



# Supreme Court Upholds Affordable Care Act Subsidies

JUNE 25, 2015 | PUBLICATIONS

The Supreme Court announced today that it has upheld Affordable Care Act (“ACA”) subsidies for insurance purchased on federally-facilitated exchanges. By a 6 to 3 vote, the Court concluded that the statute allows for subsidies on any exchange created under the ACA. The decision in *King v. Burwell* may come as a disappointment to some who hoped that the subsidies would be struck down and that the entire ACA would unravel in the aftermath.

The arguments centered on what the statutory language “established by the State” means in determining the legality of *federal* exchanges. The petitioners argued that the phrase limits ACA tax credits to the 16 states that have set up their own exchanges. However, the Obama administration argued that the law should be interpreted as allowing subsidies nationwide.

According to the majority opinion, written by Chief Justice John Roberts, “[T]he statutory scheme compels the Court to reject petitioners’ interpretation because it would destabilize the individual insurance market in any State with a Federal Exchange, and likely create the very ‘death spirals’ that Congress designed the Act to avoid.... Petitioners’ plain-meaning arguments are strong, but the Act’s context and structure compel the conclusion that Section 36B allows tax credits for insurance purchased on any Exchange created under the Act.”

So, what does this mean for plan sponsors? Much ado about nothing it would seem. While the Court’s decision is unlikely to end Congressional debate, it does provide stability for now. Plan sponsors that have delayed implementation of specific health care reform requirements (waiting on the Supreme Court decision) should now refocus their attention on compliance.

## AUTHORS

- [Julia M. Vander Weele](#)

## RELATED PRACTICES

- [Employee Benefits](#)
- [Health Care Changes](#)

## BLOG TOPICS

- [Benefits in Brief](#)
  - [Health Care Reform](#)
  - [Health Plans](#)