

HEALTH ISSUES

Alert No. 2020-H-4

April 28, 2020

U.S. Supreme Court Rules the Federal Government Pay Insurers Under ACA Risk Corridors Program

The U.S. Supreme Court on Monday, April 27, issued a [ruling](#) requiring the federal government to pay \$12 billion to health insurers under an Affordable Care Act (ACA) program. The risk corridors program, originally designed as a temporary fund, was intended to provide funding for health plans with greater numbers of high-risk customers to mitigate large potential losses to insurers. In *Maine Community Health Options v. United States*, the Court ruled that the federal government remained responsible for providing the mitigation funding for the involved health insurers as guaranteed by the original measure, despite Department of Health and Human Services (HHS) spending restrictions imposed by Congress shortly after the ACA was enacted. Under the ruling, insurers will be able to file suit against the U.S. Court of Federal Claims to seek reimbursement for their losses.

The ACA faces additional upcoming legal challenges. The Supreme Court [announced](#) on March 2 that it would rule on the constitutionality of the individual mandate of the ACA during its next term beginning in October, with a one-hour oral argument scheduled prior to the November election. In December 2019, the U.S. Court of Appeals for the 5th Circuit [issued a decision](#) in *Texas v. Azar*, ruling the individual mandate of the ACA unconstitutional but did not rule on the whether the remainder law would remain without the mandate, asking a lower court to reconsider the question in more detail. Several states attorneys general and the House of Representatives intervened by asking the Supreme Court to hear the appeal.

If you have any questions regarding this *Academy Alert*, please contact Devin Boerm, deputy director of public policy (Boerm@actuary.org, 202-785-6929).

© Copyright 2020 American Academy of Actuaries. All Rights Reserved.