

What Does the Supreme Court's ACA Decision Mean for Employers?

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The Affordable Care Act (ACA) has survived its latest major challenge. On June 17, The U.S. Supreme Court dismissed a challenge to the ACA in [California v. Texas](#). The Court's ACA decision, in a 7-2 vote, concluded that the plaintiffs did not have standing to challenge the constitutionality of the law.

The suit, championed by several Republican-controlled states and led by Texas, alleged that the individual mandate compelling Americans to purchase health insurance became unconstitutional when the penalty for not participating was reduced to zero dollars. Further, they argued the individual mandate was a central part of the ACA, and with that provision removed, the law could not—and should not—be able to stand on its own.

However, those details were not a central part of this ruling. Instead, the dismissal hinged on the challengers' inability to prove injury as a result of the individual mandate. Without injury, standing couldn't be established. As a result, the Court did not even reach the questions of whether the penalty-less individual mandate is now unconstitutional and, if so, whether the rest of the ACA should be struck down alongside it.

With this decision, written by Justice Breyer (with Justices Alito and Gorsuch dissenting), the ACA survives its third major legal test since 2012.

SCOTUS preserves the status quo with the latest ACA decision.

Though the dismissal has no direct impact on current policy, it may signal the start of a new era for employee benefits planning where long-term strategies aren't held back by concerns about the impact of court challenges to one of the most important laws in the current regulatory structure of the U.S. healthcare and health insurance system.

No News is Big News

As we see it, this is a “no news is big news” outcome for a law that has been in near-constant legal limbo since its enactment in 2010.

Additionally, while it's possible that another lawsuit may challenge the constitutionality of the ACA, it's hard to see how a future litigant will be able to show a sufficient level of injury to establish standing. In other words, now that the Supreme Court (with an even stronger conservative majority on the Court this time around) has drawn a line on standing, it's hard to see how additional challenges can reach the Court and not be dismissed in a similar fashion. So, it looks like the ACA—as a whole—is here to stay.

That being said, this decision doesn't mean that Congress can't make changes to the ACA, and such changes are likely to occur during the Biden administration (particularly with regard to the issue of the affordability of health insurance for low-income individuals). However, the President has repeatedly said that he wants to preserve and protect the



ACA from major, sweeping overhauls, and so, any such changes will not lead to the kind of disruption to the healthcare system that would have resulted had the entire ACA been held to be unconstitutional.

Moving Forward

While the ACA's opponents were hoping to see the law repealed, many employers and industry professionals were also concerned about the turmoil such a decision would have caused in the healthcare landscape. Regardless of opinion on the ACA, most benefits and HR professionals that we speak with prefer regulatory stability when planning, and so, from that perspective, this decision can be seen as a positive outcome.

While this decision preserves the status quo on the ACA, the Biden administration and regulatory agencies have several big "irons in the fire" when it comes to changes related to health insurance, including new rules on surprise medical billing, health plan price transparency and fee disclosure, among others.

In light of all of these changes, it's important to be reviewing these developments with your health insurance broker and trusted advisors in order to develop long-term benefits strategies.

In addition to this strategic planning, now that the ACA is here to stay, regular compliance audits are a must. The ACA introduced several coverage requirements for health insurance, as well as certain reporting mandates and fees, and employers can face significant penalties if their plans do not comply. This decision confirms the continued importance of staying on top of these requirements. ■

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