

ACA Working Group
Individual Responsibility Requirement Fallback Discussion
Summary and Timeline
September 7, 2017

Summary:

The District could establish a local fallback individual responsibility requirement that would be in effect were the federal government not to enforce the federal ACA individual responsibility requirement.

Deborah Fries, Director of Fiscal and Legislative Analysis at the DC Office of the Chief Financial Officer, discussed the operational steps and costs of implementing two potential options for a local individual responsibility requirement fallback:

- Option 1: Mirrors the federal individual responsibility requirement and only collects money at the local level if the federal requirement is not enforced.
- Option 2: Is similar to the MA requirement – has a different penalty amount and different criteria, but deducts from collection the amount an individual has paid to the federal government under the federal ACA individual responsibility requirement.

Operational and Implementation Steps:

- Under both options, Office of Tax and Revenue would have to make IT systems changes, develop instructions, and change the paper tax form. Legislation would require an identified funding source for these operational costs over 4 years. Costs are estimated at \$1-2 million, Deborah to verify.
- Currently DC residents do not always have to complete their federal forms before filing their DC taxes. Both options would change timing for when DC taxpayers can file DC taxes to after their federal filing is complete. Deborah to verify accuracy.
- Under both options, new federal compliance monitoring would be required because the local payment due is dependent upon a federal payment made.
- Under option 2, the DC fallback that is similar to MA, HBX would have to handle exemptions process. HBX to estimate the workload and if it can be absorbed among current staffing. HBX has requested info from CMS on the number of exemptions provided to District residents annually. We still don't have that information.

Timeline:

If legislation is passed by **end of 2017** the District fallback individual responsibility requirement could be in effect for tax year 2018 *with* prior notice to DC residents. There would be time to appropriately implement changes.

If legislation is passed by **July of 2018**, District fallback individual responsibility requirement could be in effect for tax year 2018 *without* prior notice to DC resident or could be in effect for tax year 2019 *with* prior notice to DC residents. There will be time to appropriately implement changes for 2018 or 2019 effective dates.

If legislation is passed **after July 2018**, it could be in effect for tax year 2019 or later depending on when it is passed.

Note: All permanent legislation passed by DC Council must go through 30 days of Congressional review. Emergency legislation passed by DC Council does not require Congressional review; however, it is time limited to 90 days.

Additional details on how a bill becomes a law in the District of Columbia can be found on the DC Council website at: <http://dccouncil.us/pages/how-a-bill-becomes-a-law> and is attached.