



AMERICAN ACADEMY
of ACTUARIES

NEWS RELEASE

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Actuaries Warn About Consequences of Delaying ACA's Individual Mandate or Extending Open Enrollment Period

WASHINGTON – Delaying the implementation of the Affordable Care Act's (ACA) individual mandate or extending the open enrollment period for obtaining coverage could have negative consequences for health insurance coverage and costs, the American Academy of Actuaries' Health Practice Council warned in a letter sent to members of Congress on Nov. 5, 2013.

Those consequences could include the prospect that premiums will be insufficient to cover claims, higher-than-anticipated numbers of uninsured individuals, increased costs to the federal government, and higher insurance premiums in 2015.

“Policymakers need to consider the implications of delaying the individual mandate or extending the open enrollment period before taking action,” said Cori Uccello, the Academy's senior health fellow.

The Academy's Health Practice Council pointed out that, to ensure access to health insurance for higher-risk individuals, the ACA prohibits insurers from denying coverage or charging higher premiums based on health status. The individual mandate and limited open enrollment period were included in the law to bring in a broad cross-section of risks — the young and the old, the healthy and the sick — to ensure the markets are viable and premiums are stable.

“Without the individual mandate and limited open enrollment period, premiums would likely have been higher and fewer people would obtain coverage than without these provisions,” said Uccello.

The council also pointed out that the approved premium rates for 2014 were based on the assumption that the individual mandate and limited open enrollment period would be in effect. If either provision is delayed, there would be an incentive for lower-cost individuals to delay purchasing coverage. If predominantly higher-cost individuals purchase coverage, 2014 premiums may not be adequate to cover that population's costs. Further, as a result, the ACA risk-corridor mechanism

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would more likely be triggered and the U.S. Department of Health and Human Services would have to make payments to insurers if losses due to insufficient premiums exceeded a certain threshold.

“The adverse selection as a result of delaying these provisions could affect not only the risk pools and claims in 2014, but also the premiums for 2015, since enrollment information from 2014 would factor in to the development of 2015 rates,” said Uccello.

The council urged legislators to weigh such risks against potential benefits before deciding to act, noting that it may be appropriate to revisit such delays, for example, “if technical issues in the marketplace enrollment process persist over a longer period of time.”

Download the [letter](#), and learn more about the American Academy of Actuaries, by visiting www.actuary.org.

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