

Improving the Health Insurance Marketplace

Individual responsibility

The AMA supports requiring individuals to obtain health insurance in order to maximize the coverage of the uninsured and strengthen the effectiveness of other market reforms, such as eliminating health insurance denials due to pre-existing conditions. Specifically, AMA policy supports a requirement that individuals and families who can afford health insurance be required to obtain it, using the tax structure to achieve compliance. The policy advocates a requirement that those earning greater than 500 percent of the federal poverty level (FPL) obtain a minimum level of catastrophic and preventive coverage. The policy also states that upon implementation of tax credits or other coverage subsidies would those earning less than 500 percent of the FPL be subject to the requirement to obtain coverage.

The American Medical Association (AMA) proposal for expanding health insurance coverage and choice contains many provisions that are reflected in the Patient Protection and Affordable Care Act (ACA), Public Law 111-148, including: individually selected and owned health insurance; providing refundable and advanceable tax credits that are inversely related to income to make health insurance coverage affordable; changes to how the health insurance marketplace is regulated; strengthening the marketplace for health savings accounts; and providing direct subsidies for the coverage of high-risk patients.

Requiring individuals to obtain health insurance is a critical piece of the AMA proposal for covering the uninsured and expanding choice. Any approach to covering the uninsured based on individual choice and ownership of health insurance requires individual responsibility for obtaining coverage in order to successfully cover the uninsured and improve market function.

Why individual responsibility?

- Individual responsibility is a key component to ensure that approaches to cover the uninsured can maximize their coverage gains.
- Without individual responsibility, eliminating health insurance denials due to pre-existing conditions is not feasible because individuals would be able to forego coverage until they become ill or injured.
- Individual responsibility minimizes adverse selection, whereby low-risk individuals opt out of insurance and drive up average costs and premiums for those who are insured.

- Individual responsibility curtails the free rider problem in our nation's health care system, whereby care for the uninsured is ultimately paid for by taxpayers, insured individuals, and physicians and other health care providers through higher premiums and the provision of uncompensated care.

Patient Protection and Affordable Care Act provisions

The ACA requires individuals to obtain minimum acceptable coverage or pay a tax penalty. Exemptions from the requirement to purchase health insurance are available to those deemed unable to afford health insurance, those who qualify for a religious exemption, American Indians, those who have been uninsured for less than three months, undocumented immigrants and incarcerated individuals.

Strategies to foster healthy markets

AMA policy supports a requirement that individuals and families who can afford health insurance be required to obtain it, using the tax structure to achieve compliance. The policy advocates a requirement that those earning greater than 500 percent of the federal poverty level (FPL) obtain a minimum level of catastrophic and preventive coverage. Above this income threshold, it becomes reasonable to expect that individuals and families have sufficient disposable income to purchase coverage without suffering financial hardship. Only upon implementation of tax credits or other coverage subsidies would those earning less than 500 percent of the FPL be subject to the requirement to obtain coverage.

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