

## U.S. Supreme Court Upholds Subsidies on Federal Exchanges

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The U.S. Supreme Court held last week, in *King v. Burwell*, that federal subsidies are available under the Affordable Care Act ("**ACA**") to purchase health insurance on a federal exchange. A federal exchange operates in states that have not set up state exchanges. The ACA states that federal subsidies are allowed for taxpayers who meet certain requirements and have enrolled in an insurance plan through "an Exchange established by the State." IRS regulations had interpreted this provision to make federal subsidies available regardless of whether the exchange is established and operated by the state or the federal government. The Court decided that, although the plain-meaning arguments were strong, the ACA's context and structure compel the conclusion that federal subsidies are permitted with respect to insurance coverage purchased on any exchange-federal or state. This means business as usual for employers, including managing ACA penalty risks and preparing for the onerous reporting requirements. *King v. Burwell*, No. 14-114, \_\_\_ U.S. \_\_\_ (June 25, 2015) can be found [here](#).