



Written by [Bob Adelman](#) on June 1, 2015

King v Burwell: Favorable Ruling May Help Economy, Hurt Democrats

If the Supreme Court rules in the case of *King v. Burwell* that words mean something, and that the words “exchanges established by the state” mean that only citizens in those states enjoy subsidies to help pay for their insurance under ObamaCare while those elsewhere do not, the impact of such a ruling would likely [prove to be enormous](#).

The ruling due out shortly will either accept the concept that the words in the ObamaCare law mean what they say, or determine that those words were poorly selected in the drafting process and that Congress “really” meant the subsidies to apply to everyone buying insurance under ObamaCare.



David King is one of four plaintiffs complaining that an IRS ruling that said the law “meant” to include everyone, whether or not they live in a state that established its own exchange, overreached the intent of the law. If the court agrees with King, between eight and 13 million individuals will have their subsidies cut off, making it financially difficult if not impossible for them to purchase insurance on their own. This would be counter to the narrative that ObamaCare was designed to provide insurance to those not covered due to cost considerations.

In a word, such a decision could spell the end of ObamaCare.

In the meantime, repercussions of such a ruling were measured by a conservative think tank, American Action Forum (AAF), headed up by Douglas Holtz-Eakin, a former director of the Congressional Budget Office (CBO) and former chairman of the president’s Council of Economic Advisors. In AAF’s analysis, “Taking Stock: The Potential Impact of *King v. Burwell*,” not all the news is bad news.

A ruling favoring King would immediately exempt many of those no longer receiving subsidies from the individual mandate, thus saving them upwards of \$1,200 a year in penalties. It would also reduce compliance costs on small businesses that have been shying away from hiring full-time employees and working to keep their full-time staffs below 50 to avoid having to comply with ObamaCare mandates. If the high court rules for King, the AAF estimates that 1.3 million workers will as a consequence be added back into the work force over the next two years. As Holtz-Eakin expressed it:

Because they will not be subject to the mandate, small to medium size employers may expand employment to more people, or allow their employees to work more than 30 hours per week.

AAF estimates that there are currently about 3.3 million part-time workers in the states affected by the ruling who are seeking but are unable to find full-time employment. Others have estimated that at least 20 percent of businesses cut hours for workers in 2013, in part to remain below the 50



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employee threshold that triggers the employer mandate.

There would be long-term effects as well, especially in the areas of personal freedom and responsibility. Without the mandate penalty, individuals would be free — *free!* — to determine not only how to spend their own money but also whether they want insurance coverage or not and if so, what type fits their needs.

The AAF also notes that, relieved of some of the requirements of ObamaCare, business owners would also be *free* to determine which of their employees deserve higher wages or more hours, or both. AAF estimated that ObamaCare's regulations reduced annual wages by \$830 to \$940 a year, totaling \$13.6 *billion* in those "King" states.

There could be a significant political impact as well, and not just on Republicans who control most of those "King" states. As liberal college professor Julian Zelizer wrote at CNN, "Democrats are the party that will take the hardest hit" because of their close association with Obama's legacy socialist program: i.e., "if it breaks, you bought it!"

There are also broader benefits to be enjoyed in the event the Supreme Court decides that words mean things: Belief by progressives that government is the solution to all problems, whether real or imaginary, will be questioned. Confidence "that government can be an effective vehicle for dealing with domestic issues" would be severely challenged and would "greatly deflate the confidence Democrats would have in the next ... fight over a [future] proposed program," observed Zelizer.

Such a ruling would also shift the conversation in the presidential campaigns from how successful Washington has been in reviving the moribund economy (even though the jury is still out on that issue at this writing) to how poorly the government has performed with its great socialist healthcare coverage experiment.

In sum, a favorable ruling (a ruling for King, that words mean what they mean) could very well have vastly important implications for freedom far beyond the elimination of some subsidies to some people to help them buy insurance coverage mandated by the government.

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