



NEWS RELEASE

Immediate Release

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Actuaries: SCOTUS Ruling Preserves the Individual Mandate

*Helps Ensure Broad Cross Section of Risk,
Cornerstone to Viable Market*

WASHINGTON (June 28, 2012)—The American Academy of Actuaries today called the U.S. Supreme Court's ruling to keep the Affordable Care Act largely intact a step toward ensuring that health insurance markets attract a broad cross section of risk, a cornerstone to any viable health insurance market.

"Given the provisions in the law that prohibit insurers from denying coverage or charging higher premiums to people in poor health, the individual mandate can now be an important component of the law to help reduce adverse selection," said Academy Senior Health Fellow Cori Uccello.

The Academy also said it will continue to offer the profession's expertise to federal and state regulatory authorities throughout the implementation process. Actuarial principles and methods are critical in establishing viable health insurance systems. In particular:

- **Health insurance markets must attract a broad cross section of risks;**
- **Market competition requires a level playing field;**
- **Health spending growth must be reduced for long-term sustainability.**

And spending growth will continue to be a challenge, said Uccello.

"Unless we are successful in reducing the long-term cost of health care," she said, "the effectiveness of the ACA will be undermined and increasing strains will be placed on household, state, and federal budgets."

In January, the Academy filed an [*amicus curiae*](#) brief with the court on the severability of the Affordable Care Act should its individual mandate provision be struck down. The court did not need to rule on the severability issue because the majority opinion upheld the mandate. The Academy brief provided an actuarial explanation of how severing the guaranteed issue and rating provisions of the Affordable Care Act from the individual mandate would have increased adverse selection, leading to lower participation and higher premiums, unless other mechanisms had been implemented to help ensure participation by a broad cross section of risks.

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The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.