

December 21, 2017

FAQ: Answering Your Questions About the New Tax Reform Legislation

On Wednesday, December 20, Congress passed the Tax Cuts and Jobs Act (TCJA). There were several health-related changes included in the legislation, such as a repeal of the Affordable Care Act's individual mandate, and changes to the medical expenditure tax deduction. Read on to learn about the key health provisions that made it into the final law, how it may impact you, and what's next.

Let's start with the individual mandate.

What is the individual mandate?

The individual mandate was established by the Affordable Care Act and requires individuals to have health insurance or face a tax penalty.

Why is repealing the individual mandate a concern?

According to the latest Congressional Budget Office (CBO) estimates, up to 13 million Americans could lose coverage if the individual mandate is repealed. The mandate was a cornerstone of the Affordable Care Act because it created an incentive for younger, healthier people to have health insurance, which balances the overall risk pool, lowering health costs for everyone. Without the individual mandate, it's possible that a smaller number of healthy people carry health insurance, which could lead to higher premiums and out-of-pocket costs. In particular, those with chronic diseases and others who rely on regular, on-going access to care may be disproportionately affected.

When would this go into effect?

The repeal of the tax penalty would go into effect for the 2018 tax year, which means when you file taxes in early 2019 you would not be required to pay a penalty for not maintaining health coverage.

How will this impact states in 2018?

With the repeal of the mandate, the policy options to help stabilize the individual insurance market will largely fall to the states. In 2018, states may seek to pass their own individual mandate requiring individuals to carry health insurance (Massachusetts is currently the only state that has an individual mandate). States may also pursue other options to incentivize healthy people to carry health insurance and balance the risk pool.

What can I do to make a difference in my state?

Connect with your state legislators and insurance commissioner to make your voice heard. Legislators have the authority to pass laws such as individual mandates, and insurance commissioners have the authority to regulate the health care marketplace

and enforce existing laws. To find your state elected officials, use the look-up tool on our [legislative action center](#), and to find your insurance commissioner, visit your state's Department of Insurance website.

Now let's talk about other health provisions included in the tax bill.

Does the bill change the medical expenditure deduction?

Yes, the legislation reduces the medical expense deduction to 7.5 percent of an individual's gross income. This threshold rises back to 10 percent beginning in 2020.

When does the change take effect?

The change would officially go into effect for the 2018 tax year, which means it would affect you when you file your taxes in early 2019.

Finally, let's talk about what's next.

What is the Arthritis Foundation doing to address the potential consequences of the individual mandate repeal?

The Arthritis Foundation supports bipartisan legislation introduced by Senators Lamar Alexander (R-TN) and Patty Murray (D-WA) that seeks to stabilize the individual insurance market. We have signed onto [statements and letters as recently as December 20](#) calling for ways to lower costs for consumers and to stabilize the individual insurance market. We stand ready to work with Congress to advance [bipartisan solutions](#) to strengthen the health care system.

What is the status of the Alexander-Murray bill?

There are ongoing conversations about including the bill in the fiscal year 2019 legislation early next year. However, as Congress wraps up legislative business for 2017, this development is subject to change.

What can I do to make a difference?

You can contact your federal representative and senators to make your voice heard. Use the look-up tool on our [legislative action center](#) to find your elected officials and to share your story.

We welcome your feedback and questions at advocacy@arthritis.org, and want you to know you can always use the Arthritis Foundation as a resource. We are here for you.