

# The Penalty Box

By [Peter Harbage](#)

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With the release of the Congressional Budget Office report on the Senate Finance health



bill, there has been significant concern about how health reform may not cover all of the uninsured. From leaders in the progressive movement (read Jon's [list](#) of top health reform issues) to Karen Ignagni's October 11 cover memo on the infamous PwC "report", people have been talking about the size of the penalty for families failing to purchase insurance. It's a good question, but it misses the point. Getting everyone covered depends on a three step process: coverage must be made affordable, coverage must be made easily available, and once that is achieved, then you can have an effective mandate and penalty.

It is this second step--making coverage easy to get--that has gotten too little attention. [Six out of ten children](#) eligible for Medicaid and CHIP (basically free coverage) are estimated to be eligible and not enrolled. The forms involved can be overly complex and the system can be difficult to navigate. In fact, today's health insurance system is seemingly designed to keep you out of insurance. Job change, marriage, change in age, all mean

that you could lose your current insurance.

The essential ingredient here is setting a [proactive exchange](#), as the [Center for American Progress](#) has outlined. An exchange should, for example, make it easy for people to move from plan to plan. It should also help people enroll in the best insurance plan available as a one-stop shop. But a well-designed exchange should do a few other things, too. In California, Governor Schwarzenegger proposed "seamless coverage." The state would [monitor](#) everybody's health insurance status. When somebody lost insurance, the state would automatically enroll that person into the low-cost plan. The approach was to be based on [work](#) by the New America Foundation. Stan Dorn at the Urban Institute has done some great [research](#) on enrollment, as well.

The broader point, though, is that for all of the attention we're paying to mandates, we're not giving nearly enough attention to automatic enrollment and other innovations that can get people insured, rather than penalize them if they're not. Ideally, we'll get to a "culture of coverage" where everyone assumes they are supposed to have health insurance, much as everybody now assumes they are supposed to get primary education. The situation is quite similar, actually: We have truancy penalties, but most parents send their kids to school because the education system is affordable to families, easy to access, and social pressure says it is the right thing to do.