

Speaker Ryan Has Failed the Poor and the Sick: We Need “A *Much* Better Way”

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January 19, 2017

At a recent town hall meeting, Jeff Jeans of Arizona – a lifelong Republican – asked Speaker Ryan, “Why would you repeal the Affordable Care Act without a replacement?”² Mr. Jeans explained that he had been a small business owner and was initially opposed to the Affordable Care Act (ACA). In fact, he was so opposed that he had considered closing his business before complying with the Act. But then, at the age of 49, he was diagnosed with cancer and denied treatment because he didn’t have health insurance. When the ACA was enacted, he was finally able to get the coverage that he needed. He ended his question with a note of gratitude: “I want to thank President Obama from the bottom of my heart because I would be dead if it weren’t for him.”

Like Mr. Jeans, I too am a lifelong Republican. I worked in the White House for President Reagan and then President George H.W. Bush on welfare reform issues; I’ve also worked at conservative think tanks like The Heritage Foundation and the American Enterprise Institute. I too am grateful for the Affordable Care Act. My concern is not so much that Speaker Ryan doesn’t have a replacement plan, but rather that his plan would harm vulnerable families and individuals, particularly those with pre-existing conditions.

My daughter graduated from college in May 2013 and was getting ready to start a job in New York City to pursue her dream in journalism. She was healthy and athletic, but one day – with no warning – she collapsed – her chest was pounding and she couldn’t breathe. Thankfully, it wasn’t a heart attack, but it was a chronic and debilitating condition called Postural Orthostatic Tachycardia Syndrome. POTS is generally not “life-threatening,” but it most certainly is “life-altering,”³ as she has daily bouts of dizziness, nausea, and fatigue. As if that weren’t enough, many POTS patients, including my daughter, also suffer from Ehlers-Danlos Syndrome, a very painful condition characterized by instability of the joints. Simple activities, like writing or typing, cause such strain on her muscles that the pain forces her to stop in the matter of a few minutes. As a result, my daughter can’t work and, indeed, my wife had to quit her job to care for her.

Living with chronic pain is challenging enough without having to worry about health insurance. Last year, my daughter had well over 100 visits to cardiologists, neurologists, physical therapists, acupuncturists, and other health professionals. Our out-of-pocket health expenditures for her were well over \$10,000 – an amount I consider low because I have health insurance. She was able to stay on my health plan thanks to the ACA’s mandate for coverage to age 26 and for pre-existing conditions.

Speaker Ryan assured Mr. Jeans that he had a replacement plan, saying, “We want to replace it with something better.” He explained that the Act was “collapsing,” citing some statistics about rising premiums: 116 percent in Arizona, 69 percent in Oklahoma, 63 percent in Tennessee, and

59 percent in Minnesota. He then added that “there is a better way to fix the problem without giving everybody else all these premium increases.” Specifically, he pointed to “state high-risk pools” as “a smarter way of guaranteeing coverage for people with preexisting conditions.” He further noted, “We had a really good one in Wisconsin. Utah had a great one. I was talking with a congresswoman from Washington today who was telling me how good their state high-risk pool is.” He then referred Mr. Jeans to the www.gop.gov website to read “Health Care,” one of a series of reports under the rubric of *A Better Way*.⁴

Speaker Ryan’s reference to his *A Better Way* series immediately raised a red flag for me. I have read another report in this series – the “Poverty, Opportunity, and Upward Mobility Report” – and found it to be seriously lacking in substance.⁵ That report had no bold new ideas or policy specifics; it was a mere 35 pages, relying on colorful charts, rather than informed analysis. It presented a misleading and distorted picture of our nation’s efforts to reduce poverty, was highly partisan and polarizing, and presented vague policy options.

In a June 3, 2016, radio address, leading up to the release of the report, the Speaker characterized one of the report’s central findings as follows:

For years—decades now—Washington has spent trillions of dollars on dozens of programs to fight poverty. But we have barely moved the needle. The war on poverty is a stalemate at best.⁶

To say we have “barely moved the needle” is wrong. Anyone who studies poverty issues knows that the “official” poverty measure is a misleading indicator, because it is based on *pretax, cash* income. It thus ignores the impact of non-cash programs (e.g., food stamps – now called SNAP – and Medicaid) and refundable tax credits (e.g., the Earned Income Tax Credit). As a result, it excludes about 90 percent of all welfare spending, including spending on most of the programs that have been created or expanded since the War on Poverty began. When researchers make adjustments for this and other shortcomings in the “official” poverty measure, it turns out we have made substantial progress. While the welfare system does have problems that need to be addressed, any analysis should begin with “facts,” not misleading conservative talking points.

