**King v. Burwell**  
**KING ET AL. v. BURWELL, SECRETARY OF HEALTH AND HUMAN SERVICES, ET AL.**

**Country:** United States  
**Region:**  
**Year:** 2015  
**Court:** Supreme Court of the United States  
**Health Topics:** Health systems and financing  
**Human Rights:** Right to health, Right to social security

**Facts**

This case involved the Patient Protection and Affordable Care Act (the Act) that had adopted three major health insurance reforms. In particular the Act adopted the “guaranteed issue” requirement that prevented insurers from denying insurance coverage for an individual due to his state of health; the “community rating” requirement that required insurers from imposing higher premiums on a person due to his state of health; the “refundable tax credits” that the Act mandated to make health insurance more affordable for individuals whose household income was between the 100 and 400 percent of the Federal poverty line; and mandated the States or in their failure the Federal Government to create a system of “Exchange” that could allow individuals to compare insurance plans in the market and purchase. Consequent rules of the Internal Revenue Services (IRS) stated that the tax credits were allowed for any taxpayer registered for an insurance plan through an “Exchange” system which could be a State or a Federal Exchange. While 16 states and the District of Colombia have come up with their own Exchanges, remaining states chose to have a Federal Exchange.

The petitioners in this case were four individuals from the State of Virginia which at the time had a Federal Exchange. They didn’t want to buy health insurance from the Virginia’s Exchange because they believed that the Exchange wouldn’t qualify them for the tax credits as the tax credits applied to State Exchanges and continuing with no tax credits would make the insurance cost to exceed 8% of their income. They challenged the IRS rule before the Federal District Court which dismissed their claim stating that the Act made it clear that tax credits applied to individuals who were enrolled in the Federal Exchange as well. The decision was affirmed by the Court of Appeals for the Fourth Circuit that had looked at how the Act had been structured and found the tax credits were not limited to state Exchanges. The question of whether the tax credits under the Act were made to be available in states that had Federal Exchange was then brought before the Supreme Court.

**Decision and Reasoning**

The Supreme Court noted that the Act provided that the tax credits for all applicable taxpayers but its amount depended on their enrollment in a state Exchange. The Supreme Court also noted that the IRS promulgated a rule that ensured that the tax credits were available on both state and Federal Exchanges. The Supreme Court further noted that at the same date the District Court dismissed the petitioners’ claim, the Court of Appeals for the District of Columbia Circuit held, in another case, that the Act clearly limited the tax credits to state Exchanges.

The Supreme Court held that the Federal Exchange counted as an “Exchange” so long as was established under the Act. It held that the Act used the term “Exchange” to mean both state and Federal Exchanges. The Supreme Court also held that Congress meant for the three reforms in the Act to apply in every state and mandated the establishment of a Federal Exchange if states refused to establish their own. The Court further held that Congress hadn’t intended to limit the application of tax credits to state Exchanges alone, stating that if it had intended this, it would have clearly stated the same under the Act’s definition of the term “applicable taxpayer” or in any other clearer sense. The Supreme Court concluded that the Act mandated tax credits for any insurance bought on any Exchange established under its provisions; those credits are necessary for the Federal Exchanges to function like their State Exchange counterparts and to avoid the type of calamitous result that Congress plainly meant to avoid. [Page 26] The Court held that Congress intended the Act to improve health insurances and not to destroy them; the Act had to be interpreted in a manner that conformed to that intent. The Supreme Court thus affirmed the decision of the Court of Appeals for the Fourth Circuit.