# Senate tax bill seeks to end ObamaCare individual mandate: What it means for you

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The U.S. Senate Finance Committee amended its tax bill this week to include a provision that would repeal the ObamaCare individual mandate, a law requiring individuals to purchase coverage or pay a fine.

The Joint Committee on Taxation (JCT) estimates that ending the mandate would save $318 billion over the next decade, at a time when the GOP is wrestling with the spending levels of its tax cut proposals.

In a 2012 decision, the Supreme Court essentially classified the individual mandate as a tax on those who chose not to comply with the Affordable Care Act's (ACA) requirements, so Republicans would have precedent to be able to remove it through tax legislation.

The provision was designed to get healthy, young individuals to sign up for health care. Without it, some believe the market would skew even further toward older, sicker patients.

Andy Slavitt, who served as acting administrator for the Centers for Medicare and Medicaid Services (CMS) from 2015 to 2017, told FOX Business that eliminating the provision would reduce the availability of coverage, particularly among low-income Americans, and increase premiums.

The issue for insurers is that they would still be required to provide coverage for people with pre-existing conditions, but they would not necessarily be financially propped up by a pool of healthy individuals paying premiums while requiring little medical attention. To offset that potential risk, insurers could hike prices.

"Congress is working piecemeal to take apart this elaborate law that has a lot of interrelated components … [and] it's being done for financial purposes," Slavitt said. "I don't think for a second anybody thinks it's going to be a positive for anybody other than for the ... budget."

However, other experts believe the impact will ultimately depend on how effective the mandate has been.

"Potentially it could speed the adverse selection-death spiral that is already occurring," Michael Tanner, Cato Institute senior fellow, told FOX Business. "But, the [Congressional Budget

Office] and others have long overestimated the effectiveness of the mandate, so the impact may be less than some think."

Over the short-term, Tanner is optimistic that consumers won't be seriously affected beyond being able to opt out if they don't like the options. He also said those currently paying the fine will receive an "effective tax cut."

While the individual mandate is unpopular, many other parts of the law are still intact. Health care reform was a sticking point for a handful of GOP senators this year, causing multiple campaigns to repeal and replace ObamaCare to fail by narrow margins. Therefore, shooting for the lowest common denominator could be beneficial to both the GOP's tax reform and health care agendas, Tanner said.

"Republicans are not tackling the difficult aspects of ObamaCare repeal like preexisting conditions or [the] Medicaid expansion that blocked their earlier attempts," he said. "This could be a portion of ACA repeal that unites the party."

Slavitt pointed out that by repealing the individual mandate, Republicans would be making a definitive first step toward repealing the entire law.

While the U.S. House of Representatives' proposed tax cut bill does not include a provision to eliminate the individual mandate, House Speaker Paul Ryan (R-Wis.) said during an interview on Wednesday that his chamber could vote to repeal the provision as well, depending on what happens in the Senate, according to Reuters.