The Supreme Court’s Decision on the Affordable Care Act

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FIGURE 1
Affordable Care Act Coverage Provisions

Universal Coverage

Medicaid Coverage (up to 133% FPL)

Employer-Sponsored Coverage

Individual Mandate

Health Insurance Market Reforms

Exchanges (subsidies 100-400% FPL)

Note: In 2012, for a family of 4, 133% FPL is $30,657 and 400% FPL is $92,200.
States’ Positions in the Affordable Care Act case at the Supreme Court

- States challenging the ACA (25 states)
- States both challenging and supporting the ACA (2 states)
- States supporting the ACA (11 states and DC)
- States not taking a position in the litigation (12 states)

Notes: VA filed its own lawsuit separately and was not a party in the case accepted by the Supreme Court. All states that challenged the ACA contested the constitutionality of the individual mandate; all state challengers except VA also contested the constitutionality of the Medicaid expansion. All states supporting the ACA backed the constitutionality of both the individual mandate and the Medicaid expansion, except that DC only joined a brief supporting the individual mandate.

Issues That the Court Agreed to Decide:

1. Do courts have jurisdiction to decide the constitutionality of the ACA’s individual mandate provision now?
2. If so, is the ACA’s individual mandate provision constitutional?
3. If unconstitutional, is the individual mandate provision severable?
4. Is the ACA’s Medicaid expansion constitutional?
FIGURE 4
Issue 1: Does the Anti-Injunction Act prevent a decision now?

- By a vote of 9 to 0, the Court held that the Anti-Injunction Act does not apply, and the constitutionality of the mandate can be decided now.

FIGURE 5
Issue 2: Is the Individual Mandate Constitutional?

- A majority of 5 justices held that the individual mandate is a constitutional exercise of Congress’ taxing power.

- There was not a majority to uphold the individual mandate under the Commerce Clause or the Necessary and Proper Clause – only four justices would have done so.
FIGURE 6
Issue 3: Is the Individual Mandate Severable From the Rest of the Law?

• Because the mandate is constitutional under Congress’ taxing power, the Court did not decide whether the mandate is severable

• Four dissenting justices rejected the constitutionality of the individual mandate on all bases and would have invalidated the entire ACA

FIGURE 7
Issue 4: Is the Medicaid Expansion Constitutional?

• Five justices held that the HHS Secretary may not withhold existing federal Medicaid funds for state non-compliance with the Medicaid expansion

• The Secretary’s existing authority to withhold a portion of or all federal Medicaid funds for state non-compliance with other Medicaid requirements remains in place

• The Court constrained the Secretary’s enforcement power while leaving the Medicaid expansion intact; states have financial incentive to comply, but the penalty for non-compliance is limited to loss of Medicaid expansion funds

• All ACA provisions remain in effect
FIGURE 8

Vote Breakdown of the Court’s Decision

<table>
<thead>
<tr>
<th>Outcome</th>
<th>For</th>
<th>Against</th>
</tr>
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<tbody>
<tr>
<td>Court has jurisdiction to decide case now</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Mandate is a constitutional exercise of Congress’ power to tax</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Medicaid expansion violates Congress’ spending clause power as unconstitutionally coercive of states because all existing Medicaid funds at risk and states not given adequate notice to voluntarily consent</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Remedy is to limit HHS Secretary’s power to withhold existing federal Medicaid funds for state non-compliance with Medicaid expansion</td>
<td>5</td>
<td>4</td>
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FIGURE 9

Working Parents’ Medicaid Eligibility by Income, January 2012

NOTE: The federal poverty line (FPL) for a family of three in 2012 is $19,090 per year.
FIGURE 10
Medicaid Coverage of Low-Income Adults, January 2012

NOTE: Map identifies the broadest scope of coverage in the state.

FIGURE 11
Implementation Issues Going Forward

- Will states be ready to establish exchanges by 2014?
- Will states accept the enhanced federal funding available to comply with the Medicaid Expansion?
- What coverage options will exist for uninsured adults in states that do not comply with the Medicaid expansion?
- What guidance on implementing the ACA will the Administration provide in light of the Court’s decision?
- Will Congress act to amend the ACA?