



The Affordable Care Act [Still] in Limbo

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The Affordable Care Act has been in limbo for some time following a Texas judge's ruling that invalidated the Obama-era health-care law.

The case centers on [change made to the ACA](#) by Congress in 2017, which altered a key feature of the law. Essentially, Congress nullified the requirement that people without health insurance pay a tax penalty when they reduced the penalty to \$0.00.

Judge Reed O'Conner, of Fort Worth, ruled the [ACA unconstitutional](#), concluding it could not stand without the mandate as Congress lost the power to levy taxes without a penalty.

The next stage in the legal battle was an appeal by 16 states and Washington, D.C. in January of 2019. This [appeal](#) went to the Fifth U.S. Circuit Court of Appeals, in New Orleans.

As of Wednesday, December 18, 2019, the federal appeals court ruled, in a 2-1 decision, this feature of the ACA was in fact unconstitutional. The court also ordered Judge O'Connor to reconsider his ultimate ruling, which invalidated the entire health-care law.

The ACA remains active while it lives in court purgatory. The decision from the Fifth Circuit is [not the final say](#) in the matter. Any ruling against the ACA is likely to ultimately find its way to the U.S. Supreme Court.

Remember, the ACA, including Medicaid expansion, was put into place in 2010 and likely won't be resolved until late 2020 or beyond. The health-care law will certainly play a major role in the 2020 presidential campaign. That said, it's already made a splash in state governments as policy makers prepare their own [contingency plans](#).

At least 11 states have taken precautions against the end of the ACA by enacting laws to preserve health benefits if the law is struck down. Some of these laws include requirements for insurers to cover individuals with pre-existing conditions and subsidies to insurers for high-cost consumers. States are creating health plans that offer the same benefits as those currently mandated by the ACA.

This could throw state budgets into a frenzy as most of the Medicaid expansion is sponsored by Federal funding.

According to Stephanie Armour of the Wall Street Journal, "The federal government spent about \$63 billion for Medicaid expansion in 2018," and it's clear that state governments lack the funds to match the difference.

Legislation is even preparing for emergency sessions to address sudden coverage gaps of the 20 million Americans that would be left uninsured. The effects of the court decisions will reach far and wide across the entire medical industry. No sector will remain untouched.

Ensure your benefit plan stays in compliance with the ever-changing healthcare landscape with answers from Compass Total Benefit Solutions, in collaboration with the American Health Care Association.