Fourth Circuit upholds Health Care Reform individual and employer mandates

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Health Care Reform's individual and employer mandates were upheld against a variety of Constitutional claims in a decision published today by the U.S. Court of Appeals for the Fourth Circuit. In its opinion on the legal challenges to the mandates - which were filed on March 23, 2010, the day the Patient Protection and Affordable Care Act was signed into law - the Court held:

- The employer mandate is within Congress's longstanding power under Article I of the Constitution to regulate employee compensation offered and paid by employers engaged in interstate commerce (and distinguishable from the individual mandate, which the U.S. Supreme Court determined was not a valid exercise of Congress's power to regulate interstate commerce);
- Both the individual mandate and the employer mandate are valid exercises of Congress's taxing power (consistent with the U.S. Supreme Court's decision last year on the individual mandate);
- Both the individual and employer mandates are neutral laws of general applicability that do not violate the Free Exercise of Religion clause of the First Amendment or the Religious Freedom Restoration Act, because no employer or individual is required to provide or purchase, respectively, health care coverage that includes coverage for abortion services (the only type of medical coverage challenged in this case), when the employers' or individuals' religious beliefs oppose abortion, and as a result the mandates do not substantially burden those religious beliefs;
- The two religious exemptions to the mandates are not violations of the Establishment Clause of the First Amendment or the equal protection requirements of the Fifth Amendment. One exemption applies to religious orders that conscientiously oppose all insurance benefits ***and*** provide coverage for their members, which is the same exemption that is available under the Social Security Act and that has been found constitutional in similar legal challenges. The other exemption, which requires the religious organization to have been established before December 31, 1999 to qualify for the exemption, is permissible because the cut-off date does not distinguish between religious sects and serves a secular legislative purpose.

A decision by the Fourth Circuit only applies to Maryland, North Carolina, South Carolina, Virginia, and West Virginia. In light of several other pending legal challenges to other provisions of Health Care Reform, we probably haven't heard the last of this yet.

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I've been on the accountant's side, the employer's side, and the attorney's side of employee benefits over a span of more than 30 years. So I understand, and can help you identify and evaluate, the financial, human resources, administrative, and business aspects of the employee benefit plan decisions you face.

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