The Daily Dish

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The House Budget Committee Chairman Paul Ryan will unveil this week a new anti-poverty plan that aims to reform the nation's social safety net, but also keep in place current levels of funding. According to the Washington Post, "The new proposal, called an "Opportunity Grant," would begin on a pilot basis. It would consolidate a range of safety-net…State governments, working with local officials and nonprofit and faith groups, would then distribute the money, with strict accountability standards. Medicaid, the health program for the poor, would not be included."

The tide may be turning on crude oil export policy. The current policy, driven by outdated 1970s regulations, bans crude exports, but new challenges to the policy and the limited permits issued for two companies to export a light form of crude, show a change may be in the works. AAF has a BuzzFeed post on solutions for energy exports.

Yesterday, the House voted to reauthorize the Satellite Television Extension and Localism Act, or STELA, for five more years. From Reuters, the legislation allows satellite providers "to bring in TV signals from other markets when subscribers cannot pick up local stations."

Eakinomics: Obamacare's Legal Woes

Yesterday saw big news on the Obamacare front. First, the DC Circuit Court ruled 2-1 in favor of the Plaintiffs holding that "applying the statute's plain meaning, we find that section 36B unambiguously forecloses the interpretation embodied in the IRS Rule and instead limits the availability of premium tax credits to state-established Exchanges…." However, only hours later all three judges in the 4th Circuit panel in Richmond (ruling on Virginia King v. Burwell, a similar case) came to the exact opposite ruling. This split in opinions among the circuits will virtually guarantee that the case will be heard by the Supreme Court this fall, with a final ruling in spring 2015.

At issue is the ability of the federal government (specifically the IRS) to distribute Obamacare subsidies (technically tax credits) to purchasers of insurance on the federal exchange in the 36 states that chose not to create their own state exchange. The case centers on the interpretation of the "Exchange established by the State under Section 1311." For purposes of paying subsidies under Section 1401, the IRS issued a rule interpreting this phrase to mean "Exchange established by a State under Section 1311, or an Exchange established by the Federal government under Section 1321." The DC Circuit Court essentially said that a plain reading of the law indicated that Congress intended only the former. Accordingly, those purchasers on the federal exchange are not eligible for subsidies.

The events raise issues of policy and politics. On the former, nothing changes in the near term. The administration will continue to make payments and operation of the exchanges continues. For 2015, the specter of a Supreme Court case raises uncertainty. If the Court upholds the DC Circuit, it is a devastating blow to the law, crippling its operation beyond administrative repair. Congress will have to act one way or the other.

On politics, the rulings revive the debate over Obamacare that the president had attempted to put in the rear-view mirror by asserting that it was the settled law of the land and working fine. Neither seems obvious at this juncture. Throwing out another executive branch rule (the IRS interpretation) also feeds the narrative of executive overreach and managerial underperformance. Neither is good for Democrats. State by state there is also sure to be partisan finger pointing on who deserves blame for either the bad law (Democrats) or the failure to have a state exchange (both Republicans and some Democrats).

Reserve your spot on the Supreme Court steps today. Space is going fast.

From the Forum

A Reader's Guide to Labor Share by Ben Gitis, AAF Policy Analyst

Primer: Halbig v. Burwell by Brittany La Couture, AAF Health Care Policy Analyst