

# KNOW YOUR EMPLOYEE BENEFITS

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## Health Care Reform: The Supreme Court's Decision

What the recent ruling means for you

On June 28, 2012, the U.S. Supreme Court issued its decision on the constitutionality of the health care reform law. The Court ruled that Congress acted within its constitutional authority when enacting the individual mandate and it upheld the law.

### The Court Decision

A major component of the health care reform law, or Affordable Care Act, is the individual mandate—a provision that will require most individuals to purchase health care coverage or pay a penalty, beginning in 2014. The legal challenge to the health care reform law focused on the individual mandate.

In its decision, the Supreme Court held that Congress had the power to enact the individual mandate. Because the Court upheld the mandate, it did not need to decide whether other provisions of the law were constitutional. Thus, the Supreme Court upheld the health care reform law.

On a separate issue, the health care reform law includes a provision that requires states to comply with new Medicaid eligibility requirements or risk losing their federal funding. The Court upheld this section, but decided that Congress cannot penalize states that decide not to participate in the law's

Medicaid expansion by taking away their existing Medicaid funding.

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### What This Means for You

Because the health care reform law was upheld, all aspects of the law that have been implemented will remain in effect. For example:

- Adult children can remain on their parents' coverage until age 26,
- Children with pre-existing conditions cannot be excluded from health care coverage, and
- Non-grandfathered plans must cover certain preventive health services without cost-sharing

Additionally, provisions of the health care reform law that are not currently in effect will continue to be implemented as planned. For example, beginning in 2013, pre-tax contributions to health flexible spending accounts (FSAs) will be limited to \$2,500. Also, beginning in 2014, employers with 50 or more employees that do not provide health care coverage (or provide health care coverage that does not meet minimum standards) may be subject to a penalty.

### Future Challenges

Although the Supreme Court upheld the health care reform law, its future still remains somewhat uncertain. Opponents of the law may challenge other provisions in court using various legal arguments. Republicans in Congress have promised to continue with their efforts to amend or repeal various parts of the law.

Also, health care reform will likely be a key issue in the upcoming November 2012 elections, with GOP presidential candidate Mitt Romney pledging to repeal the law if elected. Each of these possibilities may have an impact on the health care reform law and its requirements in the future.

