

PCS Tax Insight

Private Company Services Publication

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Supreme Court upholds health care law; tax provisions remain in place

On June 28, 2012, the U.S. Supreme Court upheld the "Patient Protection and Affordable Care Act" and the related Reconciliation Act of 2010.

The Court's decision leaves in place significant tax provisions that affect most if not all privately held companies.

Some tax provisions have already taken effect while others are set to take effect in 2014 and beyond. As a result, private companies and taxpayers should continue to monitor the changes resulting from the health care law.

In a decision that will affect most privately held companies and their owners, the U.S. Supreme Court today issued its decision on the "Patient Protection and Affordable Care Act" and the related Reconciliation Act of 2010 (in combination, the "ACA" or "the Act"). In a five to four [decision](#), the Court ruled that the ACA's mandate for individuals to purchase health insurance is constitutional under the taxing power of Congress. The Court's ruling places certain limits on a provision of the ACA expanding Medicaid coverage.

The Court's decision leaves in place significant business and individual tax provisions. Congress in 2010 approved as part of the ACA several significant revenue-raising tax provisions. Some of these tax provisions have already taken effect, including provisions codifying the economic substance doctrine and imposing an annual assessment on pharmaceutical manufacturers. Others are set to take effect next year -- including a new Medicare Hospital

Insurance ("HI") tax on higher-income taxpayers and a tax on medical device manufacturers -- or in 2014 and beyond.

House Speaker John Boehner (R-OH) and other Republican Congressional leaders have promised to continue efforts to repeal the ACA, but President Obama has promised to veto legislation that would repeal all or parts of the ACA. The House on January 19, 2011 passed a bill (H.R. 2) proposing to repeal the ACA, but the measure failed in the Senate. The House also has voted to repeal specific sections of the ACA, most recently by approving a bill (H.R. 436) on June 7, 2012 that would repeal the tax on medical device manufacturers and other provisions. Ultimately, the outcome of the 2012 elections will be a critical factor in determining what might happen on health care legislation.



For a summary of the tax provisions of the ACA, see the June 14 [WNTS Insight "Supreme Court decision could affect tax provisions enacted as part of 2010 health care law."](#)

How PwC can help

The ACA will affect most if not all privately held businesses and their

owners, who should continue to monitor the changes resulting from the law.

For more PwC analysis of health care reform issues and the impact of the Supreme Court's decision, visit www.PwC.com/HealthReform.

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