



The Daily Dish

## February 18th Edition

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The Department of Homeland Security has [halted action](#) to prevent the deportation of up to 5 million undocumented immigrants after a US district court judge ruled against President Obama's executive order. Attorney General Holder called the ruling "an interim step" in the legal process, while the administration plans to appeal the ruling immediately. The ruling is viewed as a small victory for those who consider the executive order an example of White House overreach.

The EPA is considering comments from states showing "[real concern](#)" adhering to the new power plant rule. States will need to begin to hit EPA targets by 2020, with the full 30 percent of 2005 reductions coming by 2030. [AAF has examined](#) the questionable baseline employed by the EPA that neglects nuclear and hydroelectric power.

### *Eakinomics: Health Care Spending Is Accelerating*

As noted by [Drew Altman](#), valuable recent [reports](#) from the Altarum Institute indicate that the pace of national health care spending is rising. Specifically, it estimates that national health spending grew 5.6 percent between December 2013 and December 2014. This pace was up from 4.5 percent in December 2013, and 3.3 percent in 2012. Importantly, the increase is due to increased utilization of health services and not rising prices for those services — overall health care prices in December 2014 were up only 1.8 percent over the previous December. (The White House and other Affordable Care Act (ACA) advocates often tout low health-care inflation, but this is simply a reflection of an overall low-inflation environment and not any aspect of health policy.)

These data suggest a fairly simple story: health care spending is rising because the economy is recovering and providing incomes that permit households and businesses to spend more on everything, including health care. In addition, the ACA itself is designed to make sure that those receiving Medicaid or health insurance subsidies spend more on health care. The data certainly do not support the notion that the ACA itself has "bent the cost curve."

Why does this matter? First, health care spending is rising faster than Gross Domestic Product (GDP). That means the gap between costs (health care spending) and resources (GDP) — called the "excess cost growth" — is widening. It is now 1.8 percent, up from -0.4 percent in 2012. This suggests that the recent decline in excess cost growth is much like the 4 years in the 1990s — transitory and likely to [go away](#). Second, sustained excess cost growth fuels spending in federal health programs, and exacerbates the already-threatening projections for federal debt. Finally, the rising share of health spending in GDP — now 17.8 percent is a fundamental metric of "affordability." Put simply, the ACA standard of affordable insurance — 9.5 percent — cannot possibly be met by all Americans simultaneously if the total bill is nearly twice that. Instead, affordability for some comes by shifting the cost to someone else.