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VA Federal Judge Agrees that the Health Insurance Mandate Oversteps Constitution

On December 13, 2010, a Virginia federal judge ruled that the individual health insurance mandate included in the new health care law is unconstitutional in violation of the Commerce Clause of the Constitution. The Commonwealth of Virginia challenged the individual mandate requiring that every American must purchase, or carry, health insurance or pay a penalty. Virginia's argument was that the federal government does not have the constitutional authority to require that any person purchase any specific product or service or be fined for not doing so. The VA judge agreed that the mandate oversteps the bounds of the Constitution. According to the court, Congress lacks the power to compel an individual to involuntarily engage in a private commercial transaction. The law will remain in effect while appeals are heard, meaning there is unlikely to be any immediate impact on other provisions that have already taken effect.

This is the first federal judge to strike down a key part of the law. Several other related lawsuits have been dismissed and still others are pending, including one filed in Florida by 20 states. The VA court ruling will not be the last stop, as it is expected that this issue will ultimately be decided by the Supreme Court.

The individual mandate is a key element of the entire health reform law and this VA ruling is perhaps the most significant legal challenge to the law to date. However, this negative ruling has virtually no impact on the health reform law's implementation and plan or employer requirements, as its two major provisions — the coverage mandate and the creation of new insurance markets — don't take effect until 2014. In the meantime, the ruling adds to the uncertainty surrounding the implementation of the law in the future.

Employers are advised to continue to monitor health reform developments. Should you have questions about this or any aspect of federal health insurance reform, contact your Conner Strong account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong, visit our online [Resource Center](#).

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