The Daily Dish

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Rising deductibles are leading some to forgo doctor visits. The New York Times reports that although some are able to find health care deals with lower premiums that they can afford, those plans come with a backend cost that puts a regular visit out of the question. Some are even dropping policies and paying the Obamacare tax penalty. According to one patient, "The deductible, $3,000 a year, makes it impossible to actually go to the doctor…We have insurance, but can't afford to use it." This could be one reason that in a new Gallup poll, fewer than half of Americans approve of the health care law.

$151 million in new regulatory costs is a slow week for this administration. Reply to this email to sign up for Sam Batkin's, AAF Director of Regulatory Policy, weekly newsletter to keep you up to date on regulations issued.

This week, the Senate is expected to hold votes that will slow the rising tide of climate regulations out of the administration. The votes will invoke the Congressional Review Act to "disapprove" of the President's Clean Power Plan and regulations on new coal power plants, prior to next month's UN Climate talks.

Eakinomics: The Future of Dodd-Frank

One of the most important tasks remaining for Congress in 2015 is to complete the specific agency appropriations for the next fiscal year. In doing so, however, it has an interest in using the spending legislation to shape important policy issues like the fiduciary rule, the Waters of the United States (WOTUS) rule, and the Dodd-Frank financial regulation law. Regarding the latter, there are three areas that merit scrutiny.

The first would be to reduce the burden on community banks, credit unions, and other smaller entities. With 124 finalized rules (and dozens more in the offing), Dodd-Frank has already proven to be a costly behemoth with $29 billion in burdens for the private sector. It is a cost that exceeds benefits to subject small, Main Street banks to the full burden of the Dodd-Frank regime.

A second possibility is to take a more nuanced approach to the designation of bank holding companies (BHCs) as "SIFIs" – systemically important financial institutions. One could retain the automatic designation of those with more than $500 billion in assets. However, for those above $50 billion (but below $500 billion) one could make it optional for the Fed and the Financial Stability Oversight Council (FSOC) to review a BHC for designation.

The final area would be to improve the FSOC processes for designating non-bank (e.g., insurance companies) SIFIs. The FSOC should be required to (1) provide information about why FSOC is considering an entity for designation at various stages throughout the process; (2) meet with FSOC or its representatives, have a hearing on its status, and guarantee the ability to submit materials to FSOC (including a plan of changes to avoid SIFI status); (3) provide FSOC's analysis of any such remedial plan and the chance to revise the plan; and (4) give an explanation of any FSOC decision to designate.

The most important thing that should be done is to provide an "off-ramp" from SIFI status. Each year any firm should have the ability to meet with the FSOC, propose a plan to make it safe enough to avoid SIFI status, and get a vote by FSOC on the plan. At present, designated companies are not provided with guidance about which specific activities gave rise to their designation. Similarly, the current annual review process fails to provide companies with guidance regarding what actions could be taken to trigger de-designation. Worse, the Fed has not finalized the capital requirements and other prudential standards for insurance SIFIs. FSOC is designating companies for enhanced supervision without those companies having any way to know what the rules will be.

Providing an off-ramp is not a partisan issue. At a recent hearing, Senator Elizabeth Warren noted, "Now, the whole point of the FSOC designation process is to make the financial system safer. And one way it does that is by imposing higher capital standards and greater oversight on systemically important companies. But the other way it can make the system safer is by providing an incentive for designated companies to change their structure or their operation so they can reduce the risks that they pose and change their designation and the amount of oversight that they require. In many ways, the second outcome is even more desirable than the first because it would allow businesses to find the most efficient way of reducing the risks that they pose to the economy." She then asked: "Secretary Lew, do you think the FSOC designation process currently provides companies with the information and the opportunities they need to make changes in their business activities and potentially reverse the designation as systemically important?" (Emphasis added.)

Dodd-Frank is a sweeping regulatory initiative and there is no reason to believe that Congress got it right the first time around. In the months to come, Congress has a chance to make some small, but significant improvements.

From the Forum

Week in Regulation by Sam Batkins, AAF Director of Regulatory Policy

Primer: The Trans Pacific Partnership by Jacqueline Varas, Data Analyst

Fact of the Day

Nearly 20 percent of silver plans on the Exchange cover fewer than 6 specialists in a particular field within a 100-mile radius.