



The Bulletin

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“Affordable Care Act” Anything But Affordable, New Study Confirms

Americans were told that the “Patient Protection and Affordable Care Act” (ACA) would improve the federal government’s fiscal outlook through comprehensive health care reform. But new research shows the law, currently being challenged in the U.S. Supreme Court, will have the opposite result. The ACA worsens expected federal deficits and increases an already unsustainable federal commitment to health care spending, according to Charles Blahous, Senior Research Fellow at Mercatus Center at George Mason University. (In 2010, President Obama appointed Blahous as one of two public trustees for Medicare and Social Security.)

In his ‘The Fiscal Consequences of the Affordable Care Act’ Blahous examines the ACA’s provisions and their effect on federal spending and deficits. The study also reviews possible legislative corrections needed to ensure the ACA does not end up costing more.

Blahous’ findings:

- Over the coming decade (2012-2021), the ACA is expected to increase net federal spending by more than \$1.15 trillion, and add more than \$340 billion, perhaps even and as much as \$530 billion, to annual federal deficits over the same period, and increasing amounts thereafter.
- The ACA’s fiscal effects are often misunderstood because government scorekeeping conventions conflict with enacted law.
- The ACA relies upon substantial savings already required under previous law to maintain the solvency of the Medicare Hospital Insurance (HI) Trust Fund. These do not represent new net savings, available to be spent without widening the deficit, but substitutions for spending reductions that would have occurred by law in the absence of the ACA.
- These cost-savings provisions have the effect of extending and expanding Medicare’s future spending authority. The ACA also claims the same “cost-savings” to finance new health entitlement spending.
- The ACA’s total new spending thus well exceeds its cost-savings provisions.
- This is not a mere matter of presentational “double-counting” but of evaluating the actual change in law upon the ACA’s enactment.
- By law, as distinct from prevailing scoring conventions, the ACA has unambiguously worsened the federal government’s fiscal position.
- Moreover, several of the ACA’s provisions may not be enforced as currently specified. Among these, the costs of new health exchanges may be significantly higher than projected; the rising projected revenues of provisions such as the “Cadillac-plan” tax and the new 3.8-percent surcharge on incomes over \$200,000 (single)/\$250,000 (married) may not fully materialize; the cost-saving recommendations of IPAB might be legislatively overridden; and the CLASS program—previously scored as saving \$70-\$86 billion over its first 10 years—is no longer expected to be implemented.

- To ensure the ACA does not worsen the federal fiscal outlook, fully two-thirds of the ACA's new health-exchange subsidies must be repealed, or financing offsets must be found, before benefits begin in 2014.
- To ensure the ACA does not further increase federal health care financing commitments, the entirety of its new health exchange subsidies and most of its Medicaid/CHIP expansion must be eliminated, unless corrections reduce other spending by an equal amount.

View the full study [here](#).

The Supreme Court heard oral arguments on the constitutionality of the ACA on March 26, 27 and 28. A ruling is expected in June.

Senate to Take Up Measure Reducing Size of General Assembly

The Senate will consider legislation recently approved by the House that slashes the number of members in the General Assembly, according to the office of Senate Majority Leader Dominic Pileggi (R-Delaware).

“Senator Pileggi supports reducing the size of the General Assembly,” said his spokesman, Erik Arneson. “Our goal is to advance the legislation this spring, recognizing that there needs to be some additional discussion regarding what the best size is for each chamber.”

Some legislative and policy leaders believe the General Assembly – particularly the House with its 203 members – is unwieldy and difficult to manage. The measure would also cut waste and spending, supporters say.

With 253 members, the Pennsylvania General Assembly trails only New Hampshire in size, but New Hampshire lawmakers serve part time. Moreover, Pennsylvania legislative salaries, at \$82,026, are second only to California, according to the National Conference of State Legislatures.

The Senate faces a tight schedule to keep the bill on track for approval in successive legislative sessions as required of any bill that amends the state Constitution. “It has to be advertised in the fall so it must be approved before they break for the summer,” explained a House staffer who worked on the bill. “If we miss this spring, we’re pushed back another two-year session.”

