



## Supreme Court Overturns a Landmark Decision: *Chevron*

Issued date: 07/16/24

On June 28, 2024, in a pair of cases, *Loper Bright Enterprises v. Raimondo* and *Relentless Inc. v. Department of Commerce* (collectively, *Loper Bright*), the U.S. Supreme Court held that the Administrative Procedure Act (“APA”), which governs the process by which federal agencies develop and issue regulations, requires federal courts to exercise their independent judgement on whether an agency has acted within its statutory authority and not defer to agency interpretation of the law when a statute is ambiguous.

This decision overturns long-standing precedent established in *Chevron U.S.A. Inc., v. Natural Resources Defense Council, Inc.* (“*Chevron*”) that required federal courts to defer to an executive agency’s reasonable interpretation of ambiguous statutory provisions the agency administers (often referred to as *Chevron* deference).

In *Loper Bright*, the Court held the APA requires federal courts to “decide all relevant questions of law and interpret statutory provisions” and “must exercise their independent judgment in deciding whether an agency has acted within its statutory authority.” Agency interpretation of an ambiguous (or silent) statute will no longer have preferential deference in a court action, as it did under *Chevron*.

While there is no deference, courts may consider (among other information at its disposal) an agency’s “body of experience and informed judgement” especially on factual determinations within the agency’s expertise. Further, the decision noted that if Congress gives the agency the authority in the statute to interpret terms, then that can be considered in court review and is given more weight than when the statute is silent.

Finally, the Court’s opinion confirms that overruling *Chevron* does not call into question prior cases that relied on the *Chevron* framework. The Court specifically notes that the past decisions remain law and the reliance on *Chevron* alone is not sufficient to overturn them.



## ■ Employer Action

There are a lot of questions about what comes next. This decision may have far-reaching implications over the regulated community, including employers that sponsor health and welfare programs subject to agency interpretation from the Departments of Labor, the Treasury and Health and Human Services (collectively, “the Departments”), among others. As a result of this decision, there may be an increase in litigation challenging regulations or other agency rules.

For now, employers should continue to follow guidance from the Departments and monitor case developments.