ORAL ARGUMENT HELD ON MAY 8, 2014

Nos. 13-5368, 13-5371, 14-5021

IN THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

PRIESTS FOR LIFE, ET AL.,

Plaintiffs-Appellants,

v.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, ET AL.,

Defendants-Appellees.

ROMAN CATHOLIC ARCHBISHOP OF WASHINGTON, ET AL.,

Plaintiffs-Appellants, *Cross-Appellees*,

v.

KATHLEEN SEBELIUS, in her official capacity as Secretary of the U.S. Department of Health and Human Services, ET AL.,

Defendants-Appellees, *Cross-Appellants*.

On Appeal from the U.S. District Court for the District of Columbia, No. 13-1261 (Hon. Emmet G. Sullivan) & No. 13-1441 (Hon. Amy Berman Jackson)

JOINT SUPPLEMENTAL BRIEF OF APPELLANTS/CROSS-APPELLEES

ROBERT J. MUISE, ESQ.
AMERICAN FREEDOM LAW CENTER
P.O. Box [illegible]

NOEL J. FRANCISCO
AMERICAN FREEDOM LAW CENTER
JONES DAY
51 Louisiana Avenue, NW
Washington, DC 20001
(202) 879-3939
njfrancisco@jonesday.com

Attorneys for Priests for Life, et al.

1901 Pennsylvania Avenue NW, Suite 201
Washington, DC 20006
dyerushalmi@americanfreedomlawcenter.org
(646) 262-0500

Attorneys for Priests for Life, et al.

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OTHER AUTHORITIES

GLOSSARY

Archdiocese	Appellant/Cross-Appellee Roman Catholic Archbishop of Washington
Mandate	The regulatory scheme challenged in this litigation
PFL	Priests for Life; references to Case No. 13-5368
Plaintiffs	All parties challenging the Mandate in these consolidated appeals, including Cross-Appellee Thomas Aquinas College
Prelim. Inj. Mot.	District court brief in support of motion for preliminary injunction
RCAW	Roman Catholic Archbishop of Washington; references to Case Nos. 13-5371 and 14-5021
RFRA	Religious Freedom Restoration Act
SJ Br.	District court brief in support of motion for summary judgment brief
TPA	Third party administrator

INTRODUCTION AND SUMMARY OF ARGUMENT

The Supreme Court's decisions in *Burwell v. Hobby Lobby Stores, Inc.*, 134 S. Ct. 2751 (2014), and *Wheaton College v. Burwell*, 134 S. Ct. 2806 (2014), confirm what Plaintiffs[1] have argued all along: the Government substantially burdens the exercise of religion whenever it forces religious believers to violate their sincere religious beliefs. And here, the Government's revised regulations continue to do exactly that: Plaintiffs have a sincere religious objection to (a) submitting any notice that, in their religious judgment, impermissibly facilitates delivery of the objectionable coverage, or (b) maintaining an insurance relationship with a company that will procure contraceptive coverage for the beneficiaries enrolled in their health plans. The Government, however, forces Plaintiffs to take exactly those actions on pain of crippling penalties. Just as in *Hobby Lobby*, Plaintiffs believe that if they "comply with the [regulations]," "they will be facilitating" immoral conduct in violation of their religious beliefs. *Id.* at 2759. And just as in *Hobby Lobby*, if Plaintiffs "do not comply, they will pay a very heavy price"—potentially millions of dollars in fines. *Id.* "If these consequences do not amount to a substantial burden, it is hard to see what would." *Id.*

[1] "Plaintiffs" refers to all plaintiffs in these consolidated appeals. References to No. 13-5368 are prefaced by "*PLF*"; Nos. 13-5371 and 14-5021 are prefaced by "*RAW*."

After *Hobby Lobby* and *Zubik*, the Government tacitly acknowledged that its regulations could not pass muster under the Religious Freedom Restoration Act (RFRA) and accordingly revised them for the *third* time. In doing so, however, the Government ignored the Supreme Court's admonition that the "most straightforward" path of pursuing its regulatory agenda would

accommodation. 79 Fed. Reg. 51,092, 51,092 (Aug. 27, 2014).[2] In truth, the new regulations do nothing more than provide Plaintiffs with another avenue for violating their religion. Plaintiffs must still maintain a contractual relationship with a third party authorized to deliver the mandated coverage to their plan beneficiaries, and Plaintiffs must still submit a document that they believe wrongfully facilitates the delivery of such coverage. Thus, far from "accommodating" Plaintiffs, the revised rule continues to force them to violate their beliefs. Moreover, the new regulations continue to violate the Establishment Clause, artificially dividing the Church into two separate spheres and denying a full exemption to those parts of the Church devoted to charitable and educational ministries.

