



Two Federal Circuit Courts Fail To Agree Over Obamacare Insurance Subsidies

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Jeff Smith was quoted in the August 19, 2014 *Akron Legal News* article "Two federal circuit courts fail to agree over Obamacare insurance subsidies."

The U.S. Supreme Court is being asked to weigh in on the Patient Protection and Affordable Care Act (ACA) once again. This time the concern is over the Internal Revenue Service's decision to extend insurance premium subsidies to all states regardless of whether or not they chose to establish their own insurance exchanges.

Under the ACA, states were required to set up healthcare exchanges so that their residents and some employers could buy mandatory health plans. However, 36 states, including Ohio, failed to do so, forcing the federal government to step in and fill the void.

According to Jeff Smith, the conflict goes beyond an individual's ability to purchase insurance.

"The law states that if an employer does not offer coverage that is affordable, an employee can go to an exchange and purchase insurance, possibly with a subsidy," said Jeff. "If an employee qualifies for a subsidy, the employer faces a penalty."

"If an employee cannot obtain a subsidy in the 36 states that do not have state exchanges, it appears that the employer could avoid the penalty."

He said this is a very time-sensitive issue. "This component of the law, known as the employer mandate, will become effective in 2015 and 2016 when companies with over 100 and then 50 employees, respectively, are required to comply."

Jeff added employers are currently working to ensure their health plans are in order for the upcoming year. "This development causes more uncertainty about those plans," he said.

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