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Federal Court Rules Trump Admin Undermined ACA, Strikes Down Four Trump-Era ACA Policies

Federal Court Issues Decision in Lawsuit Brought by Columbus, Baltimore, Cincinnati, Chicago, Philadelphia, and Two Healthcare Consumers

Baltimore, M.D. — Late Thursday, a federal court in Baltimore [ruled](#) that the Trump administration unlawfully undermined the Affordable Care Act (ACA) and struck down four provisions of a Trump administration regulation that distorted the ACA's requirements and undercut its success in providing affordable, high-quality health insurance to millions of Americans.

Yesterday's ruling was in response to a [lawsuit](#) filed by the Cities of Columbus, Baltimore, Cincinnati, Chicago, and Philadelphia, as well as two individuals who rely on health insurance offered on ACA exchanges. The lawsuit challenges the Trump administration's 2019 Notice of Benefit and Payment Parameters, a yearly rule which governs the implementation of the ACA, as well as the Trump administration's broader efforts to sabotage the ACA.

Democracy Forward, Harris, Wiltshire & Grannis LLP, and Kropf Moseley PLLC represent the plaintiffs.

Responding to the legal victory, **the plaintiffs issued the following statement:**

"We are proud of this major legal victory. The law prevailed on Thursday — providing an antidote to illegal Trump-era policies that drove up premiums, made enrollment more difficult, and caused more people to go without affordable, high-quality health insurance. We are encouraged by the court's ruling and pleased to know that our work has helped ensure more Americans can get access to the coverage they need."

In response to the court's ruling, **Columbus City Attorney Zach Klein issued the following statement:**

"We proudly fought this legal battle for the last three years because we knew the Trump Administration's sabotage of the Affordable Care Act was not only unacceptable but also unconstitutional. Our team is pleased with the court's ruling and its impact. We are glad to have played a role in ensuring that Americans have access to affordable, high-quality health insurance—especially critical as our country continues to weather the coronavirus pandemic."

On Thursday, the federal court vacated four provisions of the 2019 rule:

- *Federal review of network adequacy*
 - The court ruled that a provision abandoning the federal government’s responsibility to ensure that insurance plans offer adequate provider networks was arbitrary and capricious.
- *Standardized options*
 - The court ruled that a provision eliminating “standardized options” — plans designed to make it easy for consumers to make informed choices — was arbitrary and capricious.
- *Income verification*
 - The court ruled that a provision forcing low-income consumers to submit additional documentation to verify their income when it conflicts with government data was arbitrary and capricious. The provision effectively knocked low-income consumers off insurance without any evidence that the requirement would prevent fraud or abuse.
 - As the court said, “HHS’s decision to prioritize a hypothetical risk of fraud over the substantiated risk that its decision [would] result in immense administrative burdens at best, and a loss of coverage for eligible individuals at worst, defies logic.”
- *Medical loss ratio*
 - The court ruled that a provision that gives insurers credit for improving the quality of their services whether or not they actually make improvements was contrary to law. The provision made it easier for insurers to avoid paying legally required rebates to their customers.
 - “By allowing insurers to take credit for spending on activities that improve healthcare quality without actually proving that they have done so,” the court ruled, “the 2019 Rule undermines the very purpose of the statute.”

The plaintiffs first [filed suit](#) in August 2018 in the United States District Court for the District of Maryland. In January 2019, the plaintiffs, [joined](#) by the City of Philadelphia, amended their suit. The U.S. House of Representatives, 20 states, 13 municipalities, four advocacy groups, and health insurance experts all [filed briefs](#) in support of the lawsuit in June 2019. Then, in April 2020, the federal court [rejected](#) the Trump administration’s attempt to have the lawsuit entirely dismissed. A coalition of groups that included Young Invincibles and Planned Parenthood [filed](#) two additional amicus briefs in support of the suit in October 2020. The court [granted](#) partial summary judgment to the plaintiffs on March 4, 2021.

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