In short, the revised regulations do not fundamentally (or otherwise) alter the nature of Plaintiffs' claims. Plaintiffs seek to exercise their religion by hiring a third party that will provide coverage to their plan beneficiaries in a manner consistent with their Catholic beliefs. The new regulations continue to prohibit

[2] CCIIO, Fact Sheet: Women's Preventive Services Coverage, http://www.cms.gov/CCIIO/Resources/ Fact-Sheets-and-FAQs/womens-preven-02012013.html (last visited Sept. 15, 2014).

them from doing so.[3]

believe is immoral,[5] and (b) incentivize their TPAs to engage in immoral conduct by rendering them eligible for reimbursement of 115% of their costs. 79 Fed. Reg. 13,744, 13,809 (Mar. 11, 2014); 45 C.F.R. §

doctor as a prerequisite. Pope John Paul II concluded that Church representatives could not act as counselors in this regulatory scheme, even where they counseled against abortion, because "the certification issued by the churches was a necessary condition for abortion." *Eternal Word Television Network, Inc. v. HHS* ("*EWTN*"), 756 F.3d 1339, 1343 (11th Cir. 2014) (Pryor, J., concurring).

Significantly, the penalties for failure to comply with the Government's regulations—and thus the pressure on Plaintiffs to violate their beliefs—remain unchanged. Accordingly, Plaintiffs continue to face the same "consequences" for noncompliance as the plaintiffs in *Hobby Lobby*: If they fail to comply with the regulations, they are subject to fines of $100 a day per affected beneficiary. 134 S. Ct. at 2775. And if they drop their health plans, they incur fines of $2,000 a year per full-time employee after the first thirty employees and/or ruinous practical consequences, *id.* at 2776; Pls. Br. at 29 & n.8. After *Hobby Lobby*, there can be no doubt that "these consequences" of noncompliance "amount to a substantial burden" on Plaintiffs' religious exercise. 134 S. Ct. at 2759.

B. *Hobby Lobby* Forecloses the Government's Arguments

The Government may advance several counter-arguments, but none has any merit.

First, the Government may argue that the connection between the notification Plaintiffs must now submit and the ultimate provision of

contraceptives is too "attenuated" to support a RFRA claim. But *Hobby Lobby* specifically rejected that view. As the Supreme Court explained, such a claim "implicates a difficult and important question of religion and moral philosophy, namely, the circumstances under which it is wrong for a person to perform an act that is innocent in itself but that has the effect of enabling or facilitating the commission of an immoral act by another." *Id* at 2778. Courts may not "[a]rrogat[e]" to themselves "the authority to provide a binding national answer to this religious and philosophical question." *Id* For that reason it is Plaintiffs themselves, and not the Government or this Court, that must make the religious determination whether the actions required to comply with the revised "accommodation" are "connected to [wrongful

teaching that health care is among those basic rights that flow from the sanctity and dignity of human life. Dropping coverage would inhibit Plaintiffs' ability to follow those teachings. Pls. Br. at 29 n.8, 44 n.13; Reply Br. at 21 n.9.

Fifth, any suggestion that Plaintiffs' TPA or insurance

its basic purposes supports giving the Government an entirely free hand to impose burdens on religious exercise so long as those burdens confer a benefit on other individuals." 134 S. Ct. at 2781 n.37. "By framing any government regulation as benefiting a third party, the Government could turn all regulations into entitlements to which nobody could object on religious grounds, rendering RFRA meaningless." *Id*

