

Press Release



News Release: American Action Forum Files Supreme Court Amicus Brief On The Coercive Nature Of PPACA

JANUARY 16, 2012

WASHINGTON – The American Action Forum today filed an [amicus brief](#) in the Supreme Court for the case on the constitutionality of the Patient Protection and Affordable Care Act. The brief, signed by 101 economists, including two Nobel laureates and multiple former senior government officials, argues that the Medicaid expansion provision of the PPACA unconstitutionally coerces states to act.

[Click here](#) to read the Forum's Medicaid amicus brief.

The amicus brief analyzes public data from governmental sources to quantify the effect of losing federal Medicaid funds and test whether states could realistically choose to decline Congress' offer.

The 101 economists find that states are in no realistic position to fill the enormous gap that the loss of federal Medicaid funding would leave. If states suddenly were forced to add 2009 federal Medicaid expenditures to their total 2009 budgets, states' total budgetary expenditures nationwide would jump by 22.5 percent. The potential impact on future state taxes is even more coercive; the loss of federal Medicaid funding represents 34.4 percent of current state tax revenue nationwide.

The Forum recently filed a brief with the Supreme Court on the severability of the PPACA's individual mandate. Last year, the Forum filed an amicus brief in the Court of Appeals for the Eleventh Circuit addressing the economic premises on which the Obama Administration relied in seeking to defend the PPACA's individual mandate as a regulation of interstate commerce. The Eleventh Circuit expressly relied upon the Forum's analysis in finding the mandate unconstitutional.

The Forum intends to file a third amicus brief on constitutionality of the individual mandate according to the schedule ordered by the Supreme Court.

Forum President Douglas Holtz-Eakin released the following statement on today's brief:

"Let's be realistic, if a state was to forgo federal Medicaid funding while retaining the same level of coverage for its citizens, that state's fiscal picture would become dramatically unrecognizable. Nationwide, federal Medicaid spending is the equivalent of one-third of all state taxes collected. It is clear that an abrupt 33 percent increase in state taxes across the board would be politically impossible."

The Forum's Director of Healthcare Policy, Michael Ramlet added:

"A state's current federal Medicaid funding, if anything, underestimates the true costs that state would incur if it were to withdraw from the program. For instance, a state that withdrew from Medicaid would likely lose other federal funds, such as Temporary Assistance for Needy Families, which are conditioned on that state's participation in Medicaid."

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The American Action Forum is a forward-looking policy institute dedicated to keeping America strong, free and prosperous. It seeks to promote common-sense, innovative, and solutions-based policies that will reform government, challenge out-dated assumptions, and create a smaller, smarter government that will serve its citizens better.