

Supreme Court upholds Affordable Care Act

July 2, 2012

In a 5-4 vote, the U.S. Supreme Court upheld the individual mandate in the Patient Protection and Affordable Care Act. The individual mandate is considered the lynchpin of the Act, and there had been speculation that the entire Act would become unworkable if the individual mandate were overturned.

While the Court stated that the mandate did not pass muster under the Constitution's Commerce Clause (as the petitioners argued), the Court determined that the Commerce Clause issue was irrelevant. Instead, the Court found that the mandate is a tax and is valid as such under the Constitution.

Beginning in 2014, the individual mandate will require all U.S. citizens and legal residents to maintain qualifying health coverage for themselves and their dependents or be subject to a tax reportable and payable with their personal tax returns. (IRC §5000A)

What this means to us is that the Health Care Act provisions that have begun to take effect will blast open when the new HI taxes hit in 2013, and again when the individual mandate kicks in (in 2014).