

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION**

TEXAS, WISCONSIN, ALABAMA,  
ARKANSAS, ARIZONA, FLORIDA, GEORGIA,  
INDIANA, KANSAS, LOUISIANA, PAUL  
LePAGE, Governor of Maine, MISSISSIPPI, by  
and through Governor Phil Bryant, MISSOURI,  
NEBRASKA, NORTH DAKOTA, SOUTH  
CAROLINA, SOUTH DAKOTA, TENNESSEE,  
UTAH, and WEST VIRGINIA,

Plaintiffs,

v.

UNITED STATES OF AMERICA, UNITED  
STATES DEPARTMENT OF HEALTH AND  
HUMAN SERVICES, ALEX AZAR, in his  
Official Capacity as SECRETARY OF HEALTH  
AND HUMAN SERVICES, UNITED STATES  
INTERNAL REVENUE SERVICE, and DAVID  
J. KAUTTER, in his Official Capacity as Acting  
COMMISSIONER OF INTERNAL REVENUE,

Defendants.

Civil Action No. 4:18-cv-00167-O

CALIFORNIA, CONNECTICUT, DISTRICT OF  
COLUMBIA, DELAWARE, HAWAII, ILLINOIS,  
KENTUCKY, MASSACHUSETTS,  
MINNESOTA, NEW JERSEY, NEW YORK,  
NORTH CAROLINA, OREGON, RHODE  
ISLAND, VERMONT, VIRGINIA, AND  
WASHINGTON,

Proposed Intervenors-Defendants.

**[PROPOSED] ANSWER IN INTERVENTION BY CALIFORNIA, CONNECTICUT,  
DISTRICT OF COLUMBIA, DELAWARE, HAWAII, ILLINOIS, KENTUCKY,  
MASSACHUSETTS, MINNESOTA, NEW JERSEY, NEW YORK, NORTH CAROLINA,  
OREGON, RHODE ISLAND, VERMONT, VIRGINIA, AND WASHINGTON**

Intervenors-Defendants the States of California, Connecticut, District of Columbia, Delaware, Hawaii, Illinois, Kentucky, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon, Rhode Island, Vermont, Virginia, and Washington in response to the Complaint for Declaratory and Injunctive Relief (“Complaint”) on file herein, admit, deny, and allege as follows:

Plaintiffs’ introduction (Compl. pp. 1-5) is a statement of the case and contains conclusions of law to which no response is required. To the extent that a response is required, Intervenors-Defendants deny the allegations and any mischaracterizations of the legal authorities therein, except that they admit that Plaintiffs seek declaratory and injunctive relief. Specifically, Intervenors-Defendants deny that the ACA has been rendered and is unconstitutional. Further, the referenced legal authorities, including the following, speak for themselves: United States Constitution, the Patient Protection and Affordable Care Act (ACA), the Tax Cut and Jobs Act of 2017, 42 U.S.C.A. § 18091, *NFIB v. Sebelius*, 567 U.S. 519 (2012), *King v. Burwell*, 135 S. Ct. 2480 (2015), *Alaska Airlines, Inc. v. Brock*, 480 U.S. 678 (1987), *Heller v. Doe*, 509 U.S. 312 (1993), and *Armour v. City of Indianapolis*, 566 U.S. 673 (2012), and Intervenors-Defendants respectfully refer the Court to these authorities for a complete and accurate statement of their contents and holdings. Also, the referenced Congressional Budget Office Report, related to Tax Cut and Jobs Act of 2017, speaks for itself, and the Intervenors-Defendants respectfully refer the Court to that report for a complete and accurate statement of its contents.

## I. PARTIES

1-3. Answering the allegations contained in paragraphs 1-3, Intervenors-Defendants admit that Texas, Wisconsin, Alabama, Arkansas, Arizona, Florida, Georgia, Indiana, Kansas, Louisiana, Maine, Mississippi, Missouri, Nebraska, North Dakota, South Carolina, South Dakota, Tennessee, Utah, and West Virginia are States in the United States of America, that Phil Bryant is currently Governor of Mississippi, and that Paul LePage is currently Governor of Maine.

4. Answering the allegations contained in paragraph 4, Intervenor-Defendants lack knowledge or information sufficient to admit or deny the allegations in paragraph 4, and therefore on that basis deny all allegations therein.

5. Answering the allegations contained in paragraph 5, Intervenor-Defendants admit that Plaintiffs have named the listed Defendants in this action.

6. Answering the allegations contained in paragraph 6, Intervenor-Defendants admit that the Department of Health and Human Services is an agency of the United States and is responsible for administering certain provisions of the ACA.

7. Answering the allegations contained in paragraph 7, Intervenor-Defendants admit that the Internal Revenue Service is a Bureau of the Department of Treasury and is responsible for administering certain provisions of the ACA.

