



The Daily Dish

August 5th Edition

DOUGLAS HOLTZ-EAKIN | AUGUST 5, 2015

The president's new "Clean Power Plan" could eliminate 125,800 jobs. New [AAF research](#) reveals that the costly plan is also just the most recent in a series of regulations that could shrink U.S. coal generation by 48 percent. Since 2009, the EPA has issued [over \\$300 billion](#) in regulatory costs while, in that same time period, the coal industry has lost 47,500 jobs.

[AAF's new research shows that the Iran deal will increase terrorism funding by \\$3.1 billion.](#) The dollars will go to Iran's IRGC, an elite paramilitary force that actively supports terrorist organizations throughout the Middle East. This will amount to a 50 percent increase in the group's current budget.

[1.8 million people who received subsidies](#) for Obamacare through exchanges are now having issues with their tax returns that puts those dollars in question. This amounts to roughly 40 percent of all subsidy recipients in the past year. According to one expert who helps low-income individuals navigate health insurance and taxes, "I think it was definitely confusing for people...It could have been worse, quite honestly. I think a lot of tax preparers didn't know how to do these (forms) either."

Eakinomics: Health Insurance Premiums

The administration has gone on the [political offensive](#) regarding premiums in the Obamacare exchanges. It is easy to see why it would be worried — another round of stories about double digit increases will damage even further Obamacare's sullied brand. And there is good reason for concern. In looking at the requested rate increases, on average, 38 percent of plans per county are asking for a premium increase of at least 10 percent in 2016. Some states — Delaware, South Dakota, and West Virginia — saw 100 percent of their health plans ask for an increase of 10 percent or more.

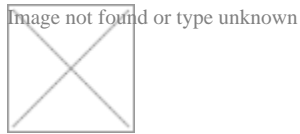
There is good news as well. Three states — Colorado, Maine and Vermont — did not report any increases in the individual market. California actually reported a rate decrease compared to 2015. There the average premium will increase by 4 percent in 2016, down from 4.2 percent in 2015.

A fair question is: what explains the difference. At least in part it has been the difficulty of forecasting the kinds of pools (old, sick, expensive; young, healthy, not expensive) that purchase insurance. A lot of this year's rates reflects the experience of the past year — rates were too low compared to costs.

Of course, premiums do not tell the whole story. In 2015, the average deductible for silver plans with combined medical and drug deductibles in states with a federal exchange was [\\$2556](#). If the deductibles are separate, they averaged a total of \$3,788. Indeed the combination of deductible and co-pays can get quite high. The average out-of-pocket maximum for a silver plan was \$5,826.

Recall, however, that in the end the key determinant of premiums will be national health care spending. As discussed earlier, health care spending is now rising faster than Gross Domestic Product, and is projected to rise even faster. (In the chart below, the bars are the excess of spending growth above GDP growth. The bar for

1990 measures the average over the five years ending in 1990, and similarly for 1995, 2000, 2005, and 2010. The remainder are either actual data or CMS projections.) The average excess cost growth over the period up to 2010 is 2.0 percent. That is exactly what CMS is projecting over the long term (2019-24) and one of the reasons that the Congressional Budget Office projects that premiums will rise at 5 percent a year for the next 10 years.



There will be a lot of attention to the rate increases this year — because they are politically salient. It is more important to be worried about the rate increases in the years to come that are driven by the need for real reform to the health care sector.

From the Forum

[Iran's Military Budget after the Nuclear Deal](#) by Rachel Hoff, AAF Director of Defense Analysis

[EPA's Greenhouse Gas Regulation Expects Coal Generation to Decline 48 Percent](#) by Sam Batkins, AAF Director of Regulatory Policy

[VIDEO: #Eakinomics: Economic & Labor Implications Of A Minimum Wage Hike](#)

Fact of the Day

Single-family [homebuilding](#) permits in 2014 nationally were only 45 percent of their pre-recession average.