

LEGAL UPDATE

Federal Court Pauses New Restrictions on ACA Marketplace Enrollment



On Aug. 22, 2025, the U.S. District Court for the District of Maryland paused several key portions of a [final rule](#) imposing stricter enrollment and eligibility standards for the Affordable Care Act's (ACA) Marketplaces (or Exchanges). Many of the new standards were scheduled to take effect on Aug. 25, 2025, although some provisions have a later effective date.

Background

The U.S. Department of Health and Human Services (HHS) published the final rule on June 25, 2025, to reduce "widespread fraud" by strengthening the integrity of the Exchange's eligibility and enrollment systems. Two nonprofit organizations and the cities of Baltimore, Chicago and Columbus, Ohio, brought a lawsuit against HHS, alleging that the final rule violates the Administrative Procedures Act (APA) and creates numerous barriers to affordable health coverage.

The U.S. Supreme Court has [limited](#) the ability of federal courts to issue universal injunctions of government policies. In most instances, federal courts may only grant relief to the plaintiffs who brought the lawsuit. However, broader relief may be obtained where a plaintiff asks a judge to set aside a new agency rule under the APA.

Court Injunction

The U.S. District Court for the District of Maryland stayed the implementation of several key provisions of the final rule while the litigation remains pending. As a result of the court's order, the following changes to Exchange eligibility and enrollment have been [paused](#):

- Requiring enrollees in fully subsidized Exchange coverage who fail to timely submit an application for an updated eligibility determination to pay a \$5 per month premium until they confirm their eligibility information;
- Allowing health insurance insurers to require payment of past-due premiums before effectuating new coverage, to the extent permitted by state law;
- Determining an individual ineligible for the advance premium tax credit (APTC) if they failed to file their federal income tax return and reconcile the APTC for a certain period;
- Conducting pre-enrollment eligibility verifications for special enrollment periods;
- Verifying household income inconsistencies when a taxpayer's attested projected annual household income differs from trusted data sources; and
- Verifying a consumer's annual household income when tax return data is unavailable.

Other changes made by the final rule, including shortening the Exchange's open enrollment period effective for 2027, remain in effect.

Provided by National Insurance Services

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