



# LEGAL UPDATE

## 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.***

---

Provided to you by **National Insurance Services, Inc.**

This Legal Update is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice. ©2020 Zywave, Inc. All rights reserved.

