

# The Federal Tax Code: Individual Mandate, Health Care, and Latinos

The “Tax Cuts and Jobs Act,” the latest tax bill from Congressional Republicans, would result in a massive tax cut for the richest Americans and big corporations, while providing little, if any, tax relief to working- and middle-class families.<sup>1</sup> Revenue lost through these massive tax cuts would explode the deficit and lead to devastating cuts in spending on important programs like health care, nutrition, education, and housing, jeopardizing the well-being of Latino families.

Not only does the Republican tax proposal benefit the wealthy and large corporations at the expense of the working and middle-class, it would undermine the ability of many Americans, including Latinos, to access quality, affordable health coverage. This plan would eliminate the individual mandate, included in the Affordable Care Act (ACA), that helps ensure every American has access to health coverage. Eliminating the individual mandate would allow Republicans to make massive tax cuts for corporations permanent and would cause millions of Americans to lose health coverage, increase premiums, and harm the overall health and well-being of our community.

## What Does the Individual Mandate Do?

Since 2013, the ACA has expanded health coverage to an estimated 20 million Americans by offering both incentives to help more people access quality health coverage and penalties for those who are eligible for coverage, but decide not to enroll.<sup>2</sup> The individual mandate requires most people to have health coverage which meets minimum standards or pay a tax penalty. There are several exemptions included in the ACA that waive the penalty for certain people facing financial or personal hardship.<sup>3</sup>

For most people, the ability to obtain affordable, quality health coverage for themselves and their families is enough to encourage them to enroll in coverage. For those who need an extra push, such as those who are young and healthy, the individual mandate provides that extra

incentive to shop for coverage and enroll in a plan that works best for them. The mandate is an important part of the ACA and is essential to creating a sustainable health insurance marketplace. A large pool of potential consumers increases competition among insurance companies, which in turn drives down the cost of premiums in the individual market.

The Congressional Budget Office (CBO) estimates that eliminating the individual mandate would cause four million more Americans to become uninsured in 2019. That number would rise to 13 million by 2027.<sup>4</sup> Not only would eliminating the mandate lead to more people becoming uninsured, the subsequent reduction of consumers in the marketplace will cause premiums to rise. The CBO estimates that eliminating the mandate would increase premiums for plans in the individual market by an average of 10 percent.<sup>5</sup>

### **How Would Eliminating the Mandate Impact Latinos?**

Eliminating the mandate would jeopardize the affordability and accessibility of coverage for millions of Latinos who count on the ACA marketplace as well as public programs like Medicaid. This includes four million Latino adults, and 600,000 Latino children, who have gained health care coverage under the ACA.<sup>6</sup> Additionally, eliminating the mandate would jeopardize the opportunity for the estimated 2.7 million Latinos who remain uninsured but are eligible for financial assistance with coverage obtained through the ACA marketplace or Medicaid.<sup>7</sup>

Congress should oppose a tax agenda that disproportionately benefits the rich and large corporations at the expense of the health and financial well-being of working and middle-class families. Instead, Congress should enact true tax reform that supports working families and children by reducing poverty, promoting economic mobility, and improving the health and prosperity of our communities.

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All sources accessed November 2017.

<sup>1</sup> House Committee on Ways and Means, *Tax Cuts and Jobs Act, H.R. 1, Section-by-Section Summary*, report prepared by House Ways and Means Committee Majority Tax Staff, 115th Cong., 1st sess., 2017, [https://waysandmeansforms.house.gov/uploadedfiles/tax\\_cuts\\_and\\_jobs\\_act\\_section\\_by\\_section\\_hr1.pdf](https://waysandmeansforms.house.gov/uploadedfiles/tax_cuts_and_jobs_act_section_by_section_hr1.pdf).

<sup>2</sup> Kelsey Avery, Kenneth Finegold, and Amelia Whitman, *Affordable Care Act Has Led to Historic, Widespread Increase in Health Insurance Coverage*. Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services Washington, DC, 2016, <https://aspe.hhs.gov/system/files/pdf/207946/ACAHistoricIncreaseCoverage.pdf>.

<sup>3</sup> Matthew Rae, Larry Levitt, Ashley Semanskee, *How Many of the Uninsured can Purchase a Marketplace Plan for Less Than Their Shared Responsibility Penalty?* (Washington, DC: The Henry J. Kaiser Family Foundation, 2017),

<http://files.kff.org/attachment/Issue-Brief-How-Many-of-the-Uninsured-can-Purchase-a-Marketplace-Plan-for-Less-Than-Their-Shared-Responsibility-Penalty>.

<sup>4</sup> Congressional Budget Office, *Repealing the Individual Health Insurance Mandate: An Updated Estimate*. Washington, DC, 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>.

<sup>5</sup> Ibid.

<sup>6</sup> Assistant Secretary for Planning and Evaluation, *Health Insurance Coverage and the Affordable Care Act*. Washington, DC, 2015, [https://aspe.hhs.gov/system/files/pdf/139211/ib\\_uninsured\\_change.pdf](https://aspe.hhs.gov/system/files/pdf/139211/ib_uninsured_change.pdf) and Sonya Schwartz et al., *Historic Gains in Health Coverage for Hispanic Children in the Affordable Care Act's First Year*, (Washington, DC: Georgetown Center for Children and Families and UnidosUS, 2016).

<sup>7</sup> Samantha Artiga et al., *Health Coverage by Race and Ethnicity: Examining Changes Under the ACA and the Remaining Uninsured* (Washington, DC: The Henry J. Kaiser Family Foundation, 2016), <https://www.kff.org/report-section/health-coverage-by-race-and-ethnicity-examining-changes-under-the-aca-and-the-remaining-uninsured-issue-brief/>.