The Supreme Court rules on the

Affordable Care Act

Employee STD durations

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On Thursday, June 28, The Supreme Court upheld the constitutionality of the Affordable Care Act’s minimum coverage provision.

**The Court rendered the two most controversial aspects of the** l

**law essentially optional:**

(1) with respect to the individual mandate, there is no mandate; instead, individuals have the choice of either buying insurance or paying a tax on their non-insured status; and

(2) with respect to Medicaid, States may either accept federal funds and cover more individuals under an expanded Medicaid program, or opt out of that expansion and forgo the extra funding The effect of the law on the number of individuals who opt to forgo coverage and the number of States who opt to forgo additional federal funds under an expanded Medicaid program remains to be seen.

**Decision Summary**

By a vote of 5 to 4, the Court voted to uphold the constitutionality of the individual mandate, as a valid exercise of Congress’s power to “lay and collect Taxes.” Explicitly relying on the principle that “every reasonable construction must be resorted to, in order to save a statute from unconstitutionality,” the Court held ”[t]he Federal Government does have the power to impose a tax on those without health insurance,” and that the minimum coverage provision can be upheld as a “tax,” notwithstanding that Congress labeled it a “penalty.”

As a consequence, “[t]hose subject to the individual mandate may lawfully forgo health insurance and pay higher taxes, or buy health insurance and pay lower taxes. The only thing they may not lawfully do is not buy health insurance and not pay the resulting tax.”

*The information above was obtained from an electronic newsletter sent by The Guardian Life Insurance Company on July 3, 2012.*