HB 153 cuts the House members down from 203 to 153 and the Senate from 50-38. Another legislative staffer who worked on the bill said the number of lawmakers chosen was arbitrary, and at first members considered “leaving the number of senators up to them.” But a last minute amendment on the House floor reduced the number of Senators as well.

The reductions would occur at the next reapportionment in 2021 after the 2020 census.

The Little Bill That’s Causing a Lot of Fuss

The world’s most devout contrarian would find no arguments to oppose legislation that modernizes the state’s Prevailing Wage Law.

The measure, HB 1329, simply adjusts the threshold for inflation, from \$25,000 to \$185,000, for capital projects that must fall under the Prevailing Wage Law, saving local government, school districts, and the state millions in construction costs.

“All I’m doing with this bill is saying that in 1961 the General Assembly had a reason for exempting some projects from the prevailing wage,” said state Rep. Fred Keller (R-Union), the sponsor of the bill. “It’s logical to conclude that with inflation that threshold should be raised.”

Yet, the bill remains stuck on the House floor even though a strong Republican majority suggests it should pass with ease.

"It really comes down to a union against taxpayer issue rather than a Republican against Democrat," said Priya Abraham, Senior Policy Analyst for the Commonwealth Foundation, who recently appeared on WITF's Smart Talk arguing for the repeal of the prevailing wage law. Abraham said the law adds from \$1.3 billion to \$2.5 billion each year to construction costs with no improvement in the quality of the work.

"No other law where a government procures goods or services tells you how much the business has to pay its workers," she said.

The savings to taxpayers would be seen in added value said David M. Sanko, Executive Director of the Pennsylvania State Association of Township Supervisors, who appeared on Smart Talk with Abraham. "Get rid of this law all together and we can pave more roads, expand construction projects, and create more jobs, something labor should support." Sanko said.

Sanko said that in the few instances where prevailing wage bids were compared with bids on the open market the differences were stunning. "One job in Cumberland County was \$4.3 million under prevailing wage and \$3.3 million without it," he said. "In another instance, road paving costs shot up \$31,000 a mile under prevailing wage."

Shale Law Injunction More Nuisance Than Setback, Legal Experts Say

A ruling by a Commonwealth Court judge granting a temporary injunction on the local zoning provisions of the Marcellus Shale Law (Act 13) only delays its implementation, legal experts say. "What this amounts to is giving municipalities another 120 days to come into compliance," said an attorney with one of the state's largest natural gas drillers.

The zoning provisions of the law were scheduled to go into effect on Saturday, April 14. Commonwealth Court Senior Judge Keith Quigley issued the 120-day injunction, but wrote in footnote to the order that he "is not convinced that petitioners' likelihood of success on the merits is high."

The Marcellus Shale Coalition issued a statement saying the natural gas industry group is "confident that the legal merits of this law -- aimed at ensuring the safe and responsible development of clean-burning American natural gas in the commonwealth -- will be recognized and upheld accordingly."

The injunction was sought by a group of local governments and environmentalists who argued that the law usurps their zoning authority. Industry counters that having statewide uniformity in the law is the only way to prevent hundreds of different rules and restrictions that could kill the industry.

"The last thing we need is to try to comply with hundreds of municipalities that approve their laws in some cases to specifically prevent drilling," said an official with one of the drillers.

Act 13 clarifies that the local governments have no power to approve environmental standards or approve any ordinance that overrides Pennsylvania's Oil and Gas Act.

"Local governments are creatures of the state," said an environmental attorney, not directly tied to the case. "It's up to the state not them to say what laws they must comply with."

Uniform regulations are key for job growth surrounding the industry as well, according to PMA's David N. Taylor. "Shell recently chose Pennsylvania for a petrochemical plant that will bring thousands of good-paying jobs to the state," Taylor said. "Having a patchwork of regulations and restrictions would not only jeopardize the jobs created through drilling but the jobs created down the line."

