HINSHAW

Obama Administration Bends Individual Mandate Rules

1 min read

Dec 20, 2013

By: Peter J. Felsenfeld

With the deadline to select health coverage just days away, the Obama administration has given an early Christmas present to individuals whose policies were cancelled because of the Affordable Care Act ("ACA").

Those individuals will be temporarily "exempted" from the ACA's individual mandate, according to a bulletin issued late Thursday from the Department of Health and Human Services. The rule change was spearheaded by a group of Democratic senators, many of whom face tough re-elections battles next year.

The ACA includes a hardship exemption for people who have undergone "an unexpected natural or human-caused event." The administration's rule change places having your health plan cancelled under that definition.

This is the second unilateral revision the Obama administration has made to the ACA in response to public outrage over cancelled policies. Last month the administration allowed insurers to continue offering health plans that fell short of the ACA's mandates for another year — though individual states were left to decide whether to green light the extension.

The newest change effectively undercuts the individual mandate, a central feature of the ACA, which was schedule to take effect on January 1. Individuals who qualify for the exemption can now either opt out of coverage, purchase bare-bones "catastrophic" coverage, or sign up for a plan under an ACA exchange.

The revision raises numerous thorny questions, including the fairness of exempting individuals simply because their former plans failed qualify under the federal health law.

In addition, fewer young, healthy individuals will be signing up on the exchanges, exacerbating concerns about the fundamental economic viability of the ACA. As Karen Ignagni, president of America's Health Insurance Plans, told the Washington Post:

> "This latest rule change could cause significant instability in the marketplace and lead to further confusion and disruption for consumers."

Most employers will not be affected by exemption, as it primarily applies to individual and small group plans. However, changes in the marketplace now could impact premiums and other aspects of coverage of 2015.

We will keep you posted of significant developments.

Topics

Affordable Care Act