

Individual Mandate – what is it?

- “Individual Shared Responsibility Provision” part of the ACA
- Became effective January 1, 2014
- Requires each individual to have qualified health insurance coverage for each month of the year,
 - or qualify for an exemption,
 - or pay an “individual responsibility payment” upon filing tax return

Why is legislation necessary?

- December 2017 – the Tax Cuts and Jobs Act of 2017 repealed the ACA's individual mandate beginning in 2019
- 2017 study by the Congressional Budget Office found that repealing the individual mandate would:
 - Increase the cost of health insurance by 10%
 - Reduce the number of people buying insurance by 13 million over the next decade

Individual mandate history

- 1993 Clinton administration attempt at universal coverage
 - Government insurance programs, employer mandate
- Heritage Foundation: Let the market decide what kind of health insurance we're going to have.
 - Instead of having your employer determine what your health insurance will be, individuals should go into the market to select/buy policies.
 - PROBLEM: health insurance markets don't work like other markets

Individual mandate history

- Market problem:
 - Free Rider – if you don't buy insurance and you get sick/injured, you still get treatment at the ER and someone else pays the bill.
People who choose to get insurance wind up paying for those who choose not to get insurance.
 - Self Selection – if healthy people choose not to get insurance, while sick people choose to get insurance, health insurance becomes very expensive.
- Heritage Foundation solution: Individual mandate
 - Personal responsibility dictates that everyone participates in the marketplace
 - More market participation results in a well-functioning market

Individual mandate history

- Massachusetts 2006: Republican governor working with Heritage Foundation and Democratic legislature passes universal health insurance law, including individual mandate
 - Romney: “what we’ve found is that if you have people who sit outside the system and instead just show up at the hospital when they’re sick and expect someone else to pay, that’s a free rider system that is bad health care for them and expensive for everyone else. Now we’re saying ‘everybody come on in.’ We want you to buy insurance if you can afford it. And we also will help you buy insurance if you can’t afford it.”

Individual mandate history

- 2008 Presidential Campaign: Clinton advocates for individual mandate; Obama opposed.
 - Senator Clinton: everyone needs to be covered in a universal health care system. “Shared responsibility.”
 - Senator Obama: objected to the government forcing people to purchase health insurance. Instead, let’s focus on making policies more affordable and the market will compel people to purchase insurance.
- 2009: ACA
 - an individual mandate allows an insurance system to cover 100% more people while raising the price tag by only one-third – more efficient way to expand the market for health insurance
 - Obama: “If you don’t have an individual mandate, then what would everybody do? You’d wait until you get sick, and then buy health insurance.”

Individual mandate history

- 2012: Supreme Court weighs in
 - 5-4 decision, with Chief Justice Roberts as the deciding vote, rules that the individual mandate is constitutional based on Congress' ability to levy taxes
- 2014: ACA's individual mandate takes effect
 - Must purchase insurance, qualify for exemption, or pay penalty.
- 2015 Vermont "Individual Responsibility Payments"
 - 12,880 VT tax returns paid
 - 10,140 for returns with AGI < \$50,000
 - 2,300 for returns between \$50,000 and \$100,000
 - 440 for returns > \$100,000