

# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## Fitch Rtgs: ACA Repeal Would Be Negative for Non-Profit Health Providers

**Fitch Ratings-New York-17 December 2018:** Any reduction in the Affordable Care Act (ACA), either through repeal, piecemeal legislative efforts or legal challenges to its constitutionality, is detrimental for the U.S. not-for-profit healthcare sector, particularly in those states that have or are expanding Medicaid, according to Fitch Ratings. Should Friday's legal decision in Texas ruling that the ACA is unconstitutional be upheld, tens of millions of people would be directly affected. Those that currently receive healthcare insurance under expanded Medicaid would likely become bad debt or charity for provider organizations.

U.S. District Judge Reed O'Connor ruled the ACA is unconstitutional due to a recent change in federal tax law. The ACA has been under regular political legal pressure since its passing in 2010 but has managed to survive two Supreme Court challenges in 2012 and 2015.

The 2012 ruling, combined with the recent change to the U.S. federal tax code, underpins Friday's court decision. During the 2012 Supreme Court challenge, the ACA was upheld, with one of the deciding opinions that the penalty for not having health insurance was considered a tax, which Congress has the power to impose. With the recent tax overhaul bill (The Tax Cuts and Jobs Act), this penalty has been eliminated. The recent ruling sided with the argument that, with the penalty requirement no longer in place, there is effectively no longer a tax, and therefore, the entire ACA is not constitutional.

This latest ruling is highly likely to be appealed, potentially up to the Supreme Court. Ultimately, we believe the ACA will survive through the appeals process as it has survived other challenges in the Supreme Court. However, renewed debate on the ACA will generate further uncertainty for healthcare providers and the general public alike.

Contact:

Kevin Holloran  
Senior Director, Head of U.S. Non-Profit Hospitals & Health Systems  
+1 512 813-5700  
Fitch Ratings, Inc.  
111 Congress Avenue, Suite 2010  
Austin, TX 78701

Justin Patrie, CFA  
Senior Director, Fitch Wire  
+1 646 582-4964  
33 Whitehall Street  
New York, NY 10006

Media Relations: Sandro Scenga, New York, Tel: +1 212 908 0278, Email:  
sandro.scenga@thefitchgroup.com

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com).

Copyright © 2024 Bond Case Briefs | [bondcasebriefs.com](http://bondcasebriefs.com)