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Ultimately, the "problem" with the Government's regulatory scheme "is that federal law compels [Plaintiffs] to act" in violation of their beliefs. *EWT* , 756 F.3d at 1348 (Pryor, J., concurring). The Government could have chosen to provide contraceptive coverage without involving Plaintiffs. *Id* pp.17-24. Instead, it chose to make Plaintiffs' actions a prerequisite to the provision of that coverage. Here, Plaintiffs have "declared, without dispute," that such "participation" "makes [them] complicit in a grave moral wrong" under "the teachings of the Catholic Church." 756 F.3d at 1348. "So long as [Plaintiffs'] belief is sincerely held and undisputed—as it is here—[a court has] no choice but to decide that compelling the participation of [Plaintiffs] is a substantial burden on [their] religious exercise." *Id*

II. THE REVISED REGULATIONS CANNOT SURVIVE STRICT SCRUTINY

As even the revised regulations substantially burden Plaintiffs' exercise of religion, the "burden is placed squarely on the Government" to show that they

satisfy strict scrutiny. *Gonzales v. O Centro Espírita Beneficente União do Vegetal*, 546 U.S. 418, 429 (2006). The Government cannot meet that demanding standard, as confirmed by the Supreme Court in *Hobby Lobby*, this Court in *Gilardi v. U.S. Dep't of Health & Human Servs.*, 733 F.3d 1208 (D.C. Cir. 2013), *vacated*, 134 S. Ct. 2902 (2014), and every other court to rule on this question.[6]

A. The Revised Regulations Do Not Further a Compelling Government Interest

Under RFRA, the Government must "demonstrate that the compelling interest test is satisfied through application of the challenged law [to] the particular claimant whose sincere exercise of religion is being substantially burdened." *Hobby Lobby*, 134 S. Ct. at 2779 (citation omitted). "[B]roadly formulated" or "sweeping" interests are inadequate. *O Centro*, 546 U.S. at 431; *Wisconsin v. Yoder*, 406 U.S. 205, 221 (1972). Rather, the Government must show with "particularity how [even] admittedly strong interest[s]" "would be adversely affected by granting an exemption." *Yoder*, 406 U.S. at 236. In other words, a court must "look to the marginal interest in enforcing the contraceptive mandate in th[is]

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[6] *E.g.*, *Korte v. Sebelius*, 735 F.3d 654, 685-87 (7th Cir. 2013); *Hobby Lobby Stores, Inc. v. Sebelius*, 723 F.3d 1114, 1143-45 (10th Cir. 2013) (en banc), *rev'd*, 134 S. Ct. 2751; *Louisiana v. Sebelius*, No. 12-0463, 2014 WL 3970038, at *17 n.18 (W.D. La. Aug. 13, 2014) (collecting cases); Pls. Br. at 2 n.3.

case[].” *Hobby Lobby* , 134 S. Ct. at 2779. Here, the Government has failed to establish a compelling interest for at least four reasons.

First , the Government has asserted “two [purportedly] compelling governmental interests” “in public health and gender equality.” *RAW* Defs. SJ Br. (Doc. 26) at 21, 24; *PL* Defs.’ SJ Br. (Doc. 13) at 24.[7] But *Hobby Lobby* rejected these “very broadly framed” interests, noting that RFRA “contemplates a ‘more focused’ inquiry.” 134 S. Ct. at 2779. Indeed, “[b]y stating the public interests so generally, the government guarantee[d] that the mandate will flunk the test.” *Korte* , 735 F.3d at 686.

Second , “a law cannot be regarded as protecting an interest of the highest order” “when it leaves appreciable damage to that supposedly vital interest unprohibited.” *Church of Lukumi Babalu Aye, Inc. v. City of Hialeah* , 508 U.S. 520, 547 (1993) (citation omitted); *O Centro*

presently does not apply to tens of millions of people." *Hobby Lobby*, 723 F.3d at 1143; *Korte*, 735 F.3d at 686.

Third, at best, the Mandate would only "[f]ill" a "modest gap" in contraceptive coverage. *Brown v. Entm't Merchs. Ass'n*, 131 S. Ct. 2729, 2741 (2011). The Government acknowledges that contraceptives are widely available at free and reduced cost and are also covered by "over 85 percent of employer-sponsored health insurance plans." 75 Fed. Reg. 41,726, 41,732 n.20 (July 19, 2010). In such circumstances, the Government has not "identif[ied] an actual problem in need of solving." *Brown*, 131 S. Ct. at 2738 (citation omitted). After all, the Government "does not have a compelling interest in each marginal percentage point by which its goals are advanced." *Id.* at 2741 n.9.

