The Daily Dish

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The American Action Forum (AAF) released new research finding that the long-term decline in union membership has had a positive impact on the economy, including greater economic growth, faster job creation, and greater earnings. The research finds that the decline in union membership has led to an additional $115 billion in economic growth. The U.S. economy has also benefited from an additional 393,189 jobs and $35.1 billion in additional total wage earnings. Click here to read the research.

Yesterday, the Education Department proposed a new accountability regulation for schools under the Every Student Succeeds Act, intended to better measure academic success in order to determine which schools are in need of federal intervention. The regulation outlines what a state must do to comply with the new federal law. In a concern over federal vs. local education oversight, Republicans are planning to repeal the new regulation using the Congressional Review Act.

Eakinomics: Obamacare Premiums

Early information on the premiums to be charged for insurance on the Obamacare exchanges in 2017 is now filtering out. The *Wall Street Journal* *reports* that insurers are requesting increases that average in the double digits — and some even above 50 percent. Americans (and, horrors, perhaps even readers of the Daily Dish) have become numb to the stories about high premiums and other failures of Obamacare. But the administration is clearly worried about any political fallout from the rate increases. The detailed premium data will be available in the fall and enrollment for the 2017 plan year will start prior to the election.

The premium increases reflect a familiar set of pressures. The exchange pools were dominated with older, sicker and more costly purchasers, leading the initial offerings to be underpriced. Over time, overall enrollments plateaued and, thus, have steadily diminished the chances that the young, healthy, and cheap would enter the exchange markets. Insurers have lost millions, and in some cases billions, of dollars. For 2017, they are taking no chances and raising their premiums. Of course, this raises the specter that it will deter the relatively healthy from re-enrolling, worsen the pools further, and push toward a classic insurance death spiral.

These pressures are being augmented by the expiration of risk corridors and reinsurance provisions at the end of 2016. These mechanisms were intended to insulate insurers from costly pricing errors in the early years of Obamacare. While they became a political flash point and never delivered the cushion that was expected, their demise reinforces the need for aggressive pricing to avoid running losses.

Obamacare exchange insurance had a horrible launch that led to a bad brand name. The high premiums mean that this inferior insurance is quite expensive as well. As a policy matter, this is hardly a success. The next question is whether this will be a political liability as well.

From the Forum

The U.S. Isn't Losing At Trade by Jacqueline Varas, AAF Data Analyst

2017 Renewable Fuel Standard: Coming up Short by Kim VanWyhe, AAF Director of Energy Policy

Union Membership and Economic Growth by Ben Gitis, AAF Director of Labor Market Policy