



The Daily Dish

Work, the Social Safety Net, and Medicaid

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The American Action Forum (@AAF) released a new analysis of the costs and benefits of targeted Environmental Protection Agency (EPA) reforms. AAF analysis finds that if the Trump Administration repeals some of the costliest EPA regulations then we could see an annual regulatory cost savings of nearly \$10 billion. Additionally the administration's actions have the potential to eliminate nearly one million paperwork burden hours.

President Trump is poised to fill three vacant commissioner seats at the Federal Trade Commission (FTC) in the coming weeks and is also expected to choose a new FTC chair, Maureen Ohlhausen was chosen by President Trump to serve as acting chair until the President appoints a permanent chair. Under President Obama the FTC was seen as having an overly aggressive role but President Trump has the power to change this with his appointments. It is expected that President Trump will use his appointments to reshape the FTC and push it in a more "business friendly" direction.

Eakinomics: Work, the Social Safety Net, and Medicaid

My belief that the U.S. requires fundamental entitlement reform is not new, and not news to readers of Eakinomics. The long-term budget outlook is catastrophic, and even the outlook over the next 8-10 years is daunting. At the heart of this outlook are the rising budget costs of the large entitlement programs — Social Security, Medicare, Medicaid, the Affordable Care Act, etc. — each of which is growing at rates that substantially outstrip the projected rise in revenues into the Treasury. Worse, the programs themselves have severe problems. Social Security promises a 25 percent across-the-board cut in benefits in under two decades. That's a disgraceful way to run a pension program. Medicare consumes enormous amounts of taxpayer resources and delivers care of insufficient value. That's failing U.S. seniors. I could go on, but suffice to say reform is needed.

A second major problem in the U.S. is labor force participation and work. Work is the dividing line between being poor and being non-poor in America. Still, the labor force participation rate of prime-age individuals in the United States has fallen. This is a loss for the economy as a whole, and an impediment to self-sufficiency and upward mobility for individuals. To the extent possible, it is important to make the social safety net pro-work.

An intersection of these two issues is before the U.S. Congress right now. Specifically, the Medicaid reforms in the American Health Care Act (AHCA) being debated in the House of Representatives represents exactly the kind of entitlement reform that is desirable. But as currently written, it does nothing to promote work in the United States. One way to improve the bill would be to add a work requirement for Medicaid recipients to the bill.

Specifically, it would be desirable to allow states the option of having such a requirement for those able to work. Requiring or mandating such a provision of the states would be an overreach, violation of federalism, and impingement on traditional freedoms that the AHCA is intended to undo. But a voluntary option for states could

allow them to achieve the kind of policy success associated with welfare reform in the late 1990s while meeting the labor market and social safety net financial challenges of the 21st century.