

# Trial Court Vacates Expanded Contraceptive Coverage Exemptions Despite Supreme Court Approval

EBIA Weekly (August 21, 2025)

*Pa. v. Trump*, 2025 WL 2349798 (E.D. Pa. 2025)

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In a long-running dispute, a federal trial court has vacated the expanded exemptions to the Affordable Care Act (ACA) mandate requiring non-grandfathered group health plans and insurers to cover certain contraceptive services and products without cost-sharing. As background, qualifying religious employers are exempt from the mandate, and certain other employers with religious objections to contraceptives may engage in an accommodation process relieving them of their coverage obligation. Regulations expanding the exemption to include additional individuals and entities based on sincerely held religious beliefs or sincerely held moral objections were blocked by a nationwide injunction issued by a federal trial court and upheld by the Third Circuit Court of Appeals. However, the U.S. Supreme Court reversed the Third Circuit's decision, rejecting arguments that the regulations were substantively and procedurally invalid. Holding that the agencies had authority to provide exemptions from the regulatory contraceptive requirements for employers with religious and conscientious objections, the Court concluded that a plain reading of the ACA gives the agencies broad discretion to define preventive care and screenings, and to create and expand religious and moral exemptions. The case was then sent back to the trial court for further proceedings.

Despite the Supreme Court's decision, the trial court has now vacated the regulations on the grounds that they are arbitrary and capricious under the Administrative Procedures Act (APA). Explaining that the Supreme Court did not address whether the agencies complied with the APA's requirement that agencies act with "reasoned decisionmaking," the court ruled that the agencies did not provide a satisfactory explanation for the religious beliefs rule and considered improper factors in promulgating the moral objections rule. Mirroring a concurring opinion from the Supreme Court decision, the court concluded that the agencies showed no adequate justification for the rules, and, even if they had, they failed to draw a rational connection between the identified problem and the chosen solution. The court vacated the regulations in their entirety, rejecting the agencies' request to sever and leave in place portions of the rules.

**EBIA Comment:** The trial court's decision to vacate the expanded contraceptive coverage exemptions despite the Supreme Court's approval of the agencies' authority highlights the ongoing uncertainty of the scope of the mandate and its exemptions. Employers and plan sponsors should monitor developments and seek legal counsel before attempting to claim a religious or moral exemption. For more information, see EBIA's Health Care Reform manual at Section XII.C ("Coverage of Preventive Health Services") and EBIA's Group Health Plan Mandates manual at Section XIV.E ("Contraceptive Coverage: Exemptions and Accommodations Based on Religious Beliefs and Moral Convictions"). See also EBIA's Self-Insured Health Plans manual at Section XIII.C.1 ("Preventive Health Services").

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