



Client Alert

June 29, 2012

United States Supreme Court Rules On Health Care Reform Act

"We do not consider whether the Act embodies sound policies. That judgment is entrusted to the Nation's elected leaders. We ask only whether Congress has the power under the Constitution to enact the challenged provisions."
- Chief Justice John Roberts

With that introduction, the United States Supreme Court on Thursday, June 28, 2012, proceeded to uphold the constitutionality of most of the 2010 Patient Protection and Affordable Care Act (ACA).

The two key issues before the Court were the constitutionality of (1) the ACA's "individual mandate," which requires virtually everyone in the United States to buy health insurance or to pay a penalty for failing to do so, and (2) its requirement that states adopt new standards that would have significantly increased the number of Medicaid-eligible individuals (the so-called "Medicaid expansion"), or face loss of federal Medicaid funding.

Had the "individual mandate" been found unconstitutional, there was a significant possibility that other provisions of the ACA would also have been overturned by the Court.

The Court's final decision took many by surprise for two reasons: it upheld the "individual mandate," and Chief Justice John Roberts joined four liberal members of the Court in finding that provision constitutional.

The "Medicaid expansion" provision was upheld with a significant limitation. A majority of the Court held that it was unconstitutional for the federal government to cut off all Medicaid funds for states that choose not to go along with the "Medicaid expansion," calling that threat "a gun to the head" of the states. Under the Court's ruling, states that elect not to adopt the more liberal eligibility standards simply will not get the enhanced funding provided for the "Medicaid expansion," but will continue to retain existing Medicaid funding. Per the ruling, enhanced funding will continue to be available for those states that choose to adopt the expanded eligibility standards.

All other requirements under the ACA remain untouched and will go into effect as provided in the ACA, assuming that there are no legislative changes. Undoubtedly there will be efforts in Congress to revise or repeal the ACA. Even if no legislative changes are made, there are many provisions of the ACA that are still being interpreted and implemented by the executive branch.

Whether or not Congressional revision or repeal efforts are successful, many healthcare providers and payers have been endeavoring to work through initiatives to deal with concerns about healthcare quality and costs. Those endeavors are certain to continue whatever may happen to the ACA in Congress.

Armstrong Teasdale's attorneys are ready and available to assist health care providers and others to deal with the challenges presented by such endeavors. Armstrong Teasdale will be providing further information and analysis in the days and weeks to come, concerning how the ACA requirements might affect you and other health care reform-related initiatives.

A copy of the Court's majority and dissenting opinions (193 pages) are available at <http://www.supremecourt.gov/opinions/11pdf/11-393c3a2.pdf>

If you have any questions about the United States Supreme Court ruling on the ACA, or its potential impact on health care providers, please contact one of the following Armstrong Teasdale attorneys:

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