8. Answering the allegations contained in paragraph 8, Intervenor-Defendants deny the allegations.

## **II. JURISDICTION AND VENUE**

9-11. Without admitting that Plaintiffs are entitled to any relief, Intervenor-Defendants do not dispute the jurisdiction and venue allegations in paragraphs 9-11, except that if Plaintiffs lack standing to pursue the claims of this action and/or said claims are not ripe for review that would preclude the District Court from exercising jurisdiction over the dispute.

## **III. FACTUAL BACKGROUND**

### **A. The Individual Mandate and the Affordable Care Act.**

12. Answering the allegations contained in paragraph 12, Intervenor-Defendants admit the allegations.

13. Answering the allegations contained in paragraph 13, Intervenor-Defendants admit that the congressional findings at 42 U.S.C. Code § 18091 contain the selected phrases contained in paragraph 13, and Intervenor-Defendants respectfully refer the Court to the statute for a complete and accurate statement of its contents.

14-18. Answering the allegations contained in paragraphs 14-18, Intervenors-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, Intervenors-Defendants deny any mischaracterizations of the legal authorities therein, and Intervenors-Defendants respectfully refer the Court to said authorities for a complete and accurate statement of their contents and holdings.

**B. The Individual Mandate and the Tax Penalty Are Inextricably Intertwined—One Cannot Exist Without the Other under *NFIB v. Sebelius*.**

19-20. Answering the allegations contained in paragraphs 19-20, Intervenors-Defendants admit that *NFIB*, 567 U.S. 519, addressed constitutional challenges to the ACA.

21-27. Answering the allegations contained in paragraphs 21-27, Intervenors-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, Intervenors-Defendants deny any mischaracterizations of the decision in *NFIB*, 567 U.S. 519 which speaks for itself, and the Intervenor-Defendants respectfully refer the Court to this case for a complete and accurate statement of its holdings.

**C. The Tax Cuts and Jobs Act of 2017 Repealed The Tax Penalty, Leaving Only the Unconstitutional Individual Mandate.**

28. Answering the allegations contained in paragraph 28, Intervenors-Defendants admit the allegations.

29-35. Answering the allegations contained in Paragraphs 29-35, Intervenors-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, Intervenors-Defendants deny any mischaracterizations of the legal authorities therein, including but not limited to the Tax Cuts and Jobs Act of 2017 and the decision in *NFIB*, 567 U.S. 519, which speaks for themselves, and the Intervenors-Defendants respectfully refer the Court to these legal authorities for a complete and accurate statement of their contents and holdings.

**D. The ACA, As Amended, Imposes Serious Injury and Irreparable Harm Upon the States and Their Citizens.**

36. Answering the allegations contained in paragraph 36, Intervenor-Defendants deny the allegations.

37. Answering the allegations contained in paragraph 37, Intervenor-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, the Intervenor-Defendants deny the allegations, including denying the allegations concerning the specific states because they lack sufficient information or knowledge to enable them to admit or deny the allegations in paragraph 37, and therefore on that basis deny all allegations therein. Intervenor-Defendants further deny any mischaracterizations of the legal authorities therein which speak for themselves, and the Intervenor-Defendants respectfully refer the Court to these legal authorities for a complete and accurate statement of their contents and holdings.

38. Answering the allegations contained in paragraph 38, Intervenor-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, the Intervenor-Defendants deny the allegations, including specifically denying the allegations that the ACA significantly harms states as providers under Medicaid and the Children's Health and Insurance Program (CHIP). Intervenor-Defendants further deny any mischaracterizations of the legal authorities therein which speak for themselves, and the Intervenor-Defendants respectfully refer the Court to these legal authorities for a complete and accurate statement of their contents and holdings.

39. Answering the allegations contained in paragraph 39, Intervenor-Defendants respond that these paragraphs contain Plaintiffs' statement of the case and legal arguments; hence, no response is required. To the extent that a response is required, the Intervenor-Defendants deny the allegations, including specifically denying the allegations that the ACA harms states as large employers. Intervenor-Defendants further deny any mischaracterizations of the legal authorities therein which speak for themselves, and the Intervenor-Defendants respectfully refer the Court to these legal authorities for a complete and accurate statement of their contents and holdings.

// //

#### **IV. CLAIMS FOR RELIEF**

##### **COUNT ONE**

###### **Declaratory Judgment That the Individual Mandate of the ACA Exceeds Congress's Article I Constitutional Enumerated Powers**

40. Answering the allegations contained in paragraph 40, Intervenor-Defendants reassert their previous denials and admissions to each and every paragraph of the Complaint as if fully set forth here.

