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Quid Pro Quo For Raising the Debt Ceiling: Repeal The Health Law

By Betsy McCaughey, Ph.D.

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Tea Partiers stormed Washington DC on Monday to demand reductions in federal spending as the price for raising the federal debt ceiling. The conventional wisdom in Washington is that major spending reductions will have to wait until after the 2012 election, when the Democratic and Republican parties can lay out their competing visions.. Don't be bamboozled. The 2010 election, only seven months ago, was a repudiation of Congress's spendaholic ways.

Shockingly, the federal government borrows roughly 40 cents of every dollar it spends. Federal borrowing will hit the current \$14.3 trillion debt ceiling on May 16th, forcing Congress to vote on raising it again. Congress usually raises it without fuss. This time should be different. Although Republicans control only the House of Representatives, they should exact a quid pro quo from the Democratically-controlled Senate and the President: repeal of the health law before most of its costly provisions go into effect.

A majority of Americans worry that the health law will increase the deficit, and that worry is driving opposition to the health law, an Associated Press poll (April 12) shows. According to an April 25 Rasmussen poll, 53% of likely voters favor repeal.

Sadly, most members of Congress ignore the public and do what serves their own political interests. They fear that holding the debt ceiling hostage to repeal will backfire, if the President accuses them of shutting down the government. That's a risk.

But the bigger danger is this: Standard & Poors, the rating agency, warns that it will downgrade U.S. debt unless Washington politicians cut deficits soon. Soon means before the 2012 election. Some Republicans are proposing a balanced budget amendment as the quid pro quo. Two-thirds of each house of Congress would have to vote in favor, followed by approvals in three quarters of the states, a multi-year process.

In contrast, repealing the Obama health law will produce concrete spending cuts totaling \$750 billion through 2019. That's huge compared with the trimming being discussed. For example, reducing the federal workforce by 10% over the next decade through attrition, freezing federal pay until 2015, and making federal workers pay for half their pension benefits – all together a tall order –would produce only \$375 billion in the next decade, half as much as repeal.

Repeal will protect states from crushing future Medicaid costs. Already, Medicaid is the largest cost in most state budgets, averaging 22% of spending. The Obama health law will increase that burden. In 2014,

a staggering 85.2 million people will be on Medicaid or the State Children's Health Insurance Program. The federal government will pick up the tab for new enrollees at first but gradually shift some costs onto the states.

Repeal also would rescue the nation from legal limbo. States and business are preparing for a law that may never go into full effect. Twenty-eight governors asked the United States Supreme Court to expedite a decision, but on April 23, the Justices said no, meaning the issue will not reach the high court until 2012. A lot of money may be wasted in the interim.

Some opponents of repeal point to the consumer protections that went into effect in September, 2010, such as allowing children to be covered on their parents' policies until age 26 and barring insurance companies from rescinding coverage after applicants fail to disclose information. These stand alone provisions can be re-enacted if the public wants them, without adding a penny to federal spending.

Repeal will relieve the nation of huge spending obligations year after year and rid the nation of a law most people don't want.

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