

THE BEACON

Exclusive Compliance Alerts from MZQ Consulting

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OBAMACARE IS NOT DEAD!

Despite the failure of efforts to repeal the Affordable Care Act (ACA), the recently passed Tax Cuts and Jobs Act of 2017 repeals Obamacare's individual mandate. Unlike many provisions of the far-reaching tax reform bill that are effective immediately, there is no change to the individual responsibility to maintain health insurance or pay a penalty for either 2017 and/or 2018. Beginning in 2019, the new tax law eliminates the individual tax penalty for going without health insurance coverage.

Practically speaking, the repeal doesn't mean much because there are already exemptions that allow individuals to avoid the penalty for failing to maintain health insurance. These include, for example, a provision allowing anyone for whom coverage would cost more than approximately 8% of their household income to avoid the penalty even if they elected to opt-out of coverage. It is possible that employers may see a decline in enrollment in employer-sponsored health plans due to the repeal of the individual mandate.

While underwriting in individual markets may be impacted, the effect of the repeal of the individual mandate on the employer-sponsored markets is expected to be low. Given the vast number of people enrolled nationwide in employer-sponsored plans, the impact is likely to be minimal.

This change has virtually no effect on employers, as it does NOT alter or change the ACA's mandate for employers with 50 or more full-time equivalent employees (ALEs) to offer their full-time employees health coverage that meets ACA requirements. It also does NOT change employer reporting under the ACA. All rules related to filing Forms 1094-C and 1095-C remain in place.

For now, it's business as usual for employers!

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