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Written by **Michael Tennant** on June 4, 2018

New Jersey Reinstates ObamaCare Mandate

New Jersey residents who thought they had finally been freed from ObamaCare's individual mandate have another think coming: The Garden State, whose motto is "Liberty and prosperity," just reinstated the mandate.

On Wednesday, Governor Phil Murphy, a Democrat, signed into law a bill that imposes a state-level individual mandate to replace the one that Congress and President Donald Trump repealed in December. The state mandate will take effect January 1, the same day the federal mandate is set to expire.

According to *Politico*:

> New Jersey's mandate, which mirrors the former federal requirement, includes an annual penalty of 2.5 percent of a household's income or a per-person charge — whichever is higher. The maximum penalty based on household income will be the average yearly premium of a bronze plan. If it's based on a per-person charge, the maximum household penalty will be $2,085. A "hardship exception" for individuals who cannot afford coverage would be determined by state Treasurer Elizabeth Muoio.

Roughly 800,000 New Jerseyans obtained health coverage under ObamaCare, reported NJ.com. About 500,000 got it through Medicaid, while the rest bought private plans. Meanwhile, about 189,000 New Jerseyans paid a total of $93 million in penalties for opting out of coverage.

New Jersey expects to be able to use the penalties it will collect under its own mandate to fund a reinsurance program to pay claims of patients with catastrophic illnesses. The "program is supposed to reduce the average premium increase by 10 percent to 20 percent," wrote *Politico*.

Whether the state will be able to carry out its grandiose plan remains to be seen. For one thing, it has to apply for a waiver from the federal government to create the reinsurance program. For another, it also wants Washington to cover about half the cost of the program, which state Senator Joseph Vitale (D-Middlesex), one of the lead sponsors of the legislation, estimates will be $275 million. Experience with government estimates suggests the price tag will end up being significantly higher.

"The individual market would descend into a death spiral if not for this legislation," Vitale told *Politico*. In other words, ObamaCare was structured in such a way that the only way to keep it afloat is to require people to buy health insurance (that the law made even more expensive) whether they want it or not. Otherwise, only those with costly, chronic conditions are likely to buy coverage, which will drive premiums so high that the market will collapse.

Contrary to Democrats' insistence that they only want to help the less fortunate, the ObamaCare mandate and the similarly styled New Jersey one actually harm low- and middle-income families the most, noted Americans for Tax Reform. Based on Internal Revenue Service data, the group calculated that 78 percent of New Jersey households subject to the ObamaCare penalty earned less than $50,000

per year, and 38 percent earned under $25,000.

"Forcing individuals to buy a plan they can't afford or don't want is not a winning policy," said Nina Schaefer, a health policy researcher at the Heritage Foundation. "Moreover, it does nothing [to] address the real problem of rising health care costs."

The real problem, of course, is government interference in the healthcare marketplace. Mandates, regulations, and subsidies all increase the cost of healthcare and health insurance and skew them toward politicians' desires rather than consumers'. Tax preferences for employer-sponsored insurance tie coverage to jobs and shield employees from their true healthcare costs. Government insurance programs such as Medicare and Medicaid discourage patients from seeking low-cost care and encourage the overuse of the healthcare system.

ObamaCare was just the latest attempt at patching this bureaucratic nightmare. It was already failing when the federal mandate was repealed, but repeal is quickly revealing just how shaky the law's foundation was in the first place.

Instead of trying to apply yet another Band-Aid to the already wounded healthcare system, New Jersey ought to treat the disease that is afflicting it by declaring ObamaCare — and countless other unconstitutional federal healthcare laws — null and void within its borders and by repealing its own mandates and regulations that drive healthcare out of the reach of so many people.

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