
ARTICLE

THE GHOSTS OF *CHEVRON* PRESENT AND FUTURE

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ABSTRACT

In the October 2021 term, the Supreme Court decided six cases involving federal agency interpretations of statutes, at least five of which seemingly implicated the Chevron doctrine and several of which explicitly turned on applications of Chevron in the lower courts. But while the Chevron doctrine has dominated federal administrative law for nearly four decades, not a single majority opinion during the 2021 term even cited Chevron. Three of those cases formalized the so-called “major questions” doctrine, which functions essentially as an anti-Chevron doctrine by requiring clear congressional statements of authority to justify agency action on matters of great legal and policy significance. In addition, on May 1, 2023, the Court granted certiorari in a case squarely presenting the question whether the Chevron doctrine should be overruled or limited. Where does the Chevron doctrine now stand, and what does its future look like?

I take a close look at the six Supreme Court cases decided during the October 2021 Term, including a close look at the arguments advanced by the parties (and by sometimes numerous amici) in those cases to provide a descriptive account of the Supreme Court’s current treatment of Chevron and the major questions doctrine. My principal goal is not to lay out a grand theory of Chevron or deference doctrine in general but simply to provide a snapshot of current Supreme Court doctrine and a framework for further theoretical