



The Daily Dish

June 2nd Edition

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New AAF insight- [Veterans Health Administration: A Preview of Single-Payer Health Care](#): “In recent years, many health-reform advocates have cited the Veterans Health Administration (VHA) as an example of how a single-payer, government-run health care system would work...The VHA is a model of what a government-run, single-payer system would be like. It would provide worse access to health care and dishonest performance figures, while costing more than other health care systems.”

Car dealers are citing a new study on burdensome regulations on the dealerships themselves. Reported by [The Hill](#), the study claims “dealers spent \$3.2 billion in 2012 to comply with 61 major rules.” This amounts to \$2,400 per employee at the dealerships. These compliance costs have the real effect of either being pushed onto consumers or the employees. With regulations like these and the ones AAF [studied last week](#), it cannot be a surprise that the industry has lost 10,500 jobs.

[Week in Regulation](#): “Regulators added more than \$12.9 billion in total costs (\$40 per person in the U.S.) and 355,000 paperwork burden hours. Annualized costs were \$658 million, compared to \$2 billion in benefits.” The Department of Energy’s new efficiency rule led the week with total costs of \$12.5 billion.

[EVENT: RSVP here](#) for an event at the AAF offices on June 19th for “New Greenhouse Gas Regulations: What Does It Mean for Consumers, Industry, and Stakeholders?” The panelists include Douglas Holtz-Eakin, President, American Action Forum; Nathan Richardson, Resident Scholar, Resources for the Future; and Adele Morris, Policy Director for the Climate and Energy Economics Projects, Brookings. The keynote will be delivered by Congressman Steve Scalise (LA).

Eakinomics: Identifying the Problem at the VA

The [resignation](#) of VA Secretary Eric Shinseki has moved the failings at the Veteran’s Administration from the category of rumor and accusation to fact. However, it raises the even larger question: how do you fix the VA? The first step to a solution, however, is to correctly identify the problem.

It isn’t just money. The first reflex of the administration will be to argue that the VA needs more funding. While there might be a case for additional funding in some particular activities, there is no evidence that the VA has been starved for funds. As my colleague Gordon Gray (@GordonGrayDC) documented, VA funding — both in total and for medical care — has been rising over the past 10 years.

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The medical care is especially telling. Roughly 40 percent of VA spending is controlled by Congress — the rest is mandatory entitlement spending — and about 90 percent of that funding is medical care funding. Congress has taken care to make sure that the medical dollars keep flowing, exempting this discretionary account from sequestration and raising the funding each year.

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It is not a lack of VA docs. Some argue that more money would permit the VA to have more doctors. Wait times would evaporate. Unlikely. The rising shortages of medical personnel spread across the U.S. health sector.

It is a management failure. The VA has significant new challenges. It has had to reconfigure care to treat the traumatic brain injuries that were epidemic at the height of combat in Iraq and Afghanistan. It has had to re-tool its VA care to recognize the particular needs of women who are increasingly important in combat and other roles. And there is a rising need to care for the aging vets from the Vietnam War era.

There is no compelling evidence that the VA is up to new challenges, or even old ones. A year ago, AAF's Sam Batkins [found](#) that the Department was awash in red tape: 43.4 million hours of paperwork, 613 forms that take 3 hours to complete per person, and a total regulatory cost of more than \$600 million. The VA simply cannot even keep up with ordinary claims for benefits — the VA receives 31.2 million responses from veterans each year. As reported by numerous [media outlets](#), the delay of VA claims continued to rise. The number of veterans waiting more than a year to receive benefits jumped from 11,000 in 2009 to 245,000 by December 2012, an extraordinary 2,000 percent increase.

The VA needs a complete overhaul. Unfortunately, there may be no more difficult management task than a federal agency turnaround, but that is the task at hand.