
TAX CUTS AND JOBS ACT

CONFERENCE REPORT

TO ACCOMPANY

H.R. 1

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PART VIII--INDIVIDUAL MANDATE

SEC. 11081. ELIMINATION OF SHARED RESPONSIBILITY PAYMENT FOR
INDIVIDUALS FAILING TO MAINTAIN MINIMUM ESSENTIAL
COVERAGE.

(a) In General.--Section 5000A(c) is amended--

(1) in paragraph (2)(B)(iii), by striking ``2.5
percent'' and inserting ``Zero percent'', and

(2) in paragraph (3)--

(A) by striking ``\$695'' in subparagraph

(A) and inserting ``\$0'', and

(B) by striking subparagraph (D).

(b) Effective Date.--The amendments made by this section
shall apply to months beginning after December 31, 2018.

* * *

H. Elimination of Shared Responsibility Payment for Individuals Failing
to Maintain Minimal Essential Coverage (sec. 11081 of the Senate
amendment and sec. 5000A of the Code)

PRESENT LAW

Under the Patient Protection and Affordable Care Act\352\ (also called the Affordable Care Act, or ``ACA''), individuals must be covered by a health plan that provides at least minimum essential coverage or be subject to a tax (also referred to as a penalty) for failure to maintain the coverage (commonly referred to as the ``individual mandate').\353\ Minimum essential coverage includes government-sponsored programs (including Medicare, Medicaid, and CHIP, among others), eligible employer-sponsored plans, plans in the individual market, grandfathered group health plans and grandfathered health insurance coverage, and other coverage as recognized by the Secretary of Health and Human Services (``HHS'') in coordination with the Secretary of the Treasury.\354\ The tax is imposed for any month that an individual does not have minimum essential coverage unless the individual qualifies for an exemption for the month as described below.

\352\ Pub. L. No. 111-148.

\353\ Section 5000A. If an individual is a dependent, as defined in section 152, of another taxpayer, the other taxpayer is liable for any tax for failure to maintain the required coverage with respect to the individual.

\354\ Sec. 5000A(f). Minimum essential coverage does not include coverage that consists of only certain excepted benefits, such as limited scope dental and vision benefits or long-term care insurance offered under a separate policy, certificate or contract.

The tax for any calendar month is one-twelfth of the tax calculated as an annual amount. The annual amount is equal to the greater of a flat dollar amount or an excess income amount. The flat dollar amount is the lesser of (1) the sum of the individual annual dollar amounts for the members of the taxpayer's family and (2) 300 percent of the adult individual dollar amount. The individual adult annual dollar amount is \$695 for 2017 and 2018.\355\ For an individual who has not attained age 18, the individual annual dollar amount is one half of the adult amount. The excess income amount is 2.5 percent of the excess of the taxpayer's household income for the taxable year over the threshold amount of income for requiring the taxpayer to file an income tax return.\356\ The total annual household payment may not exceed the national average annual premium for bronze level health plans for the applicable family size offered through Exchanges that year.

\355\ For years after 2016, the \$695 amount is indexed to CPI-U, rounded to the next lowest multiple of \$50.

\356\ Sec. 6012(a).

Exemptions from the requirement to maintain minimum essential coverage are provided for the following: (1) an individual for whom coverage is unaffordable because the required contribution exceeds 8.16\357\ percent of household income, (2) an individual with household income below the income tax return filing threshold, (3) a member of an Indian tribe, (4) a member of certain recognized religious sects or a

health sharing ministry, (5) an individual with a coverage gap for a continuous period of less than three months, and (6) an individual who is determined by the Secretary of HHS to have suffered a hardship with respect to the capability to obtain coverage.\358\

\357\ For 2017. The rate applicable for 2018 is 8.06 percent of household income.

\358\In addition, certain individuals present or residing outside of the United States and bona fide residents of United States territories are deemed to maintain minimum essential coverage.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment reduces the amount of the individual responsibility payment, enacted as part of the Affordable Care Act, to zero.

Effective date.--The provision is effective with respect to health coverage status for months beginning after December 31, 2018.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.