



The Daily Dish

## December 15th Edition

DOUGLAS HOLTZ-EAKIN | DECEMBER 15, 2015

The FAA announced Monday that [U.S. residents will be required to register](#) their drones at a [new drone registration website](#) or risk paying a penalty. According to the FAA, operating the new drone registration system will cost around \$56 million through 2020. While the [per capita regulatory burden for 2015 is \\$592](#), the Obama Administration is expected to publish 197 new regulations, proposed rules, and other administrative actions in today's Federal Register.

[Congressional negotiators are finalizing the budget package](#), which could potentially include a rider requiring the Department of Labor to put its [rule amending rules for financial advisers](#) who manage retirement funds through another comment period. Though details of the deal are not being released, a repeal of the [40-year ban on the export of crude oil](#) is expected to be included.

### *Eakinomics: Another Test for Obamacare*

Today is the [deadline](#) to sign up for Obamacare coverage that begins January 1, 2016. It represents another test (well, quiz) of the health care law. How is it doing in general? Obamacare is sweeping, so it may be evaluated from a number of perspectives — as health care policy, health insurance policy, budget policy, and economic policy. Let's think about each in turn.

Health Care Policy. The primary health care promise of the Affordable Care Act (ACA) designers was to “bend the cost curve” and get U.S. [health spending](#) under control. More formally, it was to reduce the “excess cost growth” the gap between historically rapid growth in spending per person and growth of income per person. Despite a few slow-growth years (which do not appear directly traceable to the ACA), spending has [accelerated again](#). In addition to failing the macro goal, the specific ACA policy innovations — [Pioneer Accountable Care Organizations](#), [Medicare Shared Savings Programs](#), medical home pilot, etc. — have been disappointing at best.

Health Insurance Policy. Obamacare was supposed to [cover more people](#) — 19 million more by 2014 (according to the Congressional Budget Office, CBO) and 30 more by 2019. No such luck; the total was 12.6 million in 2014. In part this reflects the fact that the [Medicaid](#) expansions were converted from mandatory to optional by a Supreme Court decision that mandatory expansions were an unconstitutional coercion of the states. In part it also reflects the fact that the exchange pools seemingly have stalled in the vicinity of 8-9 million participants. The latter is important for two reasons: (1) it puts in doubt the long-run viability of these pools. The people who signed up first were those (expensive) people who really needed insurance. Continued enrollment would come from the [younger and healthier “invincibles”](#) needed to [balance the pools](#). The fact that they are not showing up means that the pools may not be viable over the long term; (2) the individual mandate is failing. Conservatives warned that mandates did not guarantee success (only 85 percent of drivers have auto insurance, despite the mandate) and they appear to have been right.

Budget Policy. Obamacare was riddled with [budget gimmicks](#) and did not genuinely add up over the long term. However, the combination of fewer Medicaid expansions than anticipated and lower exchange sign-ups than expected has [produced less spending](#) than in the original bill. That is good news budgetarily. There is still a

risk, however, that the revenue will not materialize. At this writing, there is a concentrated effort to delay the “[Cadillac tax](#)”, the most important source of receipts over the long-term. If the unions are successful, it will never be implemented.

Economic Policy. Obamacare was passed at a time the U.S. economy was struggling to recover from the financial crisis and Great Recession. In those circumstances, a premium should be placed on good growth policy and there was nothing pro-growth about \$1 trillion in new entitlement spending, \$500 in new taxes, and an onerous regulatory apparatus that has cost the U.S. economy [2 million jobs](#). More generally, the CBO [concludes](#) that “Repeal of the ACA would raise economic output, mainly by boosting the supply of labor; the resulting increase in GDP is projected to average about 0.7 percent over the 2021–2025 period.”

Sign-ups for 2016 insurance are an important quiz for the ACA. A more serious grading shows Obamacare deficiencies in health care policy, health insurance policy, and incomplete in budget policy, and a failure on economic policy.

### ***From the Forum***

[Week in Regulation](#) by Sam Batkins, AAF Director of Regulatory Policy

[The Regulatory Burdens of Implementing DOL’s Overtime Pay Rule](#) by Ben Gitis, AAF Director of Labor Market Policy

### ***Fact of the Day***

[Final food distribution rules will add \\$5.5 billion in costs and more than two million paperwork burden hours.](#)