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NEWS FOR IMMEDIATE RELEASE

August 4, 2026

Wisconsin Department of Justice Joins Lawsuit Challenging Trump Administration's Effort to Expand Catastrophic Health Insurance Plans and Again Undermine Affordable Care Act Protections

Coalition Sues Over Federal Rule That Reinstates Provisions Blocked by a Federal Court and Adds New Harmful Changes

MADISON, Wis. — The Wisconsin Department of Justice (DOJ) has joined a coalition in filing a [lawsuit](#) challenging a federal rule that once again illegally undermines the Affordable Care Act (ACA) and would make health insurance more expensive and harder to obtain for millions of Americans.

The coalition seeks to block provisions of the U.S. Department of Health and Human Services' (HHS) and Centers for Medicare & Medicaid Services' (CMS) 2027 Notice of Benefit and Payment Parameters, a federal rule that sets standards for health plans offered in 2027 and was opposed by the coalition in a March 2026 comment letter.

HHS estimates the new rule will cause two million people to lose coverage in 2027 alone and a total of five million by 2030. The rule expands eligibility for catastrophic health insurance plans that are ineligible for premium tax credits, offer only limited coverage, and can leave consumers facing significantly higher out-of-pocket costs than standard ACA plans. The rule also allows catastrophic and bronze plans to exceed ACA limits on maximum annual out-of-pocket costs, increasing the financial burden on consumers. The rule also attempts to reinstate several provisions that a federal court [recently found to be unlawful](#).

The coalition argues these provisions unlawfully undermine the ACA's goal of expanding access to affordable healthcare by increasing costs, reducing enrollment, and shifting financial burdens onto consumers, states, and healthcare providers.

"The Trump administration continues to try to undermine the Affordable Care Act's goals of expanding health insurance coverage and making it more affordable," said AG Kaul. "And we're continuing to stand on the side of the law and access to affordable health care."

Congress enacted the ACA to expand access to affordable health insurance, and more than 23 million Americans currently receive coverage through its marketplaces.

Last week's lawsuit follows the coalition's challenge to the Trump Administration's similar 2025 ACA Marketplace rule. Earlier last week, the U.S. District Court for the District of Massachusetts held a hearing on the parties' cross-motions for summary judgment in that case, with a final decision expected at a later date. In related litigation, a federal court last month vacated several provisions of the Administration's 2025 rule — including provisions at issue in this case — after finding that they violated the Administrative Procedure Act. The Administration's new rule setting standards for 2027 health plans, which is the subject of this lawsuit, brings back many of the same provisions and adds new changes that further undermine the ACA.

In the lawsuit, the coalition argues that the new rule:

- Reimposes provisions that a federal court has already vacated — including additional income verification requirements and penalties for consumers who do not complete tax-credit paperwork — without addressing the court's legal concerns.
- Unlawfully expands eligibility for catastrophic health plans beyond the limits established by Congress in the ACA.
- Unlawfully allows catastrophic and bronze plans to exceed ACA limits on maximum annual out-of-pocket costs.
- Increases costs, reduces enrollment, and shifts financial burdens onto consumers, healthcare providers, and states.
- Is arbitrary and capricious under the Administrative Procedure Act.

Joining Wisconsin DOJ in filing the lawsuit are the attorneys general of Arizona, California, Colorado, Connecticut, Delaware, Illinois, Maine, Maryland, Michigan,

Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington, as well as the Governor of Pennsylvania.