



Alert

Employee Benefits & Executive Compensation
Client Service Group

To: Our Clients and Friends

December 16, 2010

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.

This Client Alert is published for the clients and friends of Bryan Cave LLP. Information contained herein is not to be considered as legal advice.
This Client Alert may be construed as an advertisement or solicitation. © 2010 Bryan Cave LLP. All Rights Reserved.

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.

Richard (Rick) L. Arenburg	(404) 572-6765	richard.arenburg@bryancave.com
Brian W. Berglund	(314) 259-2445	bwberglund@bryancave.com
Harold G. Blatt	(314) 259-2216	hgblatt@bryancave.com
Armin G. Brecher	(404) 572-6634	armin.brecher@bryancave.com
Bard Brockman	(404) 572-4507	bard.brockman@bryancave.com
Carrie E. Byrnes	(312) 602-5063	carrie.byrnes@bryancave.com
Paul F. Concannon	(404) 572-6856	paul.concannon@bryancave.com
Chad R. DeGroot	(314) 259-2803	chad.degroot@bryancave.com
Edmund (Ed) Emerson	(404) 572-6739	edmund.emerson@bryancave.com
Jennifer Faucett	(404) 572-4516	jennifer.faucett@bryancave.com
Kyle P. Flaherty	(212) 541-2134	kpflaherty@bryancave.com
Mark H. Goran	(314) 259-2686	mhgoran@bryancave.com
Carrie E. Herrick	(314) 259-2212	carrie.herrick@bryancave.com
Jonathan Hull	(314) 259-2359	jthull@bryancave.com
Charles B. Jellinek	(314) 259-2138	cbjellinek@bryancave.com
Michele L. Lux	(314) 259-2519	mllux@bryancave.com
Hal B. Morgan	(314) 259-2511	hbmorgan@bryancave.com
Dan O'Keefe	(314) 259-2179	dmokeefe@bryancave.com
Christian Poland	(312) 602-5085	christian.poland@bryancave.com
Jeffrey S. Russell	(314) 259-2725	jsrussell@bryancave.com
Christopher (Chris) Rylands	(404) 572-6657	chris.rylands@bryancave.com
Steven G. (Steve) Schaffer	(404) 572-6830	steven.schaffer@bryancave.com
Kathleen R. Sherby	(314) 259-2224	krsherby@bryancave.com
Sarah Roe Sise	(314) 259-2741	srsise@bryancave.com
Michael Corey Slagle	(214) 721-8031	corey.slagle@bryancave.com
Alan H. Solarz	(212) 541-2075	ahsolarz@bryancave.com
Jennifer W. Stokes	(314) 259-2671	jennifer.stokes@bryancave.com
Lisa A. Van Fleet	(314) 259-2326	lavanfleet@bryancave.com
Tom Wack	(314) 259-2182	tewack@bryancave.com
Julie A. Wagner	(314) 259-2637	jawagner@bryancave.com
Jay P. Warren	(212) 541-2110	jpwarren@bryancave.com
Carolyn Wolff	(314) 259-2206	carolyn.wolff@bryancave.com
Serena F. Yee	(314) 259-2372	sfyee@bryancave.com

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.