41-52. Answering the allegations contained in paragraphs 41-52, Intervenor-Defendants deny the allegations except that the cited legal authorities speak for themselves, and the Intervenor-Defendants respectfully refer the Court to said authorities for a complete and accurate statement of their contents, and further deny that Plaintiffs are entitled to the relief requested.

##### **COUNT TWO**

###### **Declaratory Judgment That the ACA Violates the Due Process Clause of the Fifth Amendment to the Constitution**

53. Answering the allegations contained in paragraph 53, Intervenor-Defendants reassert their previous denials and admissions to each and every paragraph of the Complaint as if fully set forth here.

54-62. Answering the allegations contained in paragraphs 54-62, Intervenor-Defendants deny the allegations except that the cited legal authorities speak for themselves, and the Intervenor-Defendants respectfully refer the Court to said authorities for a complete and accurate statement of their contents; and Intervenor-Defendants further deny that Plaintiffs are entitled to the relief requested.

##### **COUNT THREE**

###### **Declaratory Judgment That the ACA Violates the Tenth Amendment to the United States Constitution**

63. Answering the allegations contained in paragraph 63, Intervenor-Defendants reassert their previous denials and admissions to each and every paragraph of the Complaint as if fully set forth here.

64-69. Answering the allegations contained in paragraphs 64-69, Intervenor-Defendants deny the allegations except that the cited legal authorities speak for themselves, and the Intervenor-Defendants respectfully refer the Court to said authorities for a complete and accurate statement of their contents; and Intervenor-Defendants further deny that Plaintiffs are entitled to the relief requested.

#### **COUNT FOUR**

##### **Declaratory Judgment Under 5 U.S.C. § 706 that Agency Rules Promulgated Pursuant to the ACA are Unlawful**

70. Answering the allegations contained in paragraph 70, Intervenor-Defendants reassert their previous denials and admissions to each and every paragraph of the Complaint as if fully set forth here.

71-75. Answering the allegations contained in paragraphs 71-75, Intervenor-Defendants deny the allegations except that the cited legal authorities speak for themselves, and the Intervenor-Defendants respectfully refer the Court to said authorities for a complete and accurate statement of their contents; and Intervenor-Defendants further deny that Plaintiffs are entitled to the relief requested.

#### **COUNT FIVE**

##### **Injunctive Relief Against Federal Officials from Implementing, Regulating, or Otherwise Enforcing the ACA**

76. Answering the allegations contained in paragraph 76, Intervenor-Defendants reassert their previous denials and admissions to each and every paragraph of the Complaint as if fully set forth here.

77. Answering the allegations contained in paragraph 77, Intervenor-Defendants deny the allegations and the whole thereof.

#### **V. PRAYER FOR RELIEF**

No response is required to the Prayer for Relief. However, to the extent a response is required, Intervenor-Defendants deny the allegations contained in the Prayer for Relief, and specifically deny that Plaintiffs are entitled to the relief requested.

## **VI. DEFENSES**

### **First Defense**

Plaintiffs' Complaint is barred to the extent that Plaintiffs' claims are not ripe for review.

### **Second Defense**

Plaintiffs' Complaint is barred to the extent that Plaintiffs have failed to exhaust administrative remedies.

### **Third Defense**

Plaintiffs' Complaint fails to state a claim on which relief can be granted.

## **VII. CONCLUSION**

WHEREFORE, having fully answered, Intervenor-Defendants respectfully request that the Court enter judgment dismissing this action with prejudice and that Plaintiffs take nothing by the Complaint, and that Intervenor-Defendants be awarded such other and further relief as the Court may deem necessary and proper.



Dated: April 9, 2018

Respectfully submitted,

XAVIER BECERRA  
Attorney General of California  
JULIE WENG-GUTIERREZ  
Senior Assistant Attorney General  
KATHLEEN BOERGERS  
Supervising Deputy Attorney General  
NIMROD P. ELIAS  
Deputy Attorney General

/s/ Neli N. Palma  
NELI N. PALMA  
Deputy Attorney General  
California State Bar No. 203374  
1300 I Street, Suite 125  
P.O. Box 944255  
Sacramento, CA 94244-2550  
Telephone: (916) 210-7522  
Fax: (916) 322-8288  
E-mail: Neli.Palma@doj.ca.gov  
*Attorneys for Intervenors-Defendants*

Dated: April 9, 2018

Respectfully submitted,

XAVIER BECERRA  
Attorney General of California  
JULIE WENG-GUTIERREZ  
Senior Assistant Attorney General  
KATHLEEN BOERGERS  
Supervising Deputy Attorney General  
NIMROD ELIAS  
Deputy Attorney General

/s/ Neli N. Palma  
NELI N. PALMA  
Deputy Attorney General  
California State Bar No. 203374  
1300 I Street, Suite 125  
P.O. Box 944255  
Sacramento, CA 94244-2550  
Telephone: (916) 210-7522  
Fax: (916) 322-8288  
E-mail: Neli.Palma@doj.ca.gov

