DOJ Supports Federal Court Ruling Invalidating the ACA

On Dec. 14, 2018, a federal judge ruled in Texas v. Azar that the entire Affordable Care Act (ACA) is invalid due to the elimination of the individual mandate penalty in 2019. In response, on March 25, 2019, the U.S. Department of Justice (DOJ) filed a letter with the 5th Circuit Court of Appeals agreeing with the lower court’s ruling. This means that the DOJ believes the lower court’s ruling should stand, and the ACA should be struck down as unconstitutional.

Following the ruling, however, the federal judge issued a stay and partial final judgment in the case. As a result, the ACA will remain in place pending appeal. The Department of Health and Human Services also confirmed that it will continue administering and enforcing all aspects of the ACA.

Parts of AHP Final Rule Are Struck Down by Federal Court

On March 28, 2019, a federal judge ruled that parts of the Trump administration’s 2018 final rule on association health plans (AHPs) were invalid. The court directed the Department of Labor (DOL) to reconsider how the remaining provisions of the final rule are affected.

In its ruling, the court stated that the final rule was an “end-run” around the ACA and that the DOL exceeded its authority under ERISA.

The court specifically struck down two parts of the rule:

- The provision defining “employer” to include associations of disparate employers
- The provision expanding membership in these associations to include working owners without employees

Employers and business owners without employees that have joined an AHP, or are considering doing so, should review how their plans may be affected by the court’s ruling. Contact us today for any questions on AHPs.

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