

Supreme Court Case Could Cause Health Insurance Premiums to Skyrocket in 37 States

February 4, 2015 – On March 4th the US Supreme Court will hear arguments in a case known as King v. Burwell. A better name might have been Congress v. Obamacare. That's because the case will be the second time in the past three years that the court will hear arguments that could dismantle the Affordable Care Act (ACA) in most states and which affect insurance premiums for millions of American families.

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King v. Burwell revolves around language used in the ACA. The law specifically states that the federal government will provide income based subsidies to people buying health insurance through "state run" insurance exchanges. But there are 37 states that don't have a "state run" insurance exchange. Residents in those states purchase their insurance through the federal government's insurance exchange.

The argument being made in the case is that the federal government can't legally subsidize the insurance premiums for any consumers who purchased their insurance through the federal exchange. If the court agrees with the argument, consumers in the affected states would see their insurance premiums skyrocket and millions of consumers wouldn't be able to afford their health insurance premiums.

Those defending the law will argue that the clear intent of congress at the time the law was passed was to provide subsidies to everyone who met the income requirements. While that may sound logical, the argument is has been complicated by the fact that one of the chief architects of the law and a White House adviser named Jonathan Gruber was caught on video stating that the law was specifically written to exclude subsidies for people who live in states that don't set up their own insurance exchanges.

Gruber, who is an MIT economist, has also specifically stated that the law was written to trick American voters. A claim which he has made on numerous occasions.

None of these recordings were available to the court justices the last time they hear a case on Obamacare. And since the last case, the political environment in the United States has also changed dramatically with both houses of Congress now firmly in the hands of Republicans. The House of Representatives has once again voted to defund Obamacare.

While the House bill isn't likely to make it to the floor of the Senate for a vote, even if it does it would face a veto from the President. Congressional leaders know this. The point of the latest vote is more likely a message from Congress to the Supreme Court that if they invalidate subsidies to anyone purchasing health insurance through the federal exchange Congress will not change the law to restore those subsidies.

The outcome of such a decision by the justices would likely mean the demise of the ACA for most Americans.

Current estimates are that insurance rates would go up for 8 million families and that as many as 5 million would find that health insurance is no longer affordable.

While the White House has been downplaying the case and specifically stating that they expect to win it, they have not done anything to prepare for a loss in the court. On the other hand, insurance companies do appear to be prepared. Many of their contracts with the federal government allow them to cancel their agreements if subsidies are not paid.

A ruling in the case is expected sometime in June.

by Jim Malmberg

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