

ISSUE BRIEF

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Defunding Obamacare: The Next Best Option

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Congressional opponents of Obamacare continue to search for the best approach to relieve the American public of the unpopular law's burdens. Of course, the ideal solution is Obamacare's full repeal. However, short of its full repeal, Congress's best option is to defund the entire law to prevent its implementation.

What Defunding Does. Because the Constitution grants Congress the ultimate "power of the purse," Congress can refuse to fund Obamacare implementation for the upcoming fiscal year. Such an action would follow a long history of amendments added by Congress to its annual appropriation bills in ways that prohibit executive action. These so-called limitation-of-funds amendments can prevent any expenditure of federal taxpayer dollars.

Limitation-of-funds amendments can apply to both mandatory (i.e., entitlement) and discretionary spending. For instance, every year since 1976, Congress has enacted the Hyde Amendment, which has restricted federal funding for abortion coverage in the Medicaid entitlement for nearly four decades—even though this amendment is passed every year as part of discretionary appropriations legislation.¹

Defunding can prevent executive enforcement of Obamacare's mandates, regulations, and tax increases for as long as the defunding provision remains valid. However, defunding would not change existing law or the regulations regarding Obamacare released to date. In spite of this, full defunding would represent the best interim approach to alleviating the law's burdens now—with the goal of fully repealing the measure in the future.

Legislative Remedies. Senator Ted Cruz (R-TX) introduced the Defund Obamacare Act (S. 1292), and Representative Tom Graves (R-GA) introduced the same legislation in the House as H.R. 2682. Each version of the bill would permanently defund the law's new entitlements and prohibit Obama Administration bureaucrats from taking any further steps to implement or otherwise advance Obamacare's objectives.

The first provision states that "no federal funds shall be made available to carry out any provisions" of the law. This provision would stop the appropriation of funds with respect to both mandatory *and* discretionary spending. The blanket prohibition on funding would ensure that all federal agencies and bureaucrats would be prohibited from expending resources toward any action to implement Obamacare—whether issuing rules, meeting with special interest groups, engaging in public relations events, or any other activity related to the law.

The bill's second provision states that "no entitlement to benefits under any provision of [Obamacare] shall remain in effect on and after the date of enactment." This provision would stop the appropriation of the new entitlement spending for the law's Medicaid expansion and exchange insurance subsidies.

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The third provision rescinds all unobligated balances related to Obamacare. This provision would return to the Treasury all funds previously appropriated but not yet spent on Obamacare implementation. Projects that could have their funding revoked under this provision include the hundreds of millions of dollars being spent on “navigators” to enroll individuals in Obamacare programs² and promotional activities related to the law that include questionable sponsorships and appearances.³

The versions of the Defund Obamacare Act introduced in both the House and Senate would permanently defund the health law. However, defunding amendments could also be added to the annual appropriations bills moving their way through Congress. While such defunding amendments would remain in effect only for the life of the spending bills, the amendments could be renewed in future fiscal years, as the Hyde Amendment has been since 1976.

Moreover, because appropriations for the current fiscal year expire on September 30, a defunding amendment on “must-pass” legislation funding the federal government would stop Obamacare before its major coverage expansions take effect.

Not One Dime. Congress has every incentive to take action and defund Obamacare this fall. The law’s exchanges are scheduled to open for enrollment on October 1 and will start accepting applications for subsidized insurance plans taking effect on January 1, 2014. According to the Congressional Budget Office (CBO), next year federal taxpayers will subsidize exchange insurance plans for 6 million Americans and fund a Medicaid expansion covering an additional 9 million enrollees.⁴ Over time, spending on Obamacare will explode. The CBO projects that spending on these two new subsidies will grow from \$48 billion in fiscal year 2014 to \$250 billion in 2023—a more than five-fold increase.⁵

The list of Obamacare’s failures grows by the day.⁶ It is not that portions of the law are unworkable—the *entire* law is unworkable. Absent the law’s complete repeal, only full defunding would ensure that the American people are not subjected to any of these destructive policies. Congress can do its part in remedying these failures by using its all-important “power of the purse” to set a very clear line in the sand: not one single dime to fund Obamacare.

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1. Chuck Donovan, “Obamacare: Impact on Taxpayer Funding of Abortion,” Heritage Foundation *WebMemo* No. 2872, April 19, 2010, <http://www.heritage.org/research/reports/2010/04/obamacare-impact-on-taxpayer-funding-of-abortion>.
 2. Alyene Senger, “The Cost of Educating the Public on Obamacare,” Heritage Foundation *Issue Brief* No. 3983, July 1, 2013, <http://www.heritage.org/research/reports/2013/07/public-outreach-on-obamacare-cost-of-educating-the-public-on-health-care-reform>.
 3. See Chris Jacobs, “Roll Out the Barrels? Obamacare Funds to Sponsor Bourbon Festivals,” The Heritage Foundation, The Foundry, July 12, 2013, <http://blog.heritage.org/2013/07/12/roll-out-the-barrels-obamacare-funds-to-sponsor-bourbon-festivals-2/>.
 4. Congressional Budget Office, May 2013 estimate of the budgetary effects of the insurance coverage provisions contained in the Affordable Care Act, table 1, p. 1 http://cbo.gov/sites/default/files/cbofiles/attachments/44190_EffectsAffordableCareActHealthInsuranceCoverage_2.pdf (accessed July 30, 2013).
 5. *Ibid.*, table 2, p. 2.
 6. See Chris Jacobs, “Obamacare’s ‘Dirty Dozen’ Implementation Failures,” The Heritage Foundation, The Foundry, July 8, 2013, <http://blog.heritage.org/2013/07/08/morning-bell-obamacares-dirty-dozen-implementation-failures/>.
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