The law also imposes stricter environmental regulations on drillers and allows county governments to assess impact fees, which will be disbursed to local governments and state-level environment funds and grant and loan projects.

Top 10 Most Interesting Pa. House & Senate Primaries

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<http://www.politicspa.com/top-10-most-interesting-pa-house-senate-primaries/33580/>

Around the state, a handful of primaries are beginning to really heat up. TV ads, upset alerts, legal troubles and more. Without public polling it's difficult to say which are the closest in margin – but these are the ten races that have PoliticsPA's attention.

SD-15, Dauphin/York, Open Seat. D: Taylor v. Teplitz. R: First v. McNally v. Seeds

This district will be one of the hardest-fought in 2012, especially now that Sen. Jeff Piccola has announced his plans to retire. GOP efforts to shore up the seat via redistricting were overturned by the Pa. Supreme Court, and now Democrats have a real chance to add it to their column. The party favorites are Rob Teplitz, chief counsel and policy director for Auditor General Jack Wagner, and John McNally, an attorney and former chair of the Dauphin Co. GOP.

Josh First is the founding owner of Appalachian Land & Conservation Services, William Seeds worked at HIA for years and served as Lower Paxton Township supervisor, and Alvin Taylor is a clergyman and businessman.

This seat is a tossup.

SD-29, Schuylkill, R: Rich v. Argall

Conservative groups clamoring for a Republican scalp have their sights set on Sen. Dave Argall, who helped pass the infamous midnight pay raise in 2005. His challenger Brian Rich is a wealthy businessman and was the first Pa. House or Senate candidate on TV in the state. This one has gotten nasty, with criminal probes and lawsuits on the horizon (see today's Buzz for details). Argall has support from the NRA and local committees, but the Schuylkill GOP is far from unified even in the best of times. Finally, rumor has it that the GOP Senate caucus is focused on protecting seats from Democrats this cycle, and may not spend in full force to protect Argall.

This is a strong Republican seat; the Democratic candidate is former Pa. Rep. Tim Seip.

SD-31, Cumberland, R: Shaw v. Vance

The Patriot News has a good take on this race – another example of statewide conservative groups seeking to oust a moderate Republican. Sen. Pat Vance, a former nurse, hasn't had a primary since she won her state House seat in 1990, or her Senate seat in 2004. This year, she faces a challenge from conservative attorney Andrew Shaw – plus the Citizens Alliance for Pennsylvania has spent tens of thousands so far on radio ads. Shaw is particularly critical of Vance's votes against vouchers and a bill to tighten restrictions on abortion clinics. Vance proudly campaigns as a compromiser and a "voice of reason in Harrisburg."

This is a safe Republican seat; there is no Democratic candidate.

SD-37, Allegheny, R, Open Seat: Means v. Mustio v. Raja

This is likely to be the most expensive race on this list, and could go over a million dollars. State Rep. Mark Mustio had hoped for a quick move up the ladder and replace retiring Sen. John Pippy. He has much of the institutional party support in the district, including Pippy's endorsement. But Raja, the 2011 GOP candidate for Allegheny County Exec, is running hard for the seat. A wealthy businessman, Raja went on TV a week ago with a



positive spot. Mustio followed, with a questionable ad that emphasizes Raja's Indian background and criticizes his company over outsourcing. However, a Raja internal poll has him leading 43 to 22 percent, based mostly on name ID from 2011. Once again, rumor has it that the GOP Senate caucus is focused on protecting seats from Democrats this cycle, and is unlikely to spend in full force to boost Mustio, who is also running for re-election to the Pa. House. And fresh today, a new Raja TV spot blasts Mustio for voting for the midnight pay raise.

The third Republican candidate is Sue Means, a local party activist and homeschooling advocate with decent name ID, but without the resources to go toe-to-toe with Mustio or Raja financially.

This is a lean/strong Republican district; there is no Democratic candidate on the ballot but there is an effort by locals to run a write-in campaign for Greg Parks, an educator and former Pleasant Hills councilman.

