

# Have the Reports of the Affordable Care Act's Death Been Greatly Exaggerated?

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The tax reform bill signed into law by President Trump on December 22, 2017, notably includes the repeal of the Affordable Care Act's (ACA's) individual mandate penalty. The individual mandate, which requires most Americans to maintain a basic level of health insurance coverage or pay a penalty to the federal government, had already endured multiple constitutional challenges and scrutiny by political pundits by the time it came into effect in 2014. The offering of affordable insurance coverage through the ACA's healthcare exchanges was supported by the individual mandate, which was intended to ensure that enough healthy people would participate in insurance pools to balance out the sick, who cost more to insure.

The largest concern raised by [payors and providers](#) relating to the repeal of the individual mandate penalty is that individuals with lower health expenditures could be less inclined to buy insurance through an exchange, which would result in imbalanced risk pools and rising premiums. Indeed, the Congressional Budget Office (CBO) [has estimated](#) that up to 13 million more people will be uninsured within the next 10 years and that insurance premiums will rise by an additional 10% per year as a result of the repeal. Beyond causing turmoil in the health insurance markets, should the CBO's estimates come to pass, the reduced number of individuals with insurance may generate increased numbers of visits to the emergency room, reduced volume for non-emergency medical services, and an increase in hospital spending on uncompensated care, among other far-reaching ramifications.

Considering the importance of the individual mandate penalty to the ACA and its healthcare exchanges, its repeal has left some questioning the future of the ACA altogether. President Trump, for one, confidently declared after the tax reform bill was passed that "when the individual mandate is being repealed, that means Obamacare is being repealed." However, elimination of the individual mandate does not by itself repeal the other provisions of the ACA, such as the ban on insurance companies refusing coverage due to pre-existing conditions, or enabling parents to keep their children covered under their plans until the age of 26. In fact, some have speculated that repeal of the ACA's most unpopular provision could insulate the law from further efforts to undermine it, as the political calculus must be recalibrated.

The actual impact of the repeal will be contingent upon several key factors: (i) health insurance enrollment volume, (ii) health insurance premiums, (iii) health insurer participation in the ACA exchanges, and (iv) future legislative action in this space (e.g., stabilization measures such as the proposed Alexander-Murray and Collins-Nelson bills). While there is little doubt that repeal of the individual mandate penalty is a setback for the ACA, it would be premature to declare dead a law that has already proven [more resilient](#) than many anticipated.

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National Law Review, Volume VIII, Number 3

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