STATE-BASED INDIVIDUAL MANDATE DISCUSSION MATRIX

I. COVERAGE STANDARDS

What coverage meets the individual mandate?

	FEDERAL	MA	NOTES
Federal Programs (Medicare, Medicaid, FEHBP, VA, DOD, etc.)	✓	✓	
QHP (individual and small group plans – includes ACA EHB and market reform rules)	✓	✓	
Large Group plans	✓	Large group plans that meet specific benefit requirements and cost sharing limits. Plans that do not meet requirements may pursue deemed compliance if they are close.	
High Deductible Health Plans that meet federal rules	✓	Only if satisfying certain consumer protections and coupled with a health reimbursement account.	
Student Health Plans	✓	✓	
Peace Corps, VISTA, AmeriCorps, NCCCC	✓	✓	
Health Care Sharing Ministries	✓	✓	
Tribal or Indian Health Service Plans	✓	✓	
ACA Grandfathered Plans	✓	**?**	
Alliance (DC specific)	**NO**	**N/A**	

II. EXEMPTIONS FROM PENALTY

Who is exempt, or can appeal to become exempt, from the individual mandate penalty?

	FEDERAL	MA	NOTES
Individuals/families below the federal tax filing threshold	Exemption	Exemption	
Incarcerated individuals	Exemption	Exemption	
Those not lawfully present	Exemption	?	
Citizens living abroad and certain noncitizens • Lived abroad at least 330 continuous days • U.S. Territory Residents • Certain Resident Aliens Living in U.S.	Exemption	?	
Short term periods without health coverage	Exemption if uninsured less than three consecutive months (i.e. 2 months and 29 days would be fine)	Exemption if uninsured no more than three consecutive months	
Individuals/families below 150% of FPL		Exemption	
Affordability Exemption	Exempt if the cost of coverage (either ESI or the lowest-cost bronze plan, net of APTC) would be more than 8.05% (the percentage is indexed annually). The exemption may be claimed either from the Marketplace based on projected income or on the tax return.	Exemption on a progressive basis where the premium is over a percentage of income. MA develops an affordability schedule annually. Note, MA offers state subsidies wrapping federal APTC making coverage more affordable.	

	FEDERAL	MA	NOTES
Hardship Exemption	Exempt through appeal to Marketplace (HHS administers for DC) and qualify based on circumstances such as eviction or foreclosure, shutoff of utilities, or sudden increase in expenses due to disaster, death in the family, domestic violence, or unanticipated family care..	Exempt through appeal to the MA Health Connector based on similar circumstances.	
Religious Conscience exemptions	Exempt through appeal to HHS	Exempt through appeal to State Department of Revenue	
Native Americans	Exemption	?	
During residency in another state	N/A	Exemption	

III. PENALTY CALCULATION

	FEDERAL	MA	NOTES
Penalty	$695 per adult/$347.50 per child -- up to a cap of $2085 per family Or 2.5% of family income that is over the filing threshold Whichever is greater – Except that the penalty is capped at the national average bronze level health plan.	The amount is set by the MA Connector annually, the penalty is progressive with income, mirroring the availability of premium subsidies for lower income individuals. In 2017, the penalty varied from $252 for someone at 150.1-200% of poverty; to $1,152 a year for someone above 300% of poverty.	
Who it applies to	Adults and children	Only adults	
Deductions in Penalty		Lessened by amount paid to Federal government	
Calculation	Monthly penalty calculation based on 1/12 of annual amounts.	Monthly penalty calculation based on 1/12 of annual amounts.	

IV. MARYLAND PROPOSAL

MD's proposal allows the uninsured individual to convert their penalty into a payment for coverage during open enrollment, at tax time, or the following year. MD Proposal Components:

1. **Prepayment:** During open enrollment, a person who anticipates owing an individual mandate penalty can use that money to purchase/renew health insurance instead of paying that penalty on their taxes.
2. **Tax Time:** A person who owes the individual mandate penalty and is uninsured can choose to have the MD Connector use that money to purchase health insurance coverage for the individual mid-year **ONLY** if the cost of the health insurance (with APTC) for the remainder of the year would be less than the premium.
3. **Down Payment:** If at tax time the penalty cannot cover the cost of health insurance coverage, the money can be held in an escrow account to be used toward health insurance in the next open enrollment period. If not used, person moves, get employer sponsored insurance, etc. the money goes to the health insurance stabilization fund.

4. **Retention:** All down payment money is divided by 12 months and payments are made incrementally. If person gets ESI or other coverage or stops making their payment and gets terminated, the remainder of the money goes into the health insurance stabilization fund.

V. OPERATIONAL CONSIDERATIONS

Operational considerations if DC adopts an individual mandate based on the federal law verses the MA law verses the MD proposals.

	Federal	**MA**	**MD**	**NOTES**
Implementation Timing	Possible for 2019 using federal conformity. Even with conformity, DC has the options to make some changes specific to DC.	Unlikely for 2019	Not for 2019	
Operational Cost	OTR/HBX to estimate	OTR/HBX to estimate	OTR/HBX to estimate	
Reporting	If federal reporting is maintained, use their reporting. Alternatively, mimic federal requirements.	OTR would need to develop state reporting requirements.	Unknown	
Education and Outreach	The ACA requires the IRS to send a notification to each household that pays a penalty (though IRS has not fully complied). That notice directs the individual or family members to the Exchange in order to obtain coverage. DC OTR could provide similar outreach and education.	Starting in 2015, the MA tax department sends mailings to individuals who report being uninsured. The MA Health Connector has designed these mailings and provides information directly relevant to their marketplace. DC OTR could provide similar outreach and education.		

VI. USE OF FUNDS COLLECTED THROUGH THE INDIVIDUAL MANDATE:

Reminder: As part of the work already completed by the ACA Working Group in 2017, this group included in its recommendation on the individual mandate fallback policy that: *"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."*

Similarly, Massachusetts places funds collected through their state-based individual mandate into the "Commonwealth Care Trust Fund" and it is used to help finance the states' APTC "state wrap" that further reduce premiums and cost sharing for Health Connector enrollees.