

Virtual Mentor

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POLICY FORUM

American Medical Association Policy—The Individual Mandate and Individual Responsibility

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With federal appellate courts split on the constitutionality of the Patient Protection and Affordable Care Act (ACA) and 26 states and the Obama administration appealing for review, it's more likely than ever that a Supreme Court ruling on the act will take place in the near future [1]. Central to the debate about the act's constitutionality is the individual mandate, which requires all Americans (with some narrow exceptions) to obtain a certain level of health insurance coverage [2]. The financial lynchpin of the ACA, the individual mandate reduces the cost of health care insurance overall by widening the pool of participants who pay into health insurance and reducing the number of "free-riders" who receive care without paying in [3]. The American Medical Association (AMA) has supported the individual mandate since 2006, based on theories of individual responsibility to obtain health insurance and a pressing need to bring health care to the uninsured.

In other contexts, the AMA has sometimes called for the minimization of health care mandates. One policy opposed any health benefit mandates unrelated to patient protection that might jeopardize coverage for those already insured [4]. Another called for a regulatory environment that enabled rather than impeded private market innovation, including the minimization of benefit mandates "to allow markets to determine benefit packages and permit a wide choice of coverage options" [5]. Yet another reaffirmed the AMA's "commitment to private health insurance using pluralistic, free enterprise mechanisms rather than government mandated or controlled programs" [6]. The AMA opposed socialized or nationalized health care in favor of individual choice and free-market strategies in 1998 [7].

Historically, however, AMA policy has supported the ideas underlying the individual mandate of the ACA; "expanding health insurance coverage and choice have been long-standing goals of the AMA" [8]. Earlier policies of the AMA on the topic of health reform acknowledged the need to obtain "universal coverage and access to health care services" [9]. The Council on Medical Services, the AMA group charged with studying this issue since the early 1990s, has examined a variety of alternatives that might broaden access to health care but ultimately, in 2011, reaffirmed its 2006 policy emphasizing requirements that individuals obtain health insurance [8]. The AMA has focused on individual forms of health insurance, rather than employer-based forms, as the organization rebelled against managed care and employer-based care, which sometimes "interfere[d] with patient choices and physician decision-making"[10].

Requirements of individual responsibility were deemed necessary by the AMA to avoid the free-rider problem, in which care for the uninsured is paid for by others, and adverse selection, which occurs when low-risk individuals opt out of insurance, because both circumstances raise costs for everyone else [10]. In its 2006 report “Individual Responsibility to Obtain Health Insurance,” the council noted that

there are some individuals with high incomes whose failure to obtain health insurance poses an avoidable social burden. Such individuals have a responsibility to obtain coverage. Individuals with lower incomes also have the responsibility to seek and maintain coverage, but their burden to do so is tempered by their ability to afford the potentially high cost of coverage [10].

Refundable, advanceable tax credits inversely related to income are the favored method for promoting individual responsibility and lowering cost overall [9]. In 2006, the council ultimately recommended support of a requirement that all families and individuals earning more than 500 percent of the federal poverty level obtain catastrophic and preventive health insurance [11]. For those with incomes below 500 percent of the poverty level, a mandate to obtain catastrophic and preventive health insurance is only required “upon implementation of a system of refundable, advanceable tax credits inversely related to income or other subsidies” [11].

At the most recent annual meeting of the House of Delegates of the AMA, a heated debate led to a vote of 325-165 to reaffirm the above policy supporting individual responsibility to obtain health insurance [12]. This is in line with the ACA’s individual mandate, which affords a premium tax credit for families and individuals that is both refundable (so those with little or no income tax liability can still benefit financially) and can also be paid in advance to insurance companies to cover or lessen the cost of premiums [13].

In addition to its approval of individual responsibility to obtain health insurance, the AMA has two current health policies that carve out specific requirements for an individual mandate. First, in the context of an individual mandate, the AMA supports health insurance coverage of preexisting conditions with both guaranteed issue and guaranteed renewability [5]. Thus, it rejects an individual mandate that would require the purchase of health insurance but not ensure that individuals with preexisting conditions could receive it and renew it. This requirement is satisfied by the ACA, which currently provides an alternative health plan for those with preexisting conditions, and, in 2014, will ban insurance companies from refusing coverage to these groups [14, 15]. Another AMA policy encourages the involvement of patients and practicing physicians in determining the “minimum creditable coverage for an individual mandate” [16].

While the AMA has generally favored individual choice over government mandate, its policies have long noted the importance of individual responsibility to obtain health insurance and the significant role this plays in making universal health care

coverage achievable. As the Supreme Court takes on the question of whether states or the federal government should regulate health care and whether the purchase of health insurance can be required, the notion of individual responsibility and the integral role it plays in insuring the uninsured will be a key theme to consider.

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