

District Court Rules One Aspect of ACA is Unconstitutional—No Change for Employers

05.12.16

You may have heard that a federal District Court ruled that the ACA was unconstitutional today. Do not start making any changes. This decision will not directly impact most employers and their health plans. We are sending this alert so you can answer any questions you may receive when this decision is reported in the news cycle. The court stayed its order so that the court's ruling does not go into effect while the decision is likely to be appealed.

The order itself only ruled on the challenge raised by the U.S. House of Representatives that the Department of Health and Human Services and the Secretary of the U.S. Treasury had unconstitutionally authorized payment to insurers to cover the cost sharing reductions provided by the ACA for low income persons (persons below 250% of the federal poverty level) buying health coverage on the exchanges or marketplaces without having a required federal appropriations bill that appropriated the funds for such purpose. So if and when this ruling ever goes into effect, it does not change the mandated coverage under the ACA, the health care tax credit, the employer shared responsibility tax or any other provision of the ACA that applies to employer sponsored group health plans. It only impacts whether the government can make certain payments to insurers for coverage without a separate appropriations bill.

The complaint originally filed also challenged the Secretary of Treasury's ability to delay the implementation of the employer shared responsibility tax. Thankfully, there was no ruling that invalidated the delay in the implementation/enforcement of the employer shared responsibility tax. Such a ruling would carry many implications for other delays which were not enacted by statute, but which are necessary to permit sufficient time for guidance and implementation.

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