

Client Alert

June 2012

Supreme Court Upholds Affordable Care Act

Today, the U.S. Supreme Court issued its decision in [Nat'l Federation of Independent Business v. Sebelius](#), the constitutional challenges to the Patient Protection and Affordable Care Act ("PPACA"). In upholding the constitutionality of PPACA, the Court held:

- The individual mandate (PPACA § 5000A) is not a tax for purposes of the federal Anti-Injunction Act ("AIA"), so the AIA did not preclude the Court from reaching the merits of the constitutional challenges.
- "The Federal Government does not have the power to order people to buy health insurance" because such a command is not a valid exercise of Congress's powers under the Commerce Clause of the US Constitution.
- "The Federal Government does have the power to impose a tax on those without health insurance," and because the individual mandate (PPACA § 5000A) can "reasonably be read as a tax," it is constitutional.
- PPACA's expansion of the Medicaid program is constitutional, but the withholding of all federal Medicaid funding from States that choose not to participate in such expansion is not constitutional and the Federal Government is precluded from enforcing such a sanction.

Lawyers, scholars and pundits will be parsing the decision for weeks (if not years) to come. Whatever one may conclude about the analysis supporting the result, the Court's decision brings over two years of speculation and uncertainty to a close. Those subject to PPACA who adopted a wait-and-see attitude to implementation must now move to comply with the law's requirements, and providers who would participate in PPACA's myriad programs and payment reforms can take comfort in knowing that such programs will not be invalidated by the Court. The biggest change flowing from the decision is that the States will be able to decline to participate in the Act's expansion of the Medicaid program without jeopardizing current federal Medicaid funding.

To address the varied needs of our clients, the firm has organized a multidisciplinary health reform steering committee composed of leading lawyers who have experience in all related practice areas and are intimately familiar with the law and the regulatory process that is now unfolding. This website—the [Hunton & Williams Health Care Reform Center](#)—serves as a comprehensive resource for our clients.

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