



## The Individual Mandate

### What is an individual mandate?

A mandate is an order for you to do something. Thus, an “individual mandate” for health insurance orders you to have health insurance, similar to how California car owners are ordered to have car insurance. In order to force people to buy health insurance, most plans create a penalty, most commonly a financial one, for people who don’t obey the mandate.

### Is a mandate Universal Health Care?

In the media, the individual mandate sounds synonymous with universal healthcare. But it is not. It is not guaranteed, universal healthcare. History has shown that individual insurance mandates have always failed because they are unenforceable in reality: people either refuse to buy them or simply cannot buy them because they cannot afford them. An existing example is the fact that 25% of drivers in California are uninsured despite the individual mandate for car insurance. This is not universal coverage.

### Where does the individual mandate come from?

The most recent craze for individual health insurance mandates began when the Blue Cross Foundation's Roadmap to Coverage project first advanced it as one possible component in June 2004. Then, Governor Mitt Romney of Massachusetts made it a centerpiece of his agenda in late 2004, which resulted in Massachusetts becoming the first state to require an individual mandate in 2006.

### Who supports it?

Right now, sectors of both Republican and Democrat parties are supporting individual mandates. Presidential hopefuls like Hilary Clinton, Barack Obama, John Edwards, and our own California governor Arnold Schwarzenegger all use some form of an individual mandate in their health reform proposals.

The greatest supporter of individual mandates, though, is the insurance industry because mandates increase their profits tremendously by creating a captive market for their product. This is because the individual mandate forces people to buy private health insurance without any limits placed on how much insurers can charge. Instead of being reform for universal coverage, individual mandates are really a plan to expand health insurance, without any cost or quality controls

### Who is against it?

People across the political spectrum criticize the individual mandate for many different reasons but it is condemned most forcefully for not limiting how much insurers can charge. Without cost controls, individual mandates place unfair financial burdens on everyone but the wealthiest. While most plans involve either an exemption from paying or the use of subsidies for those who cannot afford insurance, many poor people would still be forced into buying them or hit with unfair penalties. The average health insurance premium for a family of four today is just over \$12,000 a year. Middle class families, making around \$60,000 a year would not be able to afford this base cost, which does not even include additional out-of-pocket expenses. Already, 50% of bankruptcies are the result of medical bills that American’s cannot pay, and this phenomenon will only worsen with the advent of the individual mandate.

## Why are mandates bad policy?

The individual mandate is bad policy because it acts as a subsidy to the insurance industry, enriching the profits and CEO salaries of insurance corporations. It doesn't help insure more people, and it will likely worsen some of the most inhumane aspects of our current health care system. A few of the problems include:

**Escalating Costs:** The individual mandate forces families into buying individual health insurance policies, which are the most profitable segment of the health insurance business. In recent years, the health care crisis has worsened, reflected in the increasing numbers of employers dropping private health insurance coverage due to the outrageous, increasing costs. Individual mandates, without cost controls, greatly intensify this problem. A 2007 study estimates that the existing Massachusetts individual mandate has boosted already high premiums by more than 20%.

**Cherry Picking:** Individual health insurance policies allow insurance companies to "cherry pick", that is to insure only healthy people and turn down individuals or families that may cost them money. Governor Schwarzenegger, in his individual mandate plan, has proposed dealing with this problem by enforcing an 85% medical loss ratio in order to guarantee that insurers will spend 85% of the money they collect in insurance premiums on medical care (in comparison, Medicare and Medi-Cal have a 95% medical loss ratio). Yet, this proposal, which mirrors many of the presidential candidate's proposals, is full of loopholes and does not create incentives for insurers to reduce costs.

**"Stripped Down" Plans:** Without regulation, insurers will increasingly offer "stripped down" plans that cover so little that people have to pay huge out of pocket expenses. For example, the Massachusetts individual mandate prides itself on making available plans without deductibles, but this really means huge co-payments and patients who pay 35% of the total cost of hospital care, X-rays, lab tests, and outpatient surgery. In fact, these so-called "affordable" plans only have 60% of the actual value of a comprehensive plan. It is these types of plans that leave people with giant medical bills, poverty, and bankruptcy as the dire consequences.

**The Uninsured:** Instead of helping the uninsured, those who simply cannot pay but do not obtain or qualify for an exemption, will be hit with a financial penalty that could also bar them from getting medical care. As dehumanizing as our current health care system is, it at least has one safety net. People have to be seen if they go to an emergency room. Under the individual mandate, even this right would be stripped away. Some individual mandates also do not leave any option for undocumented workers, again demonstrating how far mandates are from universal health care. On top of this, appeals for the individual mandate have already used propaganda attacks against the poor and immigrants who cannot access health care.

The individual mandate, instead of solving any problems, only exacerbates old ones while creating new ones, leaving us with yet another injustice.