

A Mandatory Debate

New Report Studies What Health Reform Might Look Like Without the Individual Mandate

With conflicting rulings about the constitutionality of the individual mandate in the Affordable Care Act (ACA), we are left to wonder: what would the ACA look like if its individual mandate were stripped off? A new report shows that the number of uninsured would be cut by 50 percent if the mandate is left in place -- 20 percent without the mandate.

The paper, funded by the Robert Wood Johnson Foundation and prepared by Urban Institute researchers using their micro-simulation model, compares cost and coverage estimates for the nonelderly population if the ACA were implemented as passed, but the individual mandate was eliminated. For ease of comparison, these scenarios are simulated as if they were fully implemented in 2010.

Among the simulation's findings:

- The number of uninsured would be cut by 27.8 million with the mandate, but by 10.1 million without the mandate.
- Government spending on acute care for the nonelderly would increase by \$69 billion under the ACA but would still rise by \$50 billion if the mandate were eliminated. The latter situation occurs because without the mandate the government is still covering the less healthy uninsured.
- Uncompensated care would decline by \$42.4 billion under the ACA, but by \$14.7 billion under reform without a mandate because of the large number of people remaining uninsured.
- Overall health system spending would increase by \$53.1 billion, or 4.5 percent, under the ACA and would decrease by \$10.2 billion, or 0.9 percent, if the mandate were dropped. (These are single-year estimates based on 2010 costs; multiyear provisions that would offset these costs, such as Medicare and Medicaid savings and cost-containment, were not simulated.)

The authors contend that, based on their findings, the individual mandate is an essential component of the overall package, working with the Medicaid expansion, insurance exchanges, premium subsidies, and market reforms to achieve the law's goal of greatly reducing the number of uninsured. The finding that uncompensated care costs are much higher without the mandate suggests that individuals who would be uninsured without the mandate are essentially free riders shifting the costs of their care onto the rest of society.

- Read the full report [here](#).

Media Contact: Erica Garland (202) 745-5119