

# The Individual Insurance Mandate in Health Reform Is Bad Public Policy

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*The Uninsured, 2011*

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Since the big victory for Prop C [Proposition C, a measure to exempt Missouri residents from the individual insurance mandate in the 2010 health care law] in Missouri, I've seen several "progressives" rush to defend the individual mandate that requires individuals to buy private insurance. I find such action indefensible for individuals who call themselves progressives. At most, progressives should think of the individual mandate to buy poorly regulated private [health insurance](#) as a highly suboptimal solution to expanding coverage. The mandate is neither good politics nor good policy. Defending it strikes me as nothing more than a reflective defense of the Democratic Party masquerading as progressivism.

## Alternatives to the Individual Mandate

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If the true goal of progressives is to produce truly universal health insurance in the best, most cost-effective manner, then there is no honest progressive who would recommend the individual mandate. There must be at least a half dozen better policy solutions to the problem.

A universal single-payer health care system, such as [Medicare](#) for all, is probably as close as you can get to an optimal solution. It is dramatically better by all measures than a system based on an individual mandate.

Even if you wanted to keep a mainly private health insurance exchange system, there are several second-best options that are better policies than the government collecting an individual mandate tax. One option is creating an extremely bare-bones default [public health](#) insurance plan that would automatically cover anyone who didn't sign up for a private insurance plan.

Another option would be for the government to select the private plan from the lowest level with the best metrics and automatically enroll everyone without insurance in that plan. If their subsidies fully cover the cost, then there is no problem. If their subsidies are not enough, then additional money would be automatically withheld from their earnings along with their payroll taxes. Wealthier individuals would have the ability to opt out of this automatic withholding only if they sign away their right to community ratings and subsidies for a set time or accept that they will have to pay a large penalty if they sign up after getting ill.

[The individual mandate] is not the best solution, or even the second or third best solution, for expanding coverage.

Obviously, I feel that giving people the choice of a public option makes the individual mandate a noticeably worse policy. With the public option, the government is technically only requiring you to give money to a government agency instead of making it a crime not to hand money over to a private company.

I would even consider it a policy improvement to replace the government-run individual mandate with a premium back payment penalty that is combined with the government sending out directed warning letters. That gives insurance companies the right to charge people a back premium penalty worth up to six months of premiums if they try to sign up for insurance without being able to prove they were previously insured. It creates nearly the same type of financial incentive to not be a "free rider" (that is, wait until you get sick to sign up for insurance), without the creepy idea of the government actually forcing you to buy a product from a private company.

## An Ugly Compromise

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I accept that some progressives honestly feel the new system created by the law with the individual mandate is an improvement over the *status quo*, but no one should pretend that it is actually good policy rather than the ugly compromise that it really is. It is not the best solution, or even the second or third best solution, for expanding coverage. Progressives do themselves a huge disservice when they defend this piece of [poor](#) policy and bad politics. What they should be doing now is acknowledging that the individual mandate isn't good and needs to be replaced with a more progressive alternative.

I can only compare the individual mandate to "Don't Ask, Don't Tell" [a policy regarding homosexuals in the US military] back in the 90s. It was technically an improvement over the then *status quo*, but it was still an ugly, stupid policy. While possibly better than what was happening before, it was clearly a suboptimal solution. Just like "Don't Ask, Don't Tell," progressives should not pretend that the individual mandate is a good idea simply because it is part of the bad compromise created by "their" party. That is the difference between true ideological activists and people who see themselves as defenders of the party even when the party's ideas are truly bad.

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## Further Readings

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