The Daily Dish

Repealing and Replacing Obamacare

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Federal agencies are bracing for President-elect Trump to make good on his campaign promise to gut regulations and possibly put a moratorium on any new rules. There have been calls by Republicans in Congress for the Obama Administration to refrain from enacting new rules as any rule passed in the last 60 session days of Congress is subject to the Congressional Review Act and can be overturned by the president and Congress once Trump takes office. In 2009 when President Obama took office his Chief of Staff Rahm Emanuel sent a letter to all federal agencies halting any new or proposed rules from being added to the Federal Register.

On Wednesday the Federal Reserve voted to raise interest rates for the first time since December 2015. Yesterday's interest rate hike is only the second rate hike in nearly a decade. The Federal Reserve announced they will increase the interest rate from .5 percent to .75 percent. It is thought that this could signal more interest rate hikes in the future and in a much shorter period.

Eakinomics: Repealing and Replacing Obamacare

Republicans have promised for years to repeal and replace the Affordable Care Act (aka Obamacare) at the first opportunity. That moment will arrive in 2017 with the new Congress and Donald Trump as president of the United States. Getting it done, however, is a bit more intricate than some may appreciate.

To begin, Republicans control only 52 seats in the Senate, while 60 votes are required to end debate and move to a vote on the passage of a bill. Taken at face value, that means Democrats can filibuster any attempt to repeal and/or replace Obamacare. As it turns out, there exist special procedures, known as reconciliation, that limit the floor time devoted to debate in the Senate and ensure that a simple majority vote can pass a reconciliation bill. That will be the route taken to repeal Obamacare.

The catch is that reconciliation was created as a budgetary tool, intended to bypass the Senate rules when considering bills regarding taxes, mandatory spending, and debt. For that reason, reconciliation bills can contain only provisions that are budgetary in nature. If the intent of a provision (e.g., keeping kids on their parents' policies until age 26) is non-budget policy, it can be deemed "extraneous" by the Senate parliamentarian and stripped from the bill. For this reason, complete repeal of the ACA is not possible; instead the goal is to get as much as possible in the presence of the reconciliation handcuffs.

The second catch is that the House and Senate can only go down the reconciliation path if they pass, and agree on, a budget resolution for the fiscal year that contains reconciliation instructions — that is directions for specific committees to create reconciliation bills. As it turns out, passing a budget resolution is hardly automatic and there are many years that the House, Senate or both don't even pass a budget resolution, much less agree on one. Indeed, the current plans appears to be for the Congress to return in early January and pass a budget resolution for fiscal 2017 (which began October 1) that contains the instructions; an opportunity that exists only because they did not pass one earlier.

Since fiscal 2017 is well underway and because the budget resolution, in this case, is valuable only for the reconciliation instructions, there won't be much — if any — real budget policy in it, and the vote should be perfunctory. Instead, Congress' genuine budget priorities will be debated and voted on in the fiscal 2018 budget resolution that will come up later in the spring.

Finally, all of this effort really only guarantees the "repeal" portion of the pledge. While Republicans have many replacement plans (see here), they have not come to a consensus on the single best replacement provisions. That reality guarantees a 2-step process in which the reconciliation bill repeals Obamacare, but provides a delay that permits Congress to settle the replacement plan for future enactment.

Passing a budget resolution, passing a reconciliation bill, or reform of a massive entitlement program would normally each, individually, constitute a legislative achievement. Rolling all three into the first step of a 2-step process its an ambitious goal. 2017 promises to be a busy and exciting policy environment.