate Health Bill

Yesterday, Senate Republicans released the discussion draft of the Better Care Reconciliation Act of 2017 (BCRA), the Senate’s version of the House-passed American Health Care Act (AHCA), and better known as the Obamacare repeal-and-replace legislation. There has been a lot of fuss (a genteel term) over the BCRA and the process of its development. Let’s look at both.

On the substance, if you start from the perspective of the Affordable Care Act (ACA) – that it should be illegal to be uninsured and that there is no limit on the amount of taxpayer checks

that you will write to cover people - the BCRA is a sharp departure. But the single most amazing thing about the ACA is that it made it illegal to be uninsured, topped that off with hefty bribes to buy coverage, and still failed miserably.

The BCRA addresses the reality that the ACA infringed personal freedoms, was an economic burden (enacted when the U.S. was suffering the after-effects of the Great Recession), was irresponsible budget policy, and still failed to meet its health insurance coverage goals. So instead of a greater burden, the BCRA cuts \$1 trillion in taxes and reduces the regulatory burden. Instead of worsening the already-daunting debt outlook, it reforms two entitlement programs and reduces the 10-year deficit. And, within the constraints of reality it focuses Medicaid funding and individual insurance subsidies to offer the opportunity of coverage to as many Americans as possible.

Specifically, the BCRA stabilizes the broken ACA markets by providing cost-sharing reduction money in 2018 and 2019 and funding a stabilization fund to the tune of \$50 billion. It phases out the Medicaid expansion somewhat slower than AHCA did, targets the dollars for individual market subsidies to those under 350 percent of the Federal Poverty Limit (FPL), provides larger subsidies to older workers, and uses those subsidies to fill in the ACA's Medicaid coverage gaps. All of this should move the official coverage numbers north.

On the process, there is an old saying: "The process is not the problem; the problem is the problem." The ACA did not melt down because of the jerry-rigged legislative process that got it passed. The ACA is a bad law. Similarly, the BCRA will be judged on its merits.

Moreover, the notion that BCRA would look different if Democrats had been in the room is ludicrous. They had announced they would oppose any bill and are set to vote no regardless of the content. How would their presence change what Republicans put in a bill they would ultimately have to pass (or not)?

Similarly, the Democrats are now railing about how long the bill should be public before a vote. The Democrats have been quite public about using every possible procedural method to slow consideration of the measure — and they are going to uniformly oppose it whenever a vote is taken. So they have no reason to read the bill — and they won't — and no genuine reason to slow Republicans if the latter feel they are ready to vote.

The process won't ultimately matter much given the partisan context, and the substance of the BCRA is a dramatic improvement over the ACA.