The Daily Dish

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More than one in every four Americans who signed up for Obamacare has problems with the data in their application. The inconsistencies could lead to loss of their plan. The data inconsistencies relate to income, citizenship, and immigration information provided by the individual. At every turn the administration seems determined to prove that they cannot design a system capable of handling the complex issues of health care for the nation.

New AAF insight- Health Reimbursement Arrangements Under the ACA: The new insight explains the IRS tax for employers offering to reimburse employees for buying health care on exchanges. “The penalty for offering what the administration has deemed to be sub-standard insurance is a $100 per day fine on each employee offered the HRA – totaling $36,500 per year for each employee. Compared to the $2,000 per year, per employee tax levied against employers who offer no insurance at all, this new rule is extremely punitive.”

New AAF research- Primer: Understanding the 340B Drug Pricing Program: The 340B program mandates pharmaceutical companies give discounts to health care providers serving low-income patients. The primer details the history of 340B, the changes the Affordable Care Act brought to the program, the problems the program has created, and the subsequent attempts to solve those problems.

Eakinomics: Student Loan Politics

Senator Elizabeth Warren introduced Senate Bill 2292, the Bank on Students Emergency Loan Refinancing Act. It permits individuals with existing student loans — either federal or private — to refinance those loans using the federal direct loan program. In general, this would be a reduction in the interest rates on those loans. What’s wrong with that?

Everything.

First, it does exactly nothing to get more students into college, help them to perform better, lead them to graduate sooner, or otherwise improve the state of higher education in the United States. The student loans that would be refinanced are loans of graduates; their educational experience cannot be changed. Isn’t the point of student loan policy to improve higher education?

Second, it is a bad deal for the taxpayer. As the Congressional Budget Office (CBO) pointed out in a recent letter , the Warren legislation is a big spending bill that increases deficits over the next 5 years, but results in lower deficits over the succeeding 5 years due to the combination of a higher taxes and budget gimmicks. The former is a variant of the Buffet tax — a minimum tax on high income individuals — that has never shown any real policy or political viability.

The latter is a testament to the problems in the budgetary treatment of loans. Essentially, the government is assumed to make money on direct loans. (See the discussion by the CBO here.) The same gimmick was at the heart of the financing of Obamacare. It is not a legitimate offset to a new spending program.

Third, it undercuts a bipartisan agreement on the financing of student loans that was reached only one year ago. That agreement lowered interest rates and tied them to changes in market conditions.

Why would someone undercut an improved student loan program at the taxpayers' expense, and with no possibility of contributing to better higher education in the U.S.? Politics. The Warren bill is election-year pandering that presumes young post-graduates can be bought with a handout.