

DC Should Adopt a Local Health Insurance Mandate to Prevent Market Instability

By Jodi Kwarciany

December's federal tax bill repealed the Affordable Care Act's "individual mandate," which required most people to obtain health insurance coverage or pay a penalty. This move could [create](#) massive problems in individual insurance markets, causing premiums to rise and increasing the number of residents who go without any health insurance. DC should move quickly to enact a local insurance mandate in the Fiscal Year (FY) 2019 budget, as [recommended](#) last week by the DC Health Benefit Exchange Authority's Executive Board, to protect DC's coverage gains and maintain insurance market stability.

The recommendation was created by the Affordable Care Act Working Group through the DC Health Benefit Exchange Authority (HBX). HBX, which runs DC's local ACA insurance marketplace called DC Health Link, was asked by the Mayor to reconvene the Working Group this January and develop recommendations to protect DC's coverage gains amidst federal changes.

These [recommendations](#) address several federal actions that many worry could threaten DC's insurance market stability. In October 2017, President Trump issued an Executive Order that expanded access to two forms of health coverage - association health plans and short term limited duration plans - which offer less coverage and can deny coverage or charge higher prices to people with pre-existing conditions in exchange for lower premiums. These plans tend to attract healthier consumers away from the regular insurance risk pool, which in turn raises insurance premiums for everyone else, and can threaten peoples' access to comprehensive coverage. The repeal of the ACA's individual mandate compounds this issue by encouraging more people to forego coverage, which will drive up costs further.

These actions will likely create a destabilizing effect on the District's private insurance market. A recent [study](#) by the Urban Institute found that the elimination of the individual mandate, in addition to other policy changes proposed by the Trump Administration, would lead to an additional 6.4 million people uninsured nationally in 2019. Moreover, it would increase ACA-compliant nongroup insurance premiums by an average 18.2 percent in most states in 2019.

The ACA Working Group's recommendations include a DC-level mandate that would largely mirror the federal government's, and would maintain federal exemptions to the mandate like for those experiencing homelessness or facing eviction. Additionally, DC residents with incomes under 200 percent of the federal poverty level, as well as those who qualify for Medicaid or other public health coverage programs like the DC Healthcare Alliance program, would also be exempt. Penalty amounts would be no more, and in some



cases less, than they would under federal law for the 2017 tax year. And for the 96 percent of District residents who already have health coverage, this recommendation presents no change. Should the federal government reconsider an individual mandate in the future, DC residents would not be subject to both. If the proposed local mandate were adopted by the DC Council and Mayor, the District would become the second jurisdiction in the nation to adopt a state-level mandate.

Implementing a local health insurance requirement, when paired with affordable health coverage options, is a smart move for the District. Since the enactment of the ACA, DC's uninsured rate has decreased to just 3.9 percent. When people have health insurance, they can more regularly manage their health needs and focus on other things like their families, education or jobs.

DCFPI encourages the DC Council and Mayor to include the ACA working group's recommendations in the FY 2019 budget.