



The Daily Dish

May 20th Edition

DOUGLAS HOLTZ-EAKIN | MAY 20, 2015

[A new study shows](#) that the underinsured population has doubled since 2003. According to the Commonwealth Fund approximately 31 million Americans are not well protected against high medical costs. Deductibles have continued to rise under Obamacare leading many to have high out of pocket costs after visits to the doctor.

[ICYMI: Obamacare has failed](#) to lower emergency room overcrowding, according to a new AAF insight. One of the tenets of the law was to reduce the number of people who use the ER as a primary care facility. This suggests that though more may have health care insurance, many are still lacking affordable insurance.

The House approved a [two-month extension](#) to fund the Highway Trust Fund on Tuesday. The bill now heads to the Senate where they will have two days to vote before the Memorial Day recess. With this short-term patch, AAF's Emil Frankel [looks at the budget realities in transportation](#).

Eakinomics: Balanced 2028

Yesterday AAF participated in the Peterson Foundation [Fiscal Summit 2015](#) and unveiled “Balanced: 2028,” its plan to address major social, budgetary and economic needs. One way to think about such a plan is to look at its constituent parts: comprehensive tax reform, reforms to Medicare and Medicaid, immigration reform, funding for defense and other priorities. These parts combine to balance the budget by 2028 (hence the name) and to put the debt on a downward trajectory. Details of the plan [are here](#) and those of the other participating [think tanks here](#).

A better framework for understanding Balanced: 2028 is from the perspective of three pressing national problems: poor growth, a financially unsustainable social safety net, and a threat to representative democracy. The weak economic recovery has been well-documented, but the outlook in the future is unacceptable as well. An economically-based reform to the core visa granting system can generate faster economic growth, an enhanced supply of entrepreneurs and greater innovation. A tax reform that taxes less heavily what is desperately needed to be put in the economy — savings, investment, innovation, and skills — and more heavily that which is taken out — consumption — can push growth as well. And an entitlement reform that tames to explosive debt removes an anchor on the economy and generates greater confidence in the U.S. as a global platform completes the growth agenda.

Under current law Social Security beneficiaries face an across-the-board cut of 25 percent in two decades. That is no way to run a retirement program. Medicare is the greatest single source of debt and underperforms in providing seniors with high quality outcomes. Medicaid burdens the states and provides low income Americans with poor access to doctors and other providers. This is a safety net that must be both better and less expensive. That is the agenda of Balanced: 2028.

Finally, at present too much of government activity is locked-in and on autopilot in the form of entitlements, squeezing out defense, research, infrastructure, and other basic roles of government. In the future it will be worse — unless we change — limiting the future population's options to pursue new programs and initiatives.

That is a fundamental threat to our freedoms and unfair to the next generations. *Balanced: 2028* protects their rights.

Balanced: 2028 also embodies a strategy by recognizing that nothing stays on autopilot for decades. Historically, the federal government has always spent more than intended or planned and taxed less than intended or planned. Any budget outlook that balances on a knife's edge is, thus, at risk. *Balanced: 2028* instead quickly addresses the pressing budgetary situation and creates budgetary room to allow for those risks.

Growth, security and freedom are fundamentals protected by the AAF plan.

From the Forum

[The Real History of Title II and Investment](#) by Will Rinehart, AAF Director of Technology and Innovation Policy

[AAF's *Balanced: 2028*](#) by Gordon Gray, AAF Director of Fiscal Policy; and Douglas Holtz-Eakin, AAF President