



# Alert

Employee Benefits & Executive Compensation  
Client Service Group

To: Our Clients and Friends

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## Virginia Federal Court Rules Health Reform “Individual Mandate” Unconstitutional

On December 13, the U.S. District Court for the Eastern District of Virginia ruled that the individual mandate of the Patient Protection Affordable Care Act, as amended (“PPACA”), which requires individuals to purchase health insurance or pay a penalty, was unconstitutional. *Virginia v. Sebelius*, E.D. Va., No. 3:10-CV-188, memorandum opinion 12/13/10. The 42-page ruling declared that the penalty was beyond Congress’s Commerce Clause powers and could not be rationally construed as a tax.

While this marks the first case ruling a portion of PPACA unconstitutional, the ruling will likely have little to no impact on health plan sponsors. First, the individual mandate is not scheduled to go into effect until 2014, which will give courts time to review the appeal of this decision that will inevitably follow. Second, the ruling did not address any insurance reforms or employer penalties under PPACA. Therefore, while the individual mandate was ruled unconstitutional, the other provisions of PPACA, at least for now, remain a part of the law. Several other cases have been filed challenging various aspects of PPACA, including one brought by the Attorneys General of approximately 20 states. Arguments in that case are scheduled to be heard this week in the U.S. District Court for the Northern District of Florida.

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If you have any questions regarding anything discussed in this Alert, the attorneys and other professionals of the Employee Benefits and Executive Compensation group of Bryan Cave LLP are available to answer your questions.

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