



The Daily Dish

September 15th Edition

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 15, 2015

In an interview published yesterday, a [top defense official warns](#) that if sequestration holds the U.S. Army could reach a “breaking point.” With the U.S. Army already at the [smallest](#) it’s been since World War II, additional spending cuts could reduce the number of active-duty soldiers to 420,000. [Sequestration is already preventing military readiness and modernization.](#)

A [study examining patient readmission](#) rates, published yesterday in the Journal of the American Medical Association, shows that an Obamacare program could be penalizing hospitals for serving more low-income patients. Hospitals with high readmission rates of low-income patients will have their Medicare payments reduced for a year due to the program, and over 2,500 hospitals will be penalized this year.

Eakinomics: Regulatory Reform

[Since 2009](#), the Obama Administration has finalized 2,519 rules at a total regulatory burden of \$674.1 billion, and adding 435.5 million hours of paperwork. With a new regulation imposing \$263 million daily, it is hardly a surprise that the business community has descended on Capitol Hill looking for assistance. The [Hill](#) newspaper reports that “The U.S. Chamber of Commerce on Monday sent a letter to members of the Senate Homeland Security and Government Affairs Committee voicing broad support for the Regulatory Accountability Act of 2015.”

The Regulatory Accountability Act (RAA) is one of [several reforms](#) that are under consideration by Congress. It would focus attention on the most costly new regulations by creating a category known as a “high-impact” rule — one that has annual costs to the economy of \$1 billion or more. For these rules, agencies would be required to give advance notice of intending to issue a high-impact rule and would be required to hold a public hearing before adoption. That is, agencies would have to transparently engage the regulated public.

In addition, agencies would be required to examine the best evidence and choose rules that have the least cost to the economy, hopefully producing better rules. Finally, the judicial standard for whether a rule is acceptable would be raised from it not being “arbitrary and capricious” to there being “substantial evidence” supporting the rule. Both reforms should improve the quality of rulemaking and transform the regulatory process.

The RAA has already passed the House; it awaits Senate passage. President Obama has promised to veto the RAA. However, in the face of evidence that his own [approach](#) to reducing regulatory costs backfired, it might be difficult to sustain this position if passed by the Senate with substantial support from his own party. The regulatory burden problem is not a partisan problem; it is a real economic problem that both parties would like to address.

From the Forum

[Medical Loss Ratio Under the ACA](#) by Brittany La Couture, AAF Health Policy Counsel

Food Safety Redux: Final by Sam Batkins, Director of Regulatory Policy

Fact of the Day

It took the Obama Administration less than six and a half years to produce 500 major regulations with \$625 billion in costs.