Fourth, RFRA requires the Government to identify a compelling need for enforcement against the "particular claimants" filing suit, not among the general population. *Hobby Lobby*, 134 S. Ct. at 2779. The Government has not even attempted to make this showing, relying instead on the general proposition that "lack of access to contraceptive services" may "have serious negative health consequences." 78 Fed. Reg. 39,870, 39,887 (July 2, 2013). But this does not establish a significant lack of access among Plaintiffs' plan beneficiaries or that the

Mandate would significantly increase contraception use among those individuals.[8] The Government provides no evidence on these points and thus cannot show that enforcing the Mandate against Plaintiffs is "actually necessary" to achieve its aims. *Burwell*, 131 S. Ct. at 2738.

To be clear, the Government's failure to "satisfy the Supreme Court's compelling interest standard[]" does not preclude this Court from "recogniz[ing] the importance of [the asserted] interests." *Hobby Lobby*, 723 F.3d at 1143. The fact that an interest is not compelling does not make it unimportant or insignificant—it merely means that it does not justify overriding the congressional concern for religious liberty embodied in RFRA. *Gilardi*, 733 F.3d at 1221 ("[I]nterests underpinning the mandate can be variously described as legitimate, substantial, perhaps even important, but [they do] not rank as *high* enough, and that makes all the difference.").

B. The Revised Regulations Are Not the Least Restrictive Means of Furthering the Government's Asserted Interests

The Government must also show that its regulations are "the least restrictive means of furthering [a] compelling governmental interest." 42 U.S.C. § 2000bb-1(b)(2). Under that "exceptionally demanding" test, *Hobby Lobby*, 134 S. Ct. at 2780, "if there are other, reasonable ways to

[acceptable] less restrictive alternatives," the Government must "demonstrate that they have 'considered and rejected the efficacy of' those alternatives." *Id* at 18; *Fisher v. University of Texas at Austin*, 133 S. Ct. 2411, 2420 (2013) (requiring a "serious, good faith consideration of workable [alternatives]" (citation omitted)). In short, to prevail, the Government must rely on *evidence* that the accommodation is the only feasible way to distribute cost-free contraceptives to women employed by religious objectors.

The Government has not remotely met this burden—indeed, in the courts below, it barely tried. As every court to consider the question has held, "[t]here are

There are any number of ways the Government could provide free contraceptive coverage without using Plaintiffs' plans as a conduit: it "could provide the contraceptives services or insurance coverage directly to plaintiffs' employees, or work with third parties—be

contraception without forcing Plaintiffs to violate their beliefs. *See RAW* SJ Br. (Doc. 28) at 32-33.

The Government has not even attempted to show why these "alternative[s]" are not "viable." *Hobby Lobby* 134 S. Ct. at 2780. Among other things, it "has not provided any estimate of the average cost per employee of providing access to ... contraceptives." *Id* Nor has it "provided any statistics regarding the number of employees who might be affected because they work for [organizations] like [Plaintiffs]." *Id* Nor has the Government asserted "that it is unable to provide such statistics." *Id* at 2780-81. Indeed, it has submitted no evidence whatsoever on this subject. And without this evidence, the Government cannot plausibly contend that its interests would be negatively impacted by extending the religious employer exemption to all Plaintiffs. After all, "for all [this Court] know[s], a broader religious exemption would have so little impact on so small a group of employees that the argument cannot be made." *Gilardi* , 733 F.3d at 1222; *supra* p.16.[9]

Even had the Government attempted to shoulder its burden, it would not be able to meet this test. Absent evidence to substantiate its claims, the Government cannot claim that the cost of providing coverage—which likely "would be minor

[9]In fact, the Government has admitted it has "no evidence" to support the distinction it used to exempt entities it deems religious employers but not entities such as Plaintiffs (i.e., that employees of the former are more "religious" than employees of the latter). *See RAW* SJ Br. (Doc. 28) at 20.

