

DRAFT ACA Working Group Recommendations as of October 13, 2017

DISTRICT INDIVIDUAL RESPONSIBILITY FALLBACK POLICY

The District of Columbia will implement and collect an individual responsibility requirement penalty for taxpayers beginning for 2019 where the federal government fails to enforce the federal Affordable Care Act individual responsibility requirement and the taxpayer owes a federal penalty under the ACA. If the ACA penalty is paid at the federal level, no penalty is assessed on District taxes.

Any funds received through the local individual responsibility requirement will be placed in a new HBX managed fund to be used for the sole purpose of insurance market stabilization.

This is not implementing an individual mandate in the District, this is a fallback to the extent there is a federal individual responsibility requirement and it's not enforced.

DISTRICT FALLBACK POLICY TO PAY COST-SHARING REDUCTION PAYMENTS TO THE CARRIERS IF THE FEDERAL GOVERNMENT FAILS TO MAKE SUCH PAYMENTS

The District of Columbia will pay carriers the equivalent of the Cost Sharing Reduction (CSR) payments due to carriers by the Federal Government under the Affordable Care Act where the Federal Government fails to make such payments.

This policy should be implemented in a manner that minimizes the operational costs for carriers and the District government.

LOCAL REINSURANCE PROGRAM

The District of Columbia will implement a local reinsurance program beginning in the 2019 plan year based on carriers' claim costs. The program will take into account the availability of federal reinsurance.

Estimated Funding Required to Reduce Claims Costs*

10% Claims Reduction \$7.4 million to \$8.8 million
20% Claims Reduction \$14.8 million to \$17.7 million

Historical Federal Reinsurance Payment to Individual Market Carriers

2016	\$ 4,238,057
2015	\$ 6,049,699
2014	\$ 4,288,060

* Projected on a 2018 plan year cost basis.

