



Jan 04, 2018

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Repeal of Obamacare's Individual Mandate – Significant, or Not?

Why? Obamacare was built on the concept that affordable, universal coverage means younger, healthier people need to be within the overall insurance pool (including their premiums) so that those who both need to obtain coverage and need to use that coverage can do so without breaking the bank.

But now, the recent tax reform bill has done away with the individual mandate, leaving many asking the question, what does this mean?

First, a few things to keep in mind. The repeal of the mandate goes into effect in 2019, so the mandate is still in effect for the next year. Also, the mandate repeal does not mean a repeal of Obamacare. The individual insurance markets, the federal subsidies to help pay monthly insurance premiums, and Medicaid expansion in the states that implemented it will all still be in effect. Also, the repeal is not going to affect most people: those who receive [health insurance coverage from their employer](#).

The true impact of the repeal currently is the subject of much speculation. Most likely, some younger and healthier people who purchased a policy rather than pay the penalty tax may drop their coverage and take their chances on getting sick, or maintain only cheaper, "catastrophic" coverage. This means fewer dollars in the health insurance pool, meaning those persons who wish to maintain their coverage are likely to see higher premiums, and some of them may not be able to afford the increase.

Upon news of the mandate repeal, it was widely reported that the repeal would mean "up to 13 million people could lose their health insurance coverage." This statistic came from a [Congressional Budget Office \("CBO"\) report](#), which in reality estimates the following as fallout from the repeal: (i) a 10% increase in premiums, (i) loss of coverage in 2019 for four million people, and (iii) loss of coverage reaching up to 13 million over the next decade. Also, the CBO's methodology used to make such estimates [has received its own share of criticism](#).

But there may also be other unexpected fallout from the repeal. For example, some employers have provided coverage in order to spare their employees the cost of possibly paying the penalty tax. Now that such a risk is gone, will coverage by such employers go away with it?

On the upside, the mandate is also expected to save money. The CBO estimates that repeal of the mandate is [expected to save the government more than \\$300 billion over the next ten years](#). Also, by not having to pay the penalty, [taxpayers are expected to save \\$43 billion through 2027](#). Many of those who purchase individual policies on the health insurance marketplace (healthcare.gov) qualify for premium subsidies provided by the government. If those persons drop their coverage, then the subsidies also go. Whether or not these costs will be picked up by other parts of the government in an effort to maintain (or subsidize) coverage for some segment of the population remains to be seen.

If you have questions about compliance with federal or state health care regulations, feel free to reach out to the [Frost Brown Todd Health Care Industry team](#) via [Jim Dietz](#) (jdietz@fbtlaw.com) at 859-653-3467, or [Alex Fisher](#) (afisher@fbtlaw.com) at 615-251-5594.

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