



# U.S. Supreme Court Ruling Upholds the Affordable Care Act

*By Lisa Soronen, Executive Director, State & Local Legal Center (SLLC)*

In a 7-2 opinion in [California v. Texas](#) the Supreme Court held that neither the individual nor the state plaintiffs had standing to challenge as unconstitutional the Affordable Care Act's (ACA) requirement to obtain health insurance following Congress setting the penalty at \$0 in 2017.

As originally enacted in 2010, the ACA required most Americans to obtain “minimum essential health insurance coverage” or pay a penalty. In [NFIB v. Sebelius](#) (2012) the Supreme Court held this requirement was a constitutional tax. In this case the individual and state plaintiffs argued that the ACA's requirement to obtain health insurance is no longer a tax now the penalty is eliminated and as a result the entire ACA is unconstitutional.

The Supreme Court did not rule on or even discuss either of these arguments. The ACA remains the law of the land. In an opinion written by Justice Breyer, the Court held the challengers in this case lacked standing to bring their case because they could not meet the “fairly traceable” element of the test for standing. According to the Court a plaintiff has standing if he or she can “allege personal injury fairly traceable to the defendant's allegedly unlawful conduct and likely to be redressed by the requested relief.”



The individual plaintiffs in this case claimed they had standing because they were harmed by having to buy health insurance. This alleged injury was not traceable to the ACA, the Court reasoned, because while the ACA tells them to buy insurance it has no penalty.

The state plaintiffs, Texas and over a dozen other states, claimed they had standing because of two pocketbook injuries: people increasing use of state-operated health insurance and “administrative and related expenses required . . . by the minimum essential coverage provision.”

According to the Court, regarding increased use of state health insurance, the state plaintiffs failed to show that the minimum coverage provision, “without any prospect of penalty,” will in fact lead to more individuals using state insurance. So, this alleged injury was not fairly traceable to the ACA’s health insurance coverage requirement. Specifically, the Court noted that the “programs to which the state plaintiffs point offer their recipients many benefits that have nothing to do with the [ACA’s] minimum essential coverage provision.”

Likewise, states pointed to costs related to “providing beneficiaries of state health plans with information about their health insurance coverage, as well as the cost of furnishing the IRS with that related information.” According to the Court these costs were not fairly traceable to the ACA’s minimum coverage provision because they are required by other provisions of the ACA.

In his dissenting opinion, which Justice Gorsuch joined, Justice Alito concluded the states have standing in this case. He noted that the ACA “imposes many burdensome obligations on States in their capacity as employers, and the 18 States in question collectively have more than a million employees. Even \$1 in



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harm is enough to support standing.” The dissenting Justices would have held the essential coverage requirement is unconstitutional and that States should not have to comply with “the ACA provisions that burden them.”

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