



The Daily Dish

July 31st Edition

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A Government Accountability Office (GAO) report reveals some of the flaws behind the \$840 million Healthcare.gov rollout. [The Hill](#) reports, sitting before congress, GAO testified, “CMS undertook the development of HealthCare.gov and its related systems without effective planning or oversight practices.” The testimony continued to reveal that CMS delayed key governance reviews and as a result the site was launched “without verification that it met performance requirements.”

Yesterday, House Republicans, led by Conference Committee Chair Cathy McMorris Rodgers unveiled their [plan to empower Americans](#) at home and at work. From the release, “Our bills help women take home more of their paychecks with lower taxes and cheaper prices; increase workplace flexibility; modernize job training programs; and address discrimination in the workplace – all of which will empower millions of women across the country.”

[The House approved legislation](#) authorizing Speaker Boehner to pursue a lawsuit against President Obama. The suit will allege that Obama overstepped his legal authority while changing the implementation of the ACA.

Eakinomics: Do Not Read This Report

Just read this Eakinomics.

Yesterday the Congressional Budget Office (CBO) put out “[Competition and the Cost of Medicare’s Prescription Drug Program](#).” The prescription drug program, or Part D, has been a notable [success](#) — indeed, the best-working entitlement program. Nevertheless, opponents of the private-sector driven design, such as those who favored the administration’s efforts to [gut competition and choice](#) earlier this year are likely to seize on the report as evidence that competition is not important or working in Part D. This will be true even though CBO clearly states that “Medicare Part D was designed to foster competition between plan sponsors to constrain drug spending. In assessing the impact of competition, CBO found that a larger number of plan sponsors in a region was associated with lower bids, on average, for the group of plans analyzed.”

How, then, will the misguided make their case? The report focuses on the difference between what CBO projected Part D would cost in 2012 versus what it actually cost in that year. (Full disclosure, I was CBO Director when those original projections were made.) This is an issue of forecasting error, and not program operation so it is not particularly informative about the role of competition.

Still, the program costs substantially less than projected, a fact that CBO attributes largely to three factors: (a) increased use of generics that was higher than expected, (b) lower than predicted enrollment, and (c) slower than expected growth in national prescription drug expenditures. Importantly, CBO did not single out competitive pressures in this list, even though one could make the case that greater utilization of generics is a manifestation of competition pressure.

The important point is that these projection errors are par for the course and do not in any way undermine the

fact that the program was expected to be driven by competition and has been driven by competition. CBO's report indicates that Medicare Part D benefits from competition and greater competition will only further reduce costs.

Now you know what is in the report and do not have to read it.