A Better Way also perpetuates the myth that the Temporary Assistance for Needy Families (TANF) block grant is a success and is a model for reforming other programs. In this regard, Speaker Ryan has remarked, “In 1996, we created a work requirement for welfare. But that was just one program. We have to fix all the others now.”⁷ The idea that TANF created a “work requirement” and “fixed” a welfare program is, by any objective analysis, wrong. While the law sent a symbolic message about the importance of work requirements and time limits, in practice, neither of these elements has been implemented in the way Congress intended. In fact, TANF is not “welfare reform” at all, but a flexible funding stream that has failed to provide an adequate safety net or an effective welfare-to-work program. In many states, it has become a slush fund used to supplant state spending and fill budget holes.

In the last two years, I have written 40 papers as a citizen that elaborate on the problems in the 1996 welfare reform, including some specifically for Speaker Ryan – papers like “Saving Speaker Ryan: 20 Reasons Why TANF is NOT ‘Welfare Reform,’ NOT a Model for Reforming

the Safety Net, and NOT Conservatism” and “The Failure of TANF Work Requirements in Wisconsin: A Note for Speaker Ryan.”⁸ My papers are not limited to criticisms of the law or conservative reform plans, but also offer real solutions for improving work requirements and providing state flexibility with accountability. My goal has always been to help Speaker Ryan by promoting an evidence-driven approach to welfare reform – one based on a model started by President Reagan.

Unlike *A Better Way*, I focus on facts and policy details. Ron Haskins, an architect of the 1996 law and recently named co-chair of the new Commission on Evidence-Based Policymaking by Speaker Ryan himself, had this to say about my analysis: “Germanis’ criticisms are reasonable and well supported by evidence. Congress and the administration would be well advised to carefully consider ways TANF could be reformed to minimize the game playing that many states now use to avoid spending TANF dollars on core TANF purposes and to avoid the federal work requirement.”⁹ Unfortunately, Speaker Ryan continues to support the failed TANF model.

I don’t consider myself a health policy expert, but having seen first-hand the serious deficiencies in Speaker Ryan’s “poverty” report, I was concerned that his response about the challenges of serving those with pre-existing conditions might be misleading – and that his proposed solution would be inadequate. Indeed, a cursory examination of the subject confirmed my concerns.¹⁰ Instead of describing the average premium increase or a range across states, the Speaker cited figures from the four states with the highest premium increases in the ACA’s benchmark silver plans to deliberately exaggerate the size of the problem. In other states, the premium increases were small or even fell (e.g., Massachusetts, Indiana, and Ohio, to name a few). He also neglected to mention that the Act’s subsidies rise for many enrollees when premiums go up or to discuss the factors that explain why the increases were so large in some states. As with his “poverty” report, the Speaker presented a distorted and misleading picture of the problem.

Neither Speaker Ryan’s response at the town hall nor his *A Better Way* report offered substantive details about how state high-risk pools would work or provided any assurance that their coverage would be adequate. The Speaker’s “evidence” was based on his belief that Wisconsin, Utah, and Washington have had “great” risk pools. This is hardly reassuring – as he also believes TANF is an “unprecedented success.” Anecdotes from other politicians are not a “smart” way to make policy decisions. The available evidence about the effectiveness of past risk pools is not nearly as rosy as Speaker Ryan suggests.

Before the Affordable Care Act, 35 states had some type of risk pool for those with pre-existing conditions. Those plans tended to be very expensive, imposed barriers to care like waiting periods and high deductibles, excluded certain types of care, and had waiting lists.¹¹ Of course, these problems could be overcome with adequate funding, but the Speaker has not provided any credible evidence regarding the size of the problem or the policy details needed to cost out a proposal. Moreover, the TANF experience demonstrates that Congress is not responsive to changes in need resulting from economic and demographic conditions; there is no reason to believe it would do better in funding risk pools.

As a parent, I wonder what the Speaker would think if one of his children came down with a disabling condition and his family had to rely on a risk pool for care.

Our welfare and health care systems face serious problems. When Mr. Jeans asked about the replacement plan for the ACA, Speaker Ryan said that he didn't want to get into "all of the legislative mumbo-jumbo." For those with pre-existing conditions, the policy details aren't "mumbo jumbo" – they are "life-and-death concerns."¹² If the Speaker believes that risk pools are the best option, then he should be clear about the funding, the coverage requirements, the premium costs and co-pays, and other important provisions. I can't imagine that a state risk pool would be "making it better" for my daughter, but it is impossible to judge when we have nothing more than political talking points as a plan.

The Speaker may suggest that these details be left to the states. I would then encourage him to examine the TANF experience and how that worked out for the poor. Indeed, he should look to Wisconsin to see how well the program is functioning as a safety net today compared to 20 years ago. Between 1995/96 and 2013/14, the number of poor families with children rose from 77,500 to 99,400, yet the state's cash assistance caseload plummeted, from 63,100 to 26,200 – hardly the way a safety net program is supposed to work.¹³ Meanwhile, the state has failed to meet TANF's work requirements for four consecutive years and faces the prospect of significant federal penalties. TANF is a failed model not just in Wisconsin, but everywhere – it is "Truly a National Failure."