when compared with the overall cost of ACA"—would be prohibitive. *Hobby Lobby*, 134 S. Ct. at 2781. And regardless, RFRA "may in some circumstances require the Government to expend additional funds to accommodate citizens' religious beliefs." *Id.* If "providing all women with cost-free access to [contraceptives] is a Government interest of the highest order, it is hard to understand [an] argument that [the Government] cannot be required … to pay … to achieve this important goal." *Id.* Indeed, the Government can hardly quibble about cost when it is already paying TPAs 115% of their costs under the

accommodation. 45 C.F.R. § 156.50; *Hobby Lobby*, 134 S. Ct. at 2781 (stating that "nothing in RFRA" suggests that a less restrictive means cannot involve the creation of a new program). The Government may attempt to claim that it is more convenient to commandeer Plaintiffs' plans, but administrative convenience cannot justify forcing religious organizations to violate their beliefs, particularly where the Government submitted no evidence of any compelling need to do so.[11] *See* GW SJ Br. (Doc. 28) at 30-31.

Finally, any suggestion that *Hobby Lobby* endorsed the "accommodation" as a viable least-restrictive means in all cases is mistaken. In fact, the Court expressly did "not decide" that question. 134 S. Ct. at 2782 & n.40; *id*. at 2763 n.9. Instead, it simply found the accommodation less restrictive than requiring plaintiffs to pay for contraceptives in the context of a challenge brought by plaintiffs who *did not object* to the accommodation. *Id.* at 2782 & n.40; *id.* at 2786 (Kennedy, J., concurring) ("[T]he plaintiffs have not criticized [the accommodation]."). While the accommodation may "effectively exempt[]" such plaintiffs, *id.* at 2763 (majority op.), it does no such thing for entities like Plaintiffs, who *do* object to

[11] Insofar as the Government contends an exemption would fail strict scrutiny because it would burden third parties, it forfeited that argument by raising it for the first time on appeal and only then under the substantial-burden analysis. Reply Br. at 17-19. In any event, as these alternatives demonstrate, exempting Plaintiffs "need not result in any detrimental effect on any third party," because "the Government can readily arrange for other methods of providing contraceptives, without cost sharing." *Hobby Lobby*, 134 S. Ct. at 2781 n.37.

compliance. Indeed, if there

Absent any dispensation, "interim final rules [must] be promulgated either with notice and comment or with 'good cause' to forego notice and comment." *Cb* , 709 F. Supp. 2d at 19; *GaCbvs* , 929 F. Supp. 2d 402, 444 (W.D. Pa. 2013). This Court has "repeatedly made clear that the good cause exception is to be narrowly construed and only reluctantly countenanced." *M FIavEP* , 682 F.3d 87, 93 (D.C. Cir. 2012). The Government bears the burden, and its assertions of good cause are not entitled to any "particular deference." *Id*. Here, after years of delay, multiple rounds of rulemaking, and with the Mandate still inapplicable to millions of employees, the Government cannot seriously assert any urgent need to forgo notice and comment.

B. The Revised Regulations for Self-Insured Plans Violate ERISA

The previous version of the "accommodation" required a self-insured eligible organization to submit a self-certification to its TPA that amended its plan documents to designate the TPA as plan administrator for contraceptive benefits. Pls. Br. at 9-10. Now, the Government asserts that once an eligible organization submits the required notification, the Government can use it to "designate the relevant [TPA] as plan administrator under section 3(16) of ERISA for" contraceptive benefits. 79 Fed. Reg. at 51,095. This authority is found nowhere in ERISA, which, absent narrow exceptions inapplicable here, limits the definition of a plan administrator to "the person specifically so designated by *tefa*

in under which the plan is operated." 29 U.S.C. § 1002(16)(A) (emphasis added).

The Government offers no explanation for how it can override or amend "the terms of the instrument under which [Plaintiffs'] plan[s are] operated" to appoint a plan administrator. ERISA sets forth specific requirements regarding the amendment of employee benefit plans. Such plans must be "established and maintained pursuant to a written instrument," which must include "a procedure for amending [the] plan, and for identifying the persons who have authority to amend the plan." 29 U.S.C. § 1102(a)(1), (b)(3). Courts have repeatedly held that those procedures are the exclusive means to amend a plan instrument. *Curtiss-Wright Corp. v. Schoonejongen*, 514 U.S. 73, 79 (1995); *Devlin v. Transp. Commc'ns Int'l Union*, 595 F.3d 1290, 1295-97 (D.C. Cir. 2010) ("[T]here must be amendment procedures in a plan, and those amendment procedures must be followed for the valid adoption of an amendment."). The Government's attempt to hijack Plaintiffs' plans by ipse dixit must therefore be rejected.[12]

