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reform law.

Taija Sparkman • Jul. 02, 2012

## SUPREME COURT UPHOLDS HEALTH CARE LAW

June 29, 2012

*Special Report*

### HIGHLIGHTS

- Individual Mandate To Take Effect Starting In 2014
- All Tax Provisions Upheld
- Penalty On States For Refusing Expanded Medicaid Unconstitutional
- Premium Assistance Tax Credit To Help Offset Cost of Coverage
- Limits On Health FSAs And Other Arrangements Continue
- Small Employer Health Insurance Tax Credit Preserved
- New Rules For Charitable

### Supreme Court Upholds Health Care Law; All Tax Measures Preserved

The U. S. Supreme Court has upheld the constitutionality of the 2010 health care reform legislation, including its linchpin individual mandate that requires individuals to pay a penalty if they fail to carry minimum essential health insurance (*National Federation of Independent Business, et al. v. Sebelius, SCt, 2012-2 USTC ¶50,423*). In its landmark 5 to 4 decision handed down on June 28, 2012, the Court cleared the path for President Obama's signature health care law, the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA), to move forward on schedule. However, the mechanism used to force states to expand Medicaid eligibility did not pass constitutional muster.

*This special Briefing describes the tax measures preserved by the Court's decision along with the*

*effective since 2010 and 2011, others have been in force only this year, and many other major provisions apply starting in 2013, 2014 or later.*

**COMMENT.** *Uncertainty over the health care legislation has been abated by the Supreme Court's decision, but clearly not eliminated. Concerns remain over how the IRS will interpret parts of the law as it continues issuing guidance to implement it. Also adding to uncertainty are renewed pledges made by the presumptive GOP nominee for president Mitt Romney to repeal the PPACA if elected, and by GOP leaders on Capitol Hill to dismantle the health care legislation. In the meantime, however, employers and taxpayers must assume that key provisions will go into effect in 2013, 2014, and beyond, or risk being unprepared to fully comply in time for the*

CCH, a Wolters Kluwer business, recently released a special *Tax Briefing* following the Supreme Court's decision on the constitutionality of President Obama's health care reform law. *Supreme Court Upholds Healthcare Law; All Tax Measures Preserved* focuses on the tax impact of the Court's decision and provides related advice and tips.

In a historic 5-to-4 ruling, the Court found the law to be constitutional and

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the authority of Congress to levy taxes,” said Mark Luscombe, JD, LLM, CPA, and CCH Principal Federal Tax Analyst. “But it’s still not certain how the IRS will interpret parts of the law and, even with pledges by opponents to repeal the law, taxpayers have to assume key provisions will begin going into effect next year.”

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