



The Daily Dish

## March 4th Edition

DOUGLAS HOLTZ-EAKIN | MARCH 4, 2015

A new study from the Association of American Medical Colleges predicts a [massive doctor shortage](#) in the next decade. The report says that there will be 46,000 and 90,000 fewer doctors than needed, affecting both primary care and specialties. With health care demands expected to grow by 17 percent over the next ten years, the number of physicians graduating will need to increase at a much higher rate.

A [single phrase](#) within the ACA will be debated in the Supreme Court today determining if states that did not set up their own exchanges are eligible for subsidies under the law. If the Supreme Court rules against the ACA in *King v. Burwell*, there is a concern that millions will be left with expensive health insurance policies designed by Washington. In that case, congressional Republicans have drafted an “[off-ramp from Obamacare](#)” to protect affected individuals from surging health costs.

### *Eakinomics: Re-inflating the Housing Bubble?*

The emergence and collapse of the (global) housing bubble was a central aspect of the (global) [financial crisis](#). In the U.S., it was characterized by very poor mortgage underwriting. Much of the attention has been focused on the exotic mortgages — zero documentation, negative amortization, interest rate resets, and the like — but even plain vanilla mortgages declined in quality. Down payments declined from the tradition of 20 percent to 5, 3 or even 0 percent. Instead of private capital backing mortgages — as was the tradition when banks held mortgages on their balance sheets—many homebuyers relied upon guarantees provided by explicit government agencies like the Federal Housing Administration (FHA) or quasi-government entities like Fannie Mae and Freddie Mac. And, finally, government policy pushed the virtues of homeownership with affordable housing goals for Fannie and Freddie, guarantees on zero-down mortgages by FHA, and other entreaties to buy homes.

In the aftermath of the crisis, policymakers of all stripes vowed to bring private capital back into the market, solidify underwriting standards, and generally protect the taxpayer from housing-related losses. After years of working through excess inventory, and held back by a weak recovery and wrong-headed policies, housing markets across America appear to be on the mend.

In this light, recent policy decisions are especially troubling. The Federal Housing Finance Agency recently announced that Fannie Mae and Freddie Mac would again purchase and guarantee mortgages with as little as 3 percent down. It also decided to fund the [Housing Trust Fund and Capital Magnet Fund](#). And, as discussed in recent [testimony](#), the FHA announced a wrong-headed cut in the premiums it charges for insuring mortgages against default. These are carbon copies of the kind of pro-cyclical housing policies that prevailed prior to the crash.

There is no new housing bubble; indeed the global financial roots of the larger crisis are simply not present at this time. But bad policy is bad policy, regardless of the economic setting.

### *From the Forum*

[Restoring the Bipartisan Promise of the Children’s Health Insurance Program](#) by Tara O’Neil, AAF Health Care

Policy Analyst; and Chis Holt, AAF Director of Health Care Policy