



The Daily Dish

More Than Just a Case of the Clevers?

DOUGLAS HOLTZ-EAKIN | DECEMBER 10, 2021

You may have noticed that Congress has developed a clever way to raise the debt ceiling. Is this simply a case of being clever for clever's sake? Or, is there something being gained by this approach?

First, what are they doing? The House and the Senate have passed a joint resolution that would:

- Allow the House to pass and send to the Senate a “clean” debt limit increase – a dollar amount of the increase and nothing else – that would limit debate to 10 hours, followed by a simple majority vote – including along pure partisan lines – for passage. (Trust me, there are a lot more details.)
- Distort the statutory PAYGO rules that should require offsets to increased mandatory spending. Instead, the plan is to subtract any PAYGO deficit from the 5-year and/or the 10-year scorecard from FY2022 and add it to FY2023. In English, that is a 1-year punt;
- Delay further and slowly phase-in a Budget Control Act Medicare sequester. This 2 percent sequester was initially delayed under the CARES Act in 2020. It is not punted further down the road (where a new punt doubtless awaits it);
- Avoid ending the Medicare doctor bonus of 3.75 percent that is supposed to end on January 1, 2022. Instead, it will be 3 percent through January 1, 2023; and
- Do some minor housekeeping – delay reductions in payments for Clinical labs, delay implementation of the “radiation oncology model” for a year, and add \$50 million to the Medicare Improvement Fund.

Second, why are they doing it this way? Looking just at the issue of raising the debt limit, this replaces the need for at least 10 Republicans in the Senate to vote for raising the debt limit with 14 Republicans voting to end debate on a pathway to raising the debt limit. Those are awfully close to being the same thing, but they are not identical. And mixing in the PAYGO gymnastics, sequester punt, and doctor pandering allows Republicans to say “I bit the bullet on the debt limit pathway to make sure Medicare did not get cut” and Democrats to defend their debt limit increase as “this was the political price Republicans imposed for me to stop Medicare cuts and get our doctors paid for their service in the pandemic.” Maybe this is enough political cover for the next election; time will tell.

Finally, what did we learn from this? On a bipartisan basis Congress has raised the debt limit without attaching any cap, sequester, or even commission that moves it toward dealing with the dangerous, structural federal deficit. It turned the PAYGO rules into a pretzel and thus dodged offsetting any of the deficits it created this year. It avoided even the slightest scratch to entitlement spending – even though there will be no way to ever stabilize the budget without seriously addressing entitlement spending. And, as the *coup de grâce*, it paid the doctors more.

To paraphrase a line from the modern movie classic *Shooter*: “Your fiscal compass is so {expletive deleted} up,

I'll be shocked if you manage to find your way back to the parking lot."