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ATTORNEY AT LAW

Tammy Meade Ensslin

Hamburg Business Center

2716 Old Rosebud

Suite 230

Lexington, Kentucky 40509

Phone: 859-963-9049

Fax: 859-317-9729

tensslin@meadeensslin.com

Breaking News: Supreme Court Upholds Patient Protection and Affordable Care Act

Legal Alert: The U.S. Supreme Court decided the landmark Patient Protection and Affordable Care Act decision this morning, June 28, 2012. The decision surprised many scholars and practitioners in that the Court upheld both the individual mandate and Medicaid mandate, while narrowing the scope of the penalty for a state's non-compliance with the latter.

The individual mandate, upheld by the Court, requires that individuals not covered by health insurance buy coverage or face a "shared responsibility payment." This mandate was critical to the success of the Act, since the availability of affordable coverage for the millions of uninsured Americans required a large pool of customers. In reviewing the authority of Congress to require this mandate, the Court found that it falls within the taxing power of Article I, Section 8 of the Constitution. The Court also noted that the individual mandate was not an appropriate exercise of Congressional power under the Commerce Clause or the Necessary and Proper Clause. Writing for a plurality of justices, Chief Justice Roberts noted that the questions of the soundness of the policy is not an issue for the court to consider, but only to decide whether it is an appropriate exercise of Congressional authority. Ultimately the Court found that the mandate's imposition of a penalty for failing to purchase insurance was not commerce that could be regulated by Congress, but would fall within its taxing power. In finding that the mandate was a tax, the Court adopted the position of the Solicitor General, and guaranteed that the issue will continue to resonate in political debates through the November election.

A separate part of the decision considered the constitutionality of a provision of the Act that expanded Medicaid coverage to millions of new individuals. As a result, states were required to adopt new eligibility requirements or risk losing all of their Medicaid funding. The coercive nature of this requirement was the critical feature of the review of this portion of the Act. A complicated plurality of justices held that the expansion was unconstitutionally coercive, but that the remedy for this violation is to strike down the provision allowing the federal government to withhold all Medicaid funds unless a state agrees to the expansion. Accordingly, states that do not agree to the expansion will only lose new Medicaid funding.

In other parts of the ruling, the Act's provision that requires insurance companies to cover pre-existing conditions stands, as does an end of lifetime limits on coverage and a provision that allows children to stay on their parents' insurance until they are 26 years old. The latter part of the law is already in effect, and a recent study found 6.6 million young adults between ages 19 and 25 stayed on or joined their parents' health plans because of the law.

***For additional information on Health Care Law issues,
please contact TAMMY MEADE ENSSLIN at 859-963-9049.***

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