

**STAFF PROPOSED SEPs RELATED TO THE ENACTMENT OF A
NEW DISTRICT OF COLUMBIA INDIVIDUAL RESPONSIBILITY REQUIREMENT**

December 13, 2019

BACKGROUND: The Federal Government repealed the federal individual responsibility requirement penalty in the Tax Cuts and Jobs Act of 2017.

In order to fill the void left by the federal government and, to maintain lower premium increases, the District of Columbia implemented a local individual responsibility requirement modeled after the federal requirement. The requirement began on January 1, 2019 as the federal penalty went away December 31, 2018. The District's local individual responsibility requirement hasn't received the same level of media attention that the repeal of the federal penalty has. Therefore, there is concern that current District residents and those moving to the District may be unaware of the District requirement. It is anticipated that residents may learn about the requirement to have healthcare coverage or pay a penalty during the 2018 tax filing season.

The goal of this proposed SEP is to provide those impacted individuals with an opportunity to enroll in the individual market upon learning of the District individual responsibility requirement during the tax filing season or as they move to the District. This proposed SEP is consistent with the policy objectives of earlier SEPs that allowed District residents to enroll in coverage for a time-limited period after enactment of the District or federal requirements to have healthcare coverage. Previously, there were IRR SEPs for tax years 2014 (federal mandate) and 2018 (District mandate).

DESCRIPTION:

TIME LIMITED IRR EDUCATION SEP FOR CURRENT RESIDENTS:

Taxpayers who learn of the individual responsibility requirement during the 2019 tax filing season would have a 60 day SEP to obtain health insurance for themselves and their dependents in the individual market, in an effort to minimize the impact of the tax penalty. The 60 day time period starts when the tax filer learned of the District requirement, but no later than the applicable tax filing deadline applicable for that individual. The applicable tax filing deadline for tax filers that do not file an extension is April 15, 2020, but is October 15, 2020 for those that file for an extension. Since this SEP is just for those who are learning about the new law for the first time, individuals would only be eligible for this SEP once. Enrollment is prospective only, for the first of the month following plan selection.

PERMANENT IRR EDUCATION SEP FOR NEW RESIDENTS:

Taxpayers who are new DC residents, and learn of the individual responsibility requirement as a result, would have a 60 day SEP to enroll themselves or their dependents in individual market health insurance in an effort to minimize the impact of the tax penalty. The time period starts when the tax filer first meets the residency requirement to enroll in the DC exchange.

Since this SEP is just for those who are learning about the new law for the first time, individuals or dependents would only be eligible for this SEP once and would not be eligible if they previously received the time-limited SEP associated with the District requirement. Enrollment is prospective only, for the first of the month following plan selection.