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The Supreme Court Ruling on the Affordable Care Act: *What will it mean for Georgians?*

On Thursday, June 28, 2012 the United States Supreme Court issued its ruling on the constitutionality of key provisions of the Patient Protection and Affordable Care Act (ACA). The ACA, signed into law by President Obama in March of 2010, contained a number of changes to the current U.S. health care system, including expansion of current government health care programs, creation of new insurance coverage options, additional private health insurance regulations, and prevention services and research.

Almost immediately after the bill was signed into law, the ACA lawsuit was initiated, prompting the Supreme Court to rule on four questions of law related to the ACA. First, the court had to determine whether it had the authority to rule on challenges to the law. The other three questions under consideration were:

1. [The constitutionality of the ACA's individual health insurance mandate.](#) Under the ACA, most individuals are required to have health insurance with a certain minimum level of coverage, or be subject to a penalty.
2. [The constitutionality of the ACA's expansion of Medicaid.](#) Under the law, states are permitted to expand their Medicaid programs to all adults with incomes at or below 133% of the poverty level (\$14,856 a year for a single individual). However, if a state chose not to participate in the Medicaid expansion, the federal government reserved the right to pull the state's entire federal Medicaid funding.
3. [Whether the mandate provision was severable from the rest of the law.](#) If the individual mandate provision was found to be unconstitutional, could it be severed from the remainder of the ACA, leaving the rest of the law intact?

Findings of the Court:

- The Court ruled that it had the authority to issue a decision on the case.
- On the constitutionality of the individual mandate, the Court ruled that the individual mandate is constitutional and can stand as a tax.
- On the constitutionality of the expansion of Medicaid, the Court held that the expansion is constitutional, but the federal government cannot withhold federal funds for the existing Medicaid program if a state chooses not to expand its program. The Court further found that the invalidated withholding of existing Medicaid funds was severable from the rest of the ACA, so the remainder of the law was preserved.
- Because the individual mandate was determined to be constitutional, the question of its severability did not need to be addressed.

The bottom line of the ruling is that the Affordable Care Act remains intact, with changes to the Medicaid expansion provision.

What does this ruling mean for Georgians?

The Affordable Care Act represents many changes for individuals, employers, communities, providers, and the state of Georgia. Each stakeholder group will be faced with decisions. Legislative, administrative, and financial decisions at the national and state levels will continue to shape how the ACA is implemented.



Most Georgians without insurance will be required to purchase insurance or pay a penalty. The penalty for not buying insurance will start at \$95 per year or 1% of income in 2014 and rise to \$695 per year or 2.5% of income in 2016. People will be able to purchase insurance through an insurance store (exchange) and if they make less than 400% of poverty (\$92,200 for a family of four), a subsidy will be available for the portion of the premium that exceeds 9% of family income. People who make less than 133% of poverty (\$14,856 a year for a single individual) may be eligible for Medicaid.



Employers with more than 50 employees who do not offer insurance or offer plans that exceed 9.5% of a family's income will have to pay fees. Employers with fewer than 50 employees (100 in 2016) may be able to purchase insurance for their employees through the exchange.



Community organizations will have to stay abreast of the changes, determine how to educate community members about options, and influence the decisions that affect them. The ACA includes some grants to help communities improve health and health care.



Providers will be faced with many decisions about how to adapt to a changing environment. They will have to stay abreast of new information that emerges, create new partnerships, and plan strategically under uncertainty. Building capacity in workforce, information technology, and care coordination will be important.



State government will be faced with important questions including: how to structure Medicaid, how to handle the exchange in Georgia, what will be included in Georgia's definition of essential health benefits, and how to implement insurance market changes.

In 2010, the Georgia Health Policy Center (GHPC) released a series of policy briefs providing an overview of health reform and its potential impacts in Georgia. In the coming months, GHPC will analyze the implications of the Supreme Court's decision for state government, communities, health care providers, and employers.

To receive the GHPC's upcoming health care reform information, sign up for the listserv by emailing ghpc@gsu.edu, visit us online at www.gsu.edu/ghpc, or follow us on Facebook at www.facebook.com/GeorgiaHealthPolicyCenter.