



## Republicans Repeal Individual Mandate

On December 20, 2017, the proposed tax reform bill, H.R. 1, developed by Republicans, passed both houses of Congress after the U.S. House of Representatives voted in favor of a reconciled Senate-version of H.R. 1.<sup>1</sup> The bill, which was signed on Friday, December 22, 2017, by President Donald Trump, will repeal the tax penalties associated with the *Individual Mandate*, a provision within the 2010 *Patient Protection and Affordable Care Act (ACA)*, a/k/a *Obamacare*.<sup>2</sup> The *Individual Mandate* required most individuals to maintain health insurance coverage, or face a tax penalty (the 2017 tax penalty was \$695 per adult, \$347.50 per child, or 2.5 percent of household income, whichever was greater).<sup>3</sup> This provision was originally intended to lower the average price of health insurance by incentivizing the enrollment of healthy (and therefore less expensive) individuals in the health insurance market.<sup>4</sup>

It is important to note that:

- (1) Penalties associated with the *Employer Mandate*, an ACA provision requiring large employers to provide minimum essential coverage for full-time employees, have not been repealed; and,<sup>5</sup>

- (2) The other provisions of the ACA will not be affected by the tax reform bill, e.g., pre-existing conditions coverage, Medicaid expansion.<sup>6</sup>

The repeal of this provision will not take effect until 2019, and the ultimate effect it will have on future marketplace enrollment is uncertain.<sup>7</sup> The repeal of the tax penalties associated with the *Individual Mandate* is estimated by the nonpartisan *Congressional Budget Office (CBO)* to decrease the federal budget deficit by \$338 billion between the years of 2018 and 2027, but increase the average premium in the non-group insurance market by 10 percent.<sup>8</sup> Additionally, the CBO estimates that the number of individuals without insurance will increase by four million in 2019 and by thirteen million by 2027.<sup>9</sup> It is important to note, however, that this estimate may be overstated, as other independent analysts have predicted coverage losses of only three to five million individuals by 2027.<sup>10</sup> These widely varying estimates may be attributed to the fact that there is no precedent for the repeal of such as provision.

1 "The GOP Tax Bill Repeals Obamacare's Individual Mandate. Here's What that Means for You" By Sy Mukherjee, Fortune, December 20, 2017, <http://fortune.com/2017/12/20/tax-bill-individual-mandate-obamacare/> (Accessed 12/21/17).  
 2 *Ibid.*  
 3 "If you don't have health insurance: How much you'll pay" HealthCare.gov, 2017, <https://www.healthcare.gov/fees/fee-for-not-being-covered/> (Accessed 12/21/17).  
 4 "Requiem for the Individual Mandate" By Margot Sanger-Katz, New York Times, December 21, 2017, <https://www.nytimes.com/2017/12/21/upshot/individual-health-insurance-mandate-end-impact.html> (Accessed 12/21/17).  
 5 "The Tax Bill And The Individual Mandate: What Happened, And What Does It Mean?" By Timothy Jost, Health Affairs, December 20, 2017, <https://www.healthaffairs.org/action/showDoPubSecure?doi=10.1377%2Fhblog20171220.323429&format=full> (Accessed 12/21/17).

6 "The Health 202: A eulogy for the individual mandate" By Paige Winfield Cunningham, The Washington Post, PowerPost, December 22, 2017, [https://www.washingtonpost.com/news/powerpost/paloma/the-health-202/2017/12/21/the-health-202-a-eulogy-for-the-individual-mandate/5a3a94d430fb0469e883fd24/?utm\\_term=.5883f9785822](https://www.washingtonpost.com/news/powerpost/paloma/the-health-202/2017/12/21/the-health-202-a-eulogy-for-the-individual-mandate/5a3a94d430fb0469e883fd24/?utm_term=.5883f9785822) (Accessed 12/21/17).  
 7 "President Trump Is About to Sign the GOP Tax Bill. Here's When the Cuts Will Start" By John Patrick Pullen, Fortune, December 20, 2017, <http://fortune.com/2017/12/20/gop-tax-bill-cuts-start/> (Accessed 12/21/17).  
 8 "Repealing the Individual Health Insurance Mandate: An Updated Estimate" Congressional Budget Office, November 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf> (Accessed 12/21/17).  
 9 *Ibid.*  
 10 Jost, "The Tax Bill And The Individual Mandate: What Happened, And What Does It Mean?" December 20, 2017.



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