



The Daily Dish

## April 14th Edition

DOUGLAS HOLTZ-EAKIN | APRIL 14, 2014

The administration has taken advantage of the power of the pen to skirt past Congress on laws through selective enforcement. From [The Hill](#): “On issues ranging from marijuana legalization and criminal sentencing to healthcare and immigration, the president’s lieutenants have taken actions that critics say violate his constitutional duty to ‘take care that the laws be faithfully executed.’” “[Attorney General Holder’s] testimony reflected the near absolute view the administration has toward its powers,” said Jonathan Turley, a liberal-minded George Washington University law professor who said he voted for Obama ... ‘I do not agree that prosecutorial discretion supports the full range of unilateral actions that the administration has taken in these areas.’”

**Week in Regulation:** “This week regulators added more than \$1 billion in new regulatory costs, led by rearview cameras standards for vehicles. Annualized costs were also \$1 billion, compared to \$774 million in benefits, and 616,000 paperwork burden hours.” “Since January 1, the federal government has published \$27.7 billion in compliance costs and has imposed more than 9.7 million paperwork burden hours.”

### *Eakinomics: National Health Spending*

The growth of National Health Expenditures (NHE) has been a central policy dilemma for decades. The fact that NHE growth outpaces GDP growth underlies the continued rise in health insurance premiums, crowds out cash raises for workers, and fuels the federal red ink emanating from the social safety net — Medicare, Medicaid, Social Security, and now the Affordable Care Act (ACA).

Since the passage of the ACA, annual growth in NHE has been historically low, hovering close to nominal GDP growth of 3 – 4 percent. Many supporters of the law go further and attribute this slow growth to the ACA itself, as a structural health reform. There are, however, other competing explanations like a cyclical downturn caused by a very deep recession. Whatever the source, [AAF noted](#) in January that NHE has entered various periods of slow growth in the past five decades, none of which have lasted for more than a few years.

Now, recent [research](#) from the Altarum Institute shows that the period of slow growth may be coming to an end. According to their Health Sector Economic Indicators, researchers found that NHE has grown by 6.7 percent over the past year—the fastest annual growth period since 2007—and is now equal to 17.7 percent of gross domestic product (GDP). Hospital care, prescription drugs, and health insurance premiums led the way in fastest growing components of NHE, growing by 8.4 percent, 9.3 percent, and 11 percent, respectively. There are many good reasons to be skeptical that the ACA would slow the growth of expenditures on health care. To begin, the core of the ACA is to expand insurance coverage, with the goal of having beneficiaries spend *more* on health services. Interestingly, the Altarum Institute believes that the spending increases in these findings are not wholly a result of expanded coverage. NHE were increasing at faster rates throughout 2013, prior to the open enrollment period and expanded coverage. That suggests there is a real risk of a return to growth rates exceeding 7 percent. If there is a silver lining in this news, it is an end to the fiction that the ACA has magically bent the cost curve. It is time to turn to real health care reforms.