



**Good Riddance, Individual Mandate Tax**  
*Americans are better off now that it's ending*

Obamacare forced Americans to buy government-approved health insurance—a federal command known as the individual mandate—and enforced it by taxing people who are uninsured. Since the [Tax Cuts and Jobs Act](#) ended the tax (beginning in 2019), reality has defied every doomsday prediction.

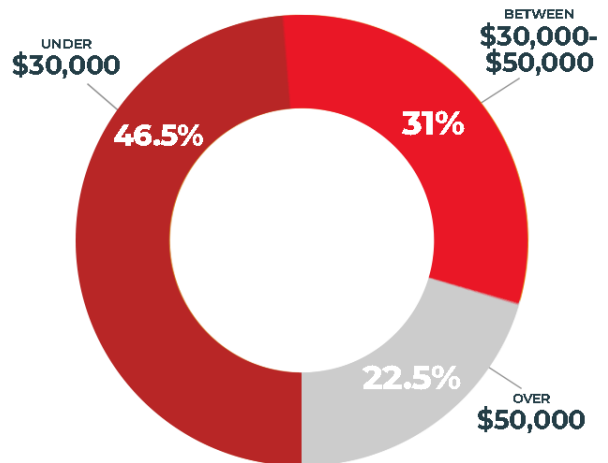
**Reality:**

- *The individual mandate did not work.*
- *The tax hit low-income Americans the hardest.*
- *CBO admits its dire predictions were wrong.*
- *The number of uninsured Americans fell this year.*
- *Insurance premiums are going down, not up.*
- *Americans will have more insurance choices.*
- *People with pre-existing medical conditions are protected.*
- *Americans have greater health care freedom.*

1. **The ill-conceived mandate failed.** The theory behind the individual mandate was that by requiring almost everyone to have insurance coverage, costs would be mitigated by younger, healthier enrollees subsidizing others with expensive insurance claims. In reality, enrollment in Affordable Care Act (ACA) plans by “[young invincibles](#)” never kept pace with the [level needed to keep premiums stable](#). Consequently, premiums skyrocketed and insurers left the ACA insurance exchanges in droves. Even Obamacare architect Jonathan Gruber admitted the individual mandate was ineffective, noting that “[the mandate penalty had a negligible impact on coverage.](#)”

2. **Low-income Americans are being rescued from a regressive, unfair tax.** Though the individual mandate failed to keep insurance costs low, the tax succeeded in creating hardships for lower-income Americans. According to the [Internal Revenue Service](#), nearly eight in ten taxpayers hit by the tax in 2017 had incomes less than \$50,000, and almost half had incomes less than \$30,000.

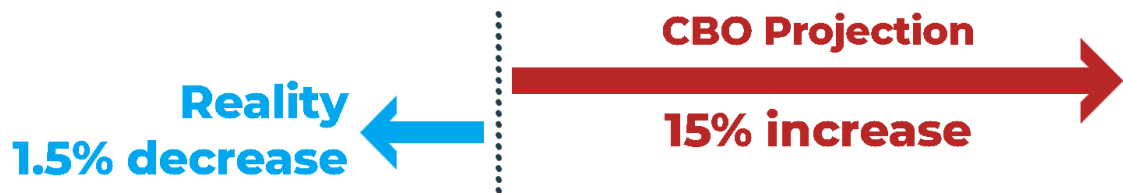
**Incomes of Americans Hit with Individual Mandate Tax in 2017**



Source: IRS Statistics of Income

3. **A *mea culpa* from CBO?** Critics of repealing the individual mandate tax pointed to projections by the Congressional Budget Office (CBO) that ending the mandate would result in higher premiums and millions of Americans forgoing insurance. However, from [November 2017](#) to [May 2018](#), CBO cut its estimate of the number of people who—without the penalty—would choose to be uninsured, while admitting that many of its past predictions of insurance coverage did not come to fruition. Underscoring the uncertainty of its projections, CBO announced recently that it is [revamping the economic model](#) the agency uses to project insurance coverage and costs.
4. **The ranks of the uninsured shrank this year.** According to initial [data](#) from the Centers for Disease Control, the number of uninsured Americans shrank in 2018 by 1 million to the lowest level in over 20 years, even with repeal of the individual mandate tax on the horizon.
5. **Defying predictions, ACA premiums will be lower for the first time in 2019.** In its May 2018 report, CBO projected that [3 million](#) fewer people would have insurance in 2019, mainly because CBO's now outdated insurance model predicted that ending the tax penalty would result in higher premiums. Specifically, CBO projected a [premium increase of 15%](#) in 2019 for ACA benchmark plans, the type of insurance plan used to determine federal premium subsidies. But in reality, premiums for benchmark plans are slated to *decline for the first time ever* in 2019, by an average of [1.5 percent](#).

## 2019 AVERAGE PREMIUM CHANGES FOR ACA BENCHMARK PLANS



6. **Americans will also have more insurance choices in 2019.** In recent years insurers have been fleeing the ACA exchanges, leaving consumers with fewer choices. In 2018, over half of U.S. counties had only one participating insurer in the ACA exchanges. But in another welcome reversal, [the number of single-insurer counties will decline](#) in 2019, the same year the individual mandate tax will end. Insurers are returning to markets they previously abandoned, while others are expanding their service areas.
7. **People with pre-existing medical conditions continue to be protected.** Strong bipartisan support in Congress for [maintaining protections for pre-existing conditions](#) ensures that safeguards will continue.
8. **Americans have greater health care freedom.** With the end of the individual mandate tax penalty, Americans will have greater freedom to choose their own insurance arrangement, not because the federal government commands them to do so but because they determine the course that is best for themselves and their family.