



The Daily Dish

6th Anniversary of Obamacare

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Good Morning,

Detroit is implementing a program, the Detroit Promise Zone Program, to make community college free for students. To receive free tuition, students would have to attend one of five community colleges in the city, regardless of their family's income. The city plans to expand free college to four year colleges in the future. The American Action Forum has [previously examined](#) proposals for free college nationwide and found that 61 percent of college students fail to earn a degree or credential in 6 years and found that \$48 billion of the \$80 billion investment would be lost due to students not graduating.

Puerto Rico [took its case](#) to the Supreme Court to argue that it should not be excluded from bankruptcy protection. The Commonwealth currently has approximately \$71 billion in debt. AAF has previously outlined reforms that would help the Commonwealth improve its fiscal health, including: tax reform to more efficiently collect due revenue, governance reforms to save between \$20 and \$60 million, modernization of the labor market, and improvements to Puerto Rico's budget process to enhance transparency. AAF outlines additional reforms to help the Commonwealth, all of which can be read [here](#).

Eakinomics: 6th Anniversary of Obamacare

Today marks the 6th anniversary of the Patient Protection and Affordable Care Act (ACA aka Obamacare). It is an appropriate occasion to [document](#) the disappointments of Obamacare. There are many, and they remind one of the failures highlighted on the [5th anniversary](#). These, in turn, are frighteningly similar to the [concerns](#) evident immediately after its passage. In short, Obamacare is bad health care policy, bad health insurance policy, bad budget policy, and bad economic policy. The modern gift for a 6th anniversary is [wood](#), hence the sincere desire of most Americans to simply take a baseball bat to Obamacare and then try a more sensible approach (the "raze and rebuild" approach).

Regardless of the label attached to the next step in health care reform, there are a number of pressing issues that should be at the top of the policy agenda for a future Congress.

1. Fix the ACA taxes. The ACA is full of [bad tax policy](#), ranging from the device tax to the health insurers fee to the Cadillac tax and beyond. The right way to raise federal revenue is to roll the ACA taxes into broad-based tax reform at the first opportunity.
2. Roll back the ACA regulation. The ACA regulations are [expensive](#), burdensome and harmful to small businesses, insurance consumers, and labor markets.

3. Fix Medicaid. Obamacare used Medicaid as the vehicle for the majority of its coverage expansion. States went along, presumably because they thought it would be [good for their states](#) or good for the beneficiaries. Wrong on both counts. Medicaid is an enormous program (60 million participants out of 310 million Americans) that serves a heterogenous population of the elderly, disabled, and low-income — and does so poorly. Medicaid reform should be at the top of the health care agenda.
4. Fix Medicare. Obamacare used Medicare as the “pay for” — take money out of Medicare to pay for Obamacare. But the strategy of simply cutting reimbursements has never worked — price controls inevitably lead to rationing. A better approach would be to build on the [Medicare Advantage](#) program to allow innovation to occur at the ground level — [counties and regions](#) — while holding MA plans to a [quality standard](#). Good plans would thrive, while expensive and low quality care would disappear. The result would genuinely change delivery of care and bend the cost curve in the health sector.
5. Settle on an efficient subsidy system. The exclusion of employer-sponsored health insurance from taxable compensation is an inefficient subsidy (that is more valuable to the rich than the poor). The Obamacare exchanges are broken and failing. Medicaid is an expensive, low-value disaster. Some Americans will need financial support for quality private insurance. How will that be done, while providing good incentives for high-value care?

The verdict is in on Obamacare. There will be no [“next chapter.”](#) Instead, the next Congress should move to the real health care reform agenda that remains unfinished.