I am a conservative and I believe in conservative solutions to policy problems. Writing about the 1996 welfare reform law, Robert Rector of The Heritage Foundation once said, "It isn't enough to get the technical details of a policy right. Words and symbols matter, too."¹⁴ I could not agree more. Unfortunately, Congress got virtually every technical detail wrong in drafting the TANF legislation. And, in the 20 years since the law was enacted, Congress has shown no aptitude in developing real policy solutions – a fact I document in excruciating detail in my paper *TANF is Broken! It's Time to Reform "Welfare Reform."*¹⁵ When it comes to welfare reform, conservatives have been unable to translate their ideas into effective policies – I now fear that Speaker Ryan will lead us down the wrong road on health care reform.

The nation's poor and sick are among our most vulnerable citizens – they deserve more than anecdotes and conservative talking points. So far, Speaker Ryan has failed them.

¹ The views in this document reflect my own as a citizen and do not reflect the views of any organization I am now or have ever been affiliated with. By way of background, I consider myself a conservative and have worked on welfare issues for the Heritage Foundation, the American Enterprise Institute, and the White House under both President Reagan and President George H.W. Bush. This paper assumes the reader has a basic understanding of the TANF program, but for those readers who want more context and background, see Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf>.

² Josiah Ryan, "Lifelong Republican to Speaker Ryan: Obamacare Saved My Life," January 13, 2017, available at: <http://www.cnn.com/2017/01/12/politics/audience-member-paul-ryan-town-hall-obamacare/>.

³ Quote by Svetlana Blitshteyn in Sara Altshul, "POTS: A Mysterious Syndrome That Can Turn Your Life Upside Down," available at: <http://www.everydayhealth.com/news/pots-mysterious-syndrome-can-turn-your-life-upside-down/>.

⁴ "Health Care," in *A Better Way: Our Vision for a Confident America*, June 22, 2016, available at: <https://abetterway.speaker.gov/assets/pdf/ABetterWay-HealthCare-PolicyPaper.pdf>.

⁵ Peter Germanis, "Speaker Ryan's 'Poverty, Opportunity, and Upward Mobility Report: The Need for 'A Much Better Way'," August 17, 2016, available at: <https://petergermanis.com/wp-content/uploads/2021/02/The-Need-for-a-Much-Better-Way.pdf>.

⁶ Speaker Paul Ryan, "Weekly Republican Address: This is a Better Way," June 3, 2016, available at: <http://www.speaker.gov/press-release/a-better-way>.

⁷ Speaker Paul Ryan, "#ConfidentAmerica: Full Text of Speaker Ryan's Remarks at the Library of Congress," December 3, 2015, available at: <http://www.speaker.gov/press-release/full-text-speaker-ryans-remarks-library-congress>.

⁸ These and other papers are available at: <https://petergermanis.com/>.

⁹ Ron Haskins, "TANF at Age 20: Work Still Works," *Journal of Policy Analysis and Management*, Winter 2015, available at: <https://petergermanis.com/wp-content/uploads/2020/09/Haskins2015Age.pdf>.

¹⁰ For a more detailed rebuttal of Speaker Ryan's statements, see Michael Hiltzik, "Here are the lies Paul Ryan told about Obamacare during his town hall meeting," *Los Angeles Times*, January 13, 2017, available at: <http://www.latimes.com/business/hiltzik/la-fi-hiltzik-obamacare-ryan-townhall-20170113-story.html>.

¹¹ See Michael Hiltzik, "Here are the lies Paul Ryan told about Obamacare during his town hall meeting," *Los Angeles Times*, January 13, 2017, available at: <http://www.latimes.com/business/hiltzik/la-fi-hiltzik-obamacare-ryan-townhall-20170113-story.html>; John Holahan and Linda J. Blumberg, "Instead of ACA Repeal and Replace, Fix It," The Urban Institute, January 2017, available at: <http://www.urban.org/research/publication/instead-aca-repeal-and-replace-fix-it>; and, Jean P. Hall, "Why High Risk Pools (Still) Won't Work," The Commonwealth Fund, February 13, 2015, available at: <http://www.commonwealthfund.org/publications/blog/2015/feb/why-high-risk-pools-still-will-not-work>.

¹² Michael Hiltzik, "Here are the lies Paul Ryan told about Obamacare during his town hall meeting," *Los Angeles Times*, January 13, 2017, available at: <http://www.latimes.com/business/hiltzik/la-fi-hiltzik-obamacare-ryan-townhall-20170113-story.html>.

¹³ Center on Budget and Policy Priorities, "Wisconsin TANF Caseload and TANF-to-Poverty Fact Sheet," available at: http://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_wi.pdf.

¹⁴ Robert Rector, "Bill Clinton was Right," *The Washington Post*, August 23, 2006.

¹⁵ Peter Germanis, *TANF is Broken! It's Time to Reform "Welfare Reform" (And Fix the Problems, Not Treat their Symptoms)*, July 25, 2015 draft, available at: <https://petergermanis.com/wp-content/uploads/2020/09/TANF-is-Broken.072515.pdf>.