*Attorneys for Intervenor-Defendants*

GEORGE JEPSEN  
Attorney General of Connecticut  
JOSEPH R. RUBIN  
Associate Attorney General  
*Attorneys for Intervenor-Defendant the State of  
Connecticut*

MATTHEW P. DENN  
Attorney General of Delaware  
ILONA KIRSHON  
Deputy State Solicitor  
DAVID J. LYONS  
Deputy Attorney General  
*Attorneys for Intervenor-Defendant the  
State of Delaware*

RUSSELL A. SUZUKI  
Attorney General of Hawaii  
HEIDI M. RIAN  
Deputy Attorney General  
ROBERT T. NAKATSUJI  
Deputy Solicitor General  
*Attorneys for Intervenor-Defendant the  
State of Hawaii*

LISA MADIGAN  
Attorney General of Illinois  
DAVID F. BUYSSE  
Deputy Chief, Public Interest Division  
ANNA P. CRANE  
Public Interest Counsel  
MATTHEW V. CHIMIANTI  
Assistant Attorney General, Special Litigation Bureau  
*Attorneys for Intervenor-Defendant the  
State of Illinois*

ANDY BESHEAR  
Attorney General of Kentucky  
LA TASHA BUCKNER  
Executive Director, Office of Civil and  
Environmental Law  
S. TRAVIS MAYO  
TAYLOR PAYNE  
Assistant Attorneys General  
*Attorneys for Intervenor-Defendant  
the Commonwealth of Kentucky*

MAURA HEALEY  
Attorney General of Massachusetts  
STEPHEN P. VOGEL  
Assistant Attorney General  
*Attorneys for Intervenor-Defendant the  
Commonwealth of Massachusetts*

*OFFICE OF THE ATTORNEY GENERAL  
State of Minnesota  
SCOTT IKEDA  
Assistant Attorney General  
Attorneys for Intervenor-Defendant the State of  
Minnesota by and through its Department of  
Commerce*

GURBIR S. GREWAL  
Attorney General of New Jersey  
JEREMY M. FEIGENBAUM  
Assistant Attorney General  
ANGELA JUNEAU BEZER  
Deputy Attorney General  
*Attorneys for Intervenor-Defendant the  
State of New Jersey*

ERIC T. SCHNEIDERMAN  
Attorney General of New York  
STEVEN C. WU  
Deputy Solicitor General  
LISA LANDAU  
Bureau Chief, Health Care Bureau  
ELIZABETH CHESLER  
Assistant Attorney General, Health Care Bureau  
*Attorneys for Intervenor-Defendant the  
State of New York*

JOSHUA H. STEIN  
Attorney General of North Carolina  
SRIPRIYA NARASIMHAN  
Deputy General Counsel  
*Attorneys for Intervenor-Defendant the  
State of North Carolina*

ELLEN F. ROSENBLUM  
Attorney General of Oregon  
HENRY KANTOR  
Special Counsel to the Attorney General  
SCOTT KAPLAN  
Assistant Attorney General  
*Attorneys for Intervenor-Defendant the  
State of Oregon*

PETER KILMARTIN  
Attorney General of Rhode Island  
MICHAEL W. FIELD  
Assistant Attorney General  
MARIA R. LENZ  
Special Assistant Attorney General  
*Attorneys for Intervenor-Defendant the  
State of Rhode Island*

THOMAS J. DONOVAN, JR.  
Attorney General of Vermont  
BENJAMIN D. BATTLES  
Solicitor General  
*Attorneys for Intervenor-Defendant the  
State of Vermont*

MARK R. HERRING  
Attorney General of Virginia  
TOBY J. HEYTENS  
Solicitor General  
MATTHEW R. MCGUIRE  
Deputy Solicitor General  
*Attorneys for Intervenor-Defendant the  
Commonwealth of Virginia*

ROBERT W. FERGUSON  
Attorney General of Washington  
JEFFREY G. RUPERT  
Chief, Complex Litigation Division  
JEFFREY T. SPRUNG  
Assistant Attorney General  
*Attorneys for Intervenor-Defendant the  
State of Washington*

KARL A. RACINE  
Attorney General for the District of Columbia  
ROBYN R. BENDER  
Deputy Attorney General  
VALERIE M. NANNERY  
Assistant Attorney General  
*Attorneys for Intervenor-Defendant the  
District of Columbia*

***Certificate of Service***

On April 9, 2018, I electronically submitted the foregoing document with the clerk of court for the U.S. District Court, Northern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all counsel and/or *pro se* parties of record electronically or by another manner authorized by Federal Rule of Civil Procedure 5 (b)(2).

***s/Michelle Schoenhardt***

\_\_\_\_\_  
Michelle Schoenhardt