Down payment plan good for Md.

By Gene M. Ransom III

As Washington politics continues to risk instability for the Affordable Care Act (ACA) and health insurance markets, Maryland policy makers are working in a bipartisan manner in the best interests of the citizens of Maryland. The most recent adjustment being proposed to protect Maryland patients is the creation of a Health Insurance Down Payment Plan, legislation introduced by Del. Joseline Pena-Melnyk and Sen. Brian Feldman.

The Health Insurance Down Payment Plan will help the uninsured and shrink uncompensated care by creating health insurance cost fairness for everyone. Here's how it would work: At tax time, Marylanders would be asked if they had quality health coverage in the past year. If they answer "no," they have a choice — either pay a penalty to the state or instead use that money to purchase quality, affordable health care.

The Maryland down payment plan is not the ACA mandate; it's a significant improvement. The ACA's individual mandate took a largely punitive approach to encouraging consumers to fulfill this responsibility, imposing federal income tax penalties on people who lacked coverage the previous year and did not qualify them for a tax exemption. The federal tax law passed in December 2017 eliminated the federal government's enforcement role; while the removal of the insurance coverage mandate poses a significant challenge to the ACA's model, it also creates an opportunity for states to improve on the federal template.

Last month, Gallup reported that, in the final quarter of 2018, the percentage of uninsured Americans rose to the highest rate since the ACA went into effect. Young adults under the age of 35 were the group most likely to drop coverage; the proportion without insurance rose by 4.8 percentage points since 2016, compared to 2.8 percentage points for the country as a whole. The down payment plan would address this shift in youth behavior.

The Maryland down payment plan would drive young and healthy residents to purchase coverage, stabilizing the individual market and lowering premiums. According to the Legislative Services fiscal note, the number of uninsured Marylanders could decline by as much as 35 percent, the exchange would increase in size from 128,000 to 207,000, and the risk pool would be much better, leading to lower premiums. Furthermore, the portion of exchange enrollees who are young adults under the age of 45 is projected to climb from 35 percent to 52 percent.

According to health experts, about 78,000 Marylanders could purchase coverage for no more than the penalty combined with federal subsidies. Another 50,000 Marylanders who file tax returns but have not yet signed up for coverage could enroll in Medicaid. So for most people, it would prompt them to take advantage of programs they are currently entitled to, but in which they are not currently enrolled.

As more Marylanders sign up, uncompensated care will continue to decline, helping our goals under the All Payer contract, further reducing the hidden health care tax, and bringing down premiums for everybody. Last year's bill was much more complex than the current bill. Considerable consultation with stakeholders and agencies combined with hard work by the bipartisan Maryland ACA Task Force led to a much simpler, more easily administered plan. It's a plan that deserves a favorable vote and implementation.

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