

RESOLUTION OF THE CITY COUNCIL

No.

Approved

WHEREAS, Congress has enacted the Affordable Care Act to extend access to health insurance nationally; and

WHEREAS, Rhode Island supports the goals of the Affordable Care Act through, among other things, the establishment of the Health Source RI insurance exchange; and

WHEREAS, The Health Source RI exchange, which is estimated to cost \$26 million per year, is currently being funded with a federal grant which is scheduled to expire on January 1, 2015; and

WHEREAS, The Affordable Care Act combines insurance subsidies with an individual mandate requiring people who can afford health insurance to purchase it or face a tax penalty; and

WHEREAS, The individual mandate is crucial to the program's success in order to ensure a diverse risk pool on which to base insurance rates; and

WHEREAS, The tax penalties to enforce the Affordable Care Act's mandate are going to be phased in over three years, with the 2014 penalty only 40% of the 2016 amount; and

WHEREAS, An inadequate penalty may fail to provide a sufficient incentive for young, healthy Rhode Islanders to purchase medical insurance; and

WHEREAS, The insurance pool must include a sufficient number of young, healthy people to avoid the risks of "adverse selection"; and

WHEREAS, Massachusetts successfully expanded health insurance enrollment beginning in 2006 by enacting a robust state-level insurance mandate and penalty; and

WHEREAS, The Massachusetts penalties generated tax revenues that the Bay State used to pay for the costs of the program; and

WHEREAS, Section 1321 of the Affordable Care Act allows states to supplement the federal program with initiatives that do not "prevent the application of the provisions of" the Affordable Care Act; and

WHEREAS, Massachusetts is continuing its State level mandate and tax penalties to supplement the federal program; and

WHEREAS, If Rhode Island enacts a program with penalties that are equal to or smaller than those in Massachusetts, there will be no risk of interstate flight; and

WHEREAS, A State-level mandate will increase participation by healthy adults while generating tax revenues to support the State's implementation of the Affordable Care Act.

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Providence urges the General Assembly to enact a State-level insurance mandate and tax penalty to supplement those present in the Affordable Care Act; and

BE IT FURTHER RESOLVED, that a copy of this Resolution be forwarded to the House Speaker, Senate President and members of the Providence delegation to the General Assembly.