

CLIENT ALERT

Supreme Court Rules in Favor of Health Plans in Landmark \$13 Billion Affordable Care Act Case

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On April 27, the U.S. Supreme Court issued a decision in *Maine Cmty. Health Options et al v. United States*, ruling in favor of *Maine* and companion insurers in the long running Affordable Care Act §1342 “risk corridors” litigation, and confirming the government’s obligation to pay insurers approximately \$13 billion for their work related to the ACA. Under the risk corridors program, the government and the health plans shared risk during the first three years of the ACA exchanges, and had reciprocal statutory payment obligations; however, after the health plans performed, the government refused to make full payment, arguing that Congress’ refusal to appropriate funds vitiated the government’s payment obligation. Reversing the Federal Circuit, the Supreme Court held that the statute contained an unambiguous payment mandate, which was not repealed or otherwise suspended by Congress’ failure to make appropriations available. While a failure to appropriate funds prevents *agencies* from making the payment, the failure does not relieve the United States of its obligation to pay. Speaking for the majority, Justice Sonia Sotomayor wrote: “These holdings reflect a principle as old as the Nation itself: The Government should honor its obligations. Soon after ratification, Alexander Hamilton stressed this insight as a cornerstone of fiscal policy. ‘States,’ he wrote, ‘who observe their engagements . . . are respected and trusted: while the reverse is the fate of those . . . who pursue an opposite conduct.’” C&M partner Steve McBrady called the decision “important” noting that it “cements bedrock principles of fairness into money mandating statute jurisprudence.” Crowell & Moring represented Maine Community Health Options.

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