

CLIENT BULLETIN

President Signs Tax Bill that Effectively Repeals the ACA's Individual Mandate

The President recently signed into law H.R.1, the [Tax Cuts and Jobs Act](#). The law effectively repeals the *Affordable Care Act's* (ACA) [individual mandate](#) by lowering the penalty for failing to obtain health care coverage to \$0 beginning in 2019.

Recall, under the ACA's individual mandate, taxpayers had to do at least one of the following:

- Have qualifying health coverage called [minimum essential coverage](#);
- Qualify for a health [coverage exemption](#); or
- [Make a payment](#) with their federal income tax return for the months they were without coverage or an exemption.

What the New Law Changed

The new law (at Title I, Subtitle A—Individual Tax Reform, Part VIII—Individual Mandate, at Section 11081) reduces the individual mandate penalty to zero by amending Code Section 5000A(c) in paragraph (2)(B)(iii) and in paragraph (3) (A) and (D).

The amendments to the Code shall apply to months beginning on January 1, 2019.

What the New Law Did Not Change

The law does NOT change the employer mandate applicable to large employers, the health plan provider/employer reporting requirements (1095 series forms) or any of the group health care reforms such as the ACA rules on annual and lifetime limits, age 26 coverage, no pre-existing condition exclusions, the rules for grandfather and non-grandfather plans, essential health benefits and SBCs, etc.

Applicable large employers (ALEs) must still [offer and report on employee coverage](#). Group health plans must still comply with the regulations and guidance applicable to them as grandfathered or non-grandfathered plans.

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