

## Report Details Effects of SCOTUS' Ruling on Federal Subsidies

Friday, January 23, 2015

U.S. residents most at risk of dropping their health plans if the Supreme Court rules subsidies to help purchase coverage through the federal exchange are illegal are mostly white, middle-aged, employed and live in the South, [according to an Urban Institute report](#) released Thursday, the *New York Times*' "[The Upshot](#)" reports (Sanger-Katz, "The Upshot," 1/22).

### Background

The Supreme Court in December 2014 announced that it will hear oral arguments in *King v. Burwell* on March 4, meaning the court likely will release a decision by the end of June. At issue is that while the Affordable Care Act says subsidies are available to help certain U.S. residents purchase coverage offered "through an exchange established by the state," a [May 2012 IRS rule](#) allows the subsidies to be used in an exchange administered either by a state or the federal government. The plaintiffs argue that the IRS rule should be invalidated because it contradicts what Congress originally wrote in the ACA (*California Healthline*, 1/9).

### Report Details

The number of individuals who could drop their coverage if the subsidies are determined to be illegal could include 6.3 million U.S. residents with incomes just above poverty level, according to the new report (Britt, *MarketWatch*, 1/22).

Specifically, 47% of people who could lose their coverage have full-time jobs, with the largest reductions occurring for individuals with incomes between 200% and 400% of the federal poverty level, or about \$40,000 to \$80,000 for a family of three. About 34% of those who would drop their coverage are employed part-time.

In addition, the analysis found that:

- 92% of individuals who could drop their coverage likely would report being in better than fair health;
- 61% are white;
- More than 60% live in the South; and
- 47% have taken at least some college courses ("The Upshot," *New York Times*, 1/22).

In comparison, individuals who would be most likely to afford their coverage or find health plans elsewhere if the subsidies are deemed illegal mostly have higher incomes and are:

- Highly educated;
- Live in regions other than the South; and
- White.

## **Reaction**

The Cato Institute's Michael Cannon, who helped develop the idea that is the basis of the plaintiffs argument in the *King* case, said the report "shows to whom [President Obama] is lying and whose coverage he has jeopardized by stepping outside the law."

Separately, Washington and Lee University School of Law professor Timothy Jost said the "study demonstrates ... that this litigation threatens the access of millions of low- and moderate-income Americans to health coverage and health care," adding, "It merely puts a face on who those Americans are" (Mangan, CNBC, 1/22).