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Supreme Court Upholds Affordable Care Act

Today, in an historic and much anticipated decision, the Supreme Court by a vote of 5 to 4 upheld the constitutionality of the "individual mandate," a key component of President Obama's health care reform package, commonly referred to as the Affordable Care Act. The individual mandate requires certain Americans to purchase or have in place acceptable health coverage or pay a penalty to the federal government. At issue before the Court was whether the individual mandate was a legitimate exercise of Congress' authority under the Commerce Clause or the Taxing Clause of the Constitution.

Writing for the Court, Chief Justice Roberts concluded that the individual mandate was a valid exercise of Congress' taxing authority even though the penalty at issue is not a true tax for Anti-Injunction Act purposes. According to the Court, "[o]ur precedent demonstrates that Congress had the power to impose the exaction in Section 5000A under the taxing power, and that Section 5000A need not be read to do more than impose a tax. This is sufficient to sustain it." The Court also held that the individual mandate was not a valid exercise of Congress' authority under the Commerce Clause.

The Court also upheld the ACA's expansion of Medicaid to include those with incomes of up to 133 percent of the poverty level. Prior to the expansion, on average States cover only those unemployed parents who make less than 37 percent of the federal poverty level, and only those employed parents who make less than 63 percent of the poverty line. The Medicaid provisions of the Affordable Care Act, in contrast, require States to expand their Medicaid programs by 2014 to cover all individuals under the age of 65 with incomes below 133 percent of the federal poverty line. §1396a(a)(10)(A)(i)(VIII). The Court held that the Medicaid expansion is constitutional but that the penalty that the ACA authorizes is not constitutional. If a state fails to expand coverage, then that state risks losing all of its Medicaid funding, not just the funding related to the expansion. This according to the Court is a "gun to the head" and is an impermissible intrusion on the sovereignty of the states. Spending Clause legislation can encourage behavior but cannot compel behavior. A large penalty compels and is therefore invalid.

Justice Kennedy in dissent wrote "[i]n our view, the entire Act before us is invalid in its entirety."

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