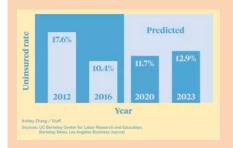
## **445**°

## Stabilize the California Health Insurance Market

National Multiple Sclerosis Society Position: Support SB 175 (Pan) and AB 414 (Bonta) which would reestablish an individual mandate in California.

Without further action, more than 4 million nonelderly Californians may be without health insurance by 2023.

- Until this year, the Affordable Care Act required everyone to have health insurance or pay a penalty (aka "individual mandate").
- The 2018 repeal of the federal individual mandate has led to a decrease in the number of young, healthy people in the individual insurance market, leaving more people with expensive health care needs in the health insurance risk pool.
- Both the individual and employer health insurance markets will be affected with coverage costs increasing.
- Uncompensated care at California hospitals is projected to grow between \$420 million and \$1 billion in 2019, as the newly uninsured population seeks medical care at hospitals.



## **SB 175 and AB 414 would:**

- Enact a penalty for not having health insurance beginning in 2020.
- Require Covered California to determine if a penalty is to be assessed or an exemption granted.
- Require the Franchise Tax board to collect the penalty through the tax payment process.
- Use the revenue from the penalty to improve the affordability of healthcare coverage for Californians.

## **Benefits to Establishing a State Individual Mandate**

- With more young and healthy people enrolled in individual insurance plans, premiums and out-of-pocket costs will be lower.
- Enforcement of a state penalty could generate an estimated \$500 to \$700 million annually.
- Revenue from a state penalty could be used for subsidy assistance for families earning between \$48,560 and \$72,840 or a family of four with a household income of less than \$150,000.

The nonpartisan Legislative Analyst's Office said a state individual mandate could be "one of the state's most effective policy options" to increase the number of insured Californians and lower coverage costs by using the threat of a penalty to increase the pool of healthy people paying into the system.