[12] The remainder of Plaintiffs' claims are fundamentally unaffected by the revised regulations, with one exception: the Government eliminated the gag rule prohibiting Plaintiffs from directly or indirectly influencing their TPAs' decision to procure contraceptive coverage. 79 Fed. Reg. at 51095. This beneficial change of position at least partially resulted from this litigation, which means the *RAW* Plaintiffs have prevailed on this claim. 10 Charles Alan Wright & Arthur R. Miller,

CONCLUSION

The district courts' judgments in the Government's favor should be reversed; those in Plaintiffs' favor should be affirmed.

Respectfully submitted, this the 16th day of September, 2014.

/s/ Robert J. Muise
ROBERT J. MUISE, ESQ.
AMERICAN FREEDOM LAW CENTER
P.O. Box 131098
Ann Arbor, Michigan 48113
(734) 635-3756
rmuise@americanfreedomlawcenter.org

/s/ David Yerushalmi
DAVID YERUSHALMI, ESQ.
AMERICAN FREEDOM LAW CENTER
1901 Pennsylvania Avenue NW, Suite 201
Washington, D.C. 20006
dyerushalmi@americanfreedomlawcenter.org
(646) 262-0500

Attorneys for Plaintiffs-Appellees

/s/ Noel J. Francisco
NOEL J. FRANCISCO
ERIC DREIBAND
JONES DAY
51 Louisiana Avenue, N.W.
Washington, DC 20001
(202) 879-3939
njfrancisco@jonesday.com

Attorneys for Plaintiffs-Appellees Conestoga Wood Specialties Corporation, et al.

79 Fed. Reg. at 51,095. Plaintiffs maintain their challenge to the extent the Government contends it continues to be unlawful to "say[] to the TPA, if you don't stop making the payments [for contraceptives], we're going to fire you." Hr'g

CERTIFICATE OF COMPLIANCE

I hereby certify that the foregoing brief complies with the length limitations set out in this court's order of September 2, 2014. The brief, including headings, footnotes, and quotations, contains 6,249 words, as calculated by the Microsoft Word word count function.

/s/ Robert J. Muise

ROBERT J. MUISE
AMERICAN FREEDOM LAW CENTER
P.O. Box 131098
Ann Arbor, Michigan 48113
(734) 635-3756
rmuise@americanfreedomlawcenter.org

DAVID YERUSHALMI
AMERICAN FREEDOM LAW CENTER
1901 Pennsylvania Avenue NW, Suite 201
Washington, DC 20006
dyerushalmi@americanfreedomlawcenter.org
(646) 262-0500

Attorneys for Plaintiff

/s/ Noel J. Francisco

NOEL J. FRANCISCO
ERIC DREIBAND
JONES DAY
51 Louisiana Avenue, NW
Washington, DC 20001
(202) 879-3939
njfrancisco@jonesday.com

Attorneys for Plaintiff
Curtis Allen

CERTIFICATE OF SERVICE

I hereby certify that, on September 16, 2014, I electronically filed a true and correct copy of the foregoing using the CM/ECF system, which will send notification of such filing to all counsel of record.

/s/ Robert J. Muise

ROBERT J. MUISE
AMERICAN FREEDOM LAW CENTER
P.O. Box 131098
Ann Arbor, Michigan 48113
(734) 635-3756
rmuise@americanfreedomlawcenter.org

DAVID YERUSHALMI
AMERICAN FREEDOM LAW CENTER
1901 Pennsylvania Avenue NW, Suite 201
Washington, DC 20006
dyerushalmi@americanfreedomlawcenter.org
(646) 262-0500

Attorneys for Plaintiff

/s/ Noel J. Francisco

NOEL J. FRANCISCO
ERIC DREIBAND
JONES DAY
51 Louisiana Avenue, NW
Washington, DC 20001
(202) 879-3939
njfrancisco@jonesday.com

Attorneys for Plaintiff