U.S. Supreme Court Will Hear Challenge to ACA

On March 2, 2020, the United States Supreme Court agreed to hear a legal challenge to the Affordable Care Act (ACA). The case involved is Texas v. Azar, a lawsuit challenging the constitutionality of the ACA’s individual mandate.

ACA Litigation
Texas v. Azar was filed in 2018 by 18 states after the individual mandate penalty was eliminated. In December 2019, a federal appeals court ruled in the case that the individual mandate is unconstitutional and directed the lower court to determine whether the rest of the ACA can remain in place.

The Supreme Court had previously denied a request from the U.S. House of Representatives and several Democratic-controlled states to review the case before the lower court issued its ruling. The Supreme Court has now agreed to hear the case on its regular schedule, based on the argument that the lower court rulings create uncertainty about the ACA’s future. It is expected that the Court will hear arguments in the fall and a decision will be issued in the spring or summer of 2021.

This is the third time the Supreme Court has reviewed the ACA’s constitutionality. In 2012, the Supreme Court upheld the ACA on the basis that the individual mandate is a valid tax. In 2015, the Supreme Court upheld the constitutionality of the ACA’s health insurance Exchange subsidies.

Impact on the ACA
While this legal challenge is pending, all existing ACA provisions will continue to be applicable and enforced. This challenge does not impact Exchange enrollment, the ACA’s employer shared responsibility (pay or play) penalties and related reporting requirements, or any other applicable ACA requirement.

Important Dates

Jan. 21, 2020
The Supreme Court denied motions to expedite Texas v. Azar.

March 2, 2020
The Supreme Court agreed to review Texas v. Azar, most likely during its term that begins in October.

Spring/Summer 2021
It is expected that the Supreme Court will issue its ruling in Texas v. Azar in spring or summer of 2021.

Although the ACA faces an uncertain future, all of its existing provisions are currently applicable.