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In the Loop

The Impact of SCOTUS Overruling Chevron Deference

On June 28, 2024, the U.S. Supreme Court issued a decision in *Loper Bright Enterprises v. Raimondo* and *Relentless Inc. v. Department of Commerce*. The Court overruled its 1984 decision in *Chevron, U.S.A. Inc. v. Natural Resources Defense Council Inc.*, which held that courts should defer to federal agencies to interpret ambiguities and gaps in the laws that the agencies implement (known as *Chevron* deference). Congress has the authority to pass laws that govern employers, and federal agencies have the authority to enforce those laws. To fill in any gaps or to remedy ambiguities, federal agencies may issue more detailed guidance on how the laws should be interpreted and applied. For example, agencies may publish informal guidance, issue opinions or publish formal regulations. Under the doctrine of *Chevron* deference, courts are directed to defer to such agency guidance where the statute is ambiguous and the agency's interpretation is reasonable.

Federal employment agencies, including the U.S. Equal Employment Opportunity Commission, OSHA, the U.S. Department of Labor (DOL) and the National Labor Relations Board, have relied on *Chevron* deference in issuing and defending agency interpretations.

The Supreme Court overruled *Chevron* deference in a 6-3 decision. In its opinion, the Supreme Court held that the Administrative Procedure Act requires courts to exercise their independent judgment in interpreting the law, and consequently, "courts may not defer to

an agency interpretation of the law simply because the statute is ambiguous." However, the Supreme Court noted that the holdings of prior cases that relied on *Chevron* deference remain lawful and may not be overturned solely because they relied on *Chevron*.

Impact on the Workplace

Chevron deference is a landmark administrative law decision. It has had a meaningful influence on the interpretation and enforcement of employment laws. In light of the Supreme Court's ruling, federal agencies will not be able to rely on *Chevron* deference in existing litigation, including lawsuits that have been filed to challenge the DOL's independent contractor and overtime rules, and may be subject to additional legal challenges regarding existing rules. Federal agencies may also issue fewer regulations and take more moderate positions in the regulations they issue, and they may face greater difficulty in addressing policy issues.

From an employee perspective, this decision signals a possible major change in regulatory power. It has the potential to impact agencies that regulate the workplace and protect employees against influences like discrimination. At this point, it's too early to determine the full impact, so employees and employers alike will have to wait and see.



Recent Case Serves as Reminder That Employees Are Entitled to Certain Benefit-related Documents

The U.S. District Court for the District of Montana recently awarded over \$32,000 in penalties against an employer's self-insured health plan and its third-party administrator (TPA) for failing to provide information to a plan participant upon request. Employees should be aware of their benefits-related rights and understand how to obtain the information they need.

What Are ERISA Requirements?

The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum standards for employee benefit plans maintained by private-sector employers, requiring employers to automatically provide employees with certain benefits-related documents, such as a summary plan description (SPD).

ERISA also requires employers to provide certain documents upon written request by a participant or a beneficiary. These documents include the latest SPD, Form 5500, bargaining agreement, trust agreement, and any contract or other instrument under which the plan is established or operated.

What Happened in Court?

In this most recent case, a plan participant and his daughter sued their self-insured health plan and its TPA after the plan denied coverage for the daughter's mental health treatments. In part, the plaintiffs alleged that the plan violated the federal Mental Health Parity and Addiction Equity Act (MHPAEA) by applying a more restrictive limitation on mental health treatment than on treatment for medical and surgical issues. The plaintiffs requested a copy of documents related to the plan's compliance with MHPAEA, including information regarding the plan's application of nonquantitative treatment limitations.

The court concluded that the requested MHPAEA-related documents fell under ERISA's disclosure requirement, which means that the defendant's failure to respond triggered penalties. The court awarded penalties of \$110 per day for 294 days, from 30 days after the plaintiffs' written request through the date the lawsuit was filed, totaling \$32,340.

What Does This Mean?

ERISA is meant to help employee benefits plan participants understand how their plan works and their eligibility for benefits. As such, employees are entitled to certain benefit-related documents, and upon request, they must be provided in a timely manner.

Talk to your manager or HR representative if you have any questions or concerns about employee benefits.