ATTORNEY GENERAL BECERRA
DEFENDS HEALTHCARE AGAINST TRUMP SABOTAGE

On October 13, 2017, the Trump Administration abruptly announced that it would stop making cost-sharing subsidy payments required by the Affordable Care Act. These mandatory federal subsidies help lower health care costs for working families, allowing individuals making less than $30,000 a year to pay less for services such as copays and deductibles. More than 48 percent of Covered California's 1.4 million consumers benefit from these reductions. To date, over 6 million people have benefitted from lower health care costs as a result of these subsidies nationally. AG Becerra, 18 states and the District of Columbia sued the Trump Adminstration today for refusing to make the payments required by the ACA. In the complaint, Attorney General Becerra alleges that:

The Administration's sudden decision to stop making payments required by a federal statute violates the **Administrative Procedure Act (APA)**, which requires that federal agencies obey the law, and that they follow orderly and transparent procedures if they want to change existing policies or positions.

- The action is not in accordance with law, because the ACA requires and authorizes the Secretaries to reimburse insurers for cost-sharing reductions on a "periodic and timely basis";
- The action is "arbitrary and capricious," because the Adminstration failed to adequately explain why it has suddenly decided to change positions and assert that it lacks authority to make payments that the government has been making every month since 2014.

The decision violates the **Take Care Clause**, the provision of the U.S. Constitution mandating that the President take care to faithfully execute the law**.**

- By refusing to make the CSR payments mandated by the ACA and its permanent appropriation, the President and federal agencies are seeking to undermine, rather than faithfully execute, the ACA.

Furthermore, this action will have **immediate and irreparable harm on the State of California.**

- The State of California will have to shoulder the additional fiscal and administrative burden as a result of this illegal action.
- Today's announcement will hurt the market, causing health care costs to increase for millions, the uninsured rate to go up, and uncompensated care costs will increase for states.
- The State of California seeks a temporary restraining order, preliminary injunction, and permanent injunction compelling the Secretaries, their officers, agents, employees, and all persons who are in active concert or participation with them to make the required cost-sharing reduction payments.