HD-24, Allegheny, D: Gainey v. Preston

Rep. Joe Preston has notable clout in Harrisburg, but he is in trouble. Much of the local party infrastructure is backing Ed Gainey, the Chairman of the Pittsburgh City Democratic Committee who barely lost to Preston in 2006. The Allegheny Dems and the Allegheny Labor Council have endorsed Gainey. And Gainey made good headlines a few weeks ago when he alleged, plausibly, that Preston had forged petition signatures.

This is a safe Democratic seat; the Republican candidate is Chris Crastley.

HD-31, Bucks, R: Bosley v. Chapman

This is a good old-fashioned party vs. grassroots matchup. Helen Bosley, 64, is a longtime party member who has been endorsed by the Bucks GOP and enjoys institutional support. However, she also served as the interim CEO of the Planned Parenthood Association of Bucks County, which has riled the base. Anne Chapman, 66, likewise has served in a variety of ways on local and county GOP committees. She has the endorsement of a number of individual elected officials as well as Rob Ciervo, who fell 163 votes short of defeating the incumbent in 2010.

This seat is a tossup; it is currently held by Rep. Steve Santarsiero.

HD-92, Cumberland/York, R, Open Seat

Rep. Scott Perry is running for Congress and five Republicans are vying to replace him: Scott Derr, an investment adviser from Carroll Township; Daniel Johnson of Newberry Township, manager of Holiday Inn in West Manchester Township; Anthony Pugliese of Fairview Township, previously the director of legislative affairs for the state Department of Community and Economic Development; Mike Regan of Carroll Township, a retired U.S. Marshal for the Middle District of Pennsylvania; and William Sieg of Newberry Township, a self-employed consultant and former special assistant to Secretary of Transportation.

The inside track goes to Pugliese, who worked on Governor Tom Corbett's campaign and at 25 has been politically active for years. His father Rocco Pugliese is one of Harrisburg's most prominent Republican politicians and very close to the HRCC.

The district is safe Republican; the Democratic candidate is Chuck Comrey.

HD-104, Dauphin, R: Lewis v. Helm

State Rep. Sue Helm is in an unusual situation. An incumbent since she won a four-way GOP primary in 2006, the former real estate broker does not have the support of the Dauphin GOP. Instead, the party is backing Jenna Lewis, a young deputy District Attorney who has been fundraising at a steady clip. The consensus is that the party thinks Lewis is a safer bet in the general election. Helm won in a nailbiter against Gene Stilp (by about 300 votes out of 23,000 cast) in the GOP wave year of 2010 – too close for comfort for many Republicans.

This seat is a tossup; the Democratic candidate is Millersburg Borough Council President Chris Dietz.



HD-182, Philadelphia, D: Sims v. Josephs

This is a battle of two 100 percent liberals. Rep. Babette Josephs is no stranger to primaries; she faced one last cycle, too. But this year is different. Brian Sims, an openly gay attorney and LGBT advocate, is contesting this seat in the district close to Philadelphia's "Gayborhood." A strong fundraiser (he was Josephs' campaign treasurer in 2010), Sims has scored the endorsement of every relevant LGBT political group in the state and several nationally. Josephs, meanwhile, has the argument of Harrisburg clout, and the backing of a litany of women's rights groups and former Gov. Ed Rendell.

This is a safe Democratic seat; there is no Republican candidate.

HD-188, Philadelphia, D: Muhammad v. Roebuck

How serious are voucher proponents? This race will help to tell. Students First, a PAC that supports school choice proposals, is taking aim at Rep. James Roebuck. They've given \$25,000 to challenger Fatimah Lorén Muhammad so far, and sent out negative mailers in the district. Muhammad also has the backing of Sen. Anthony Williams, the highest-profile Democratic supporter of the measure. The Philadelphia City Paper has been keeping an eye on the race, and so are we. Muhammad is also the first black, openly gay Muslim woman to run for the state House (that we know of). Ernest Adkins is the third Democrat on the ballot.

This seat is safe Democratic; there is no Republican in the race.