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March 2, 2018

The Honorable Joseph F. Vitale
New Jersey Senate
State House
P.O. Box 099
Trenton, NJ 08625-0099

Re: AMA Support for S. 1877

Dear Senator Vitale:

On behalf of the American Medical Association (AMA) and our physician and student members, I write to state our support for Senate Bill (S.B.) 1877, the New Jersey Health Insurance Market Preservation Act. This legislation reinstates an individual health insurance mandate penalty through the New Jersey tax structure.

The AMA has long had policy supporting a requirement that individuals and families who can afford health insurance coverage be required to obtain it, using the tax structure to achieve compliance. An individual responsibility requirement remains the best way to maximize coverage gains, as well as help ensure healthy individuals enroll in coverage and stay covered.

The elimination of the federal individual mandate penalty starting in 2019 is expected to increase the number of uninsured in New Jersey and across the country. It will also create an imbalance in the individual health insurance market risk pool as healthy people choose not to purchase insurance coverage, leading to increases in premiums for those who remain. In fact, the Congressional Budget Office projected the repeal of the individual mandate starting in 2019 will cause the number of individuals with health insurance coverage to decrease by four million in 2019 and 13 million in 2027. Simultaneously, average premiums in the non-group market would increase by approximately 10 percent in most years of the coming decade.

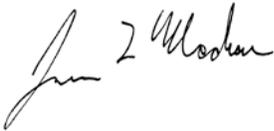
However, states are not powerless to prevent these coverage losses and premium increases, as illustrated by your important legislation. By establishing the individual mandate penalty at the state level, S.B. 1877 will help to limit premium increases for many individuals in New Jersey and the expected increase in the state's uninsured rate. Moreover, S.B. 1877 will go a long way in stabilizing the New Jersey individual health insurance market after many months of uncertainty and turmoil. This stability will be helpful in attracting more payers to the New Jersey marketplace, and this increased competition can result in further reductions in patient costs, improved quality, and greater innovation.

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As AMA policy states, affordability should be a consideration of any individual mandate penalty, and we encourage adoption of appropriate hardship exemptions. We also recognize that existing patient protections will help promote affordability. Federal premium tax credits play a critical role in making premiums largely affordable for many individuals who purchase health insurance through the Marketplace. Moreover, the New Jersey legislature's laudable decision to expand Medicaid ensures that the state's most vulnerable are not left without access to health care coverage.

In conclusion, the AMA supports S.B. 1877 because it will help ensure affordable health care coverage for so many in New Jersey. We look forward to working with you and the Medical Society of New Jersey toward enactment. If you have any questions, please contact Emily Carroll, JD, Senior Legislative Attorney, AMA Advocacy Resource Center, at emily.carroll@ama-assn.org or (312) 464-4967.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Madara". The signature is written in a cursive style with a large initial "J" and "M".

James L. Madara, MD

cc: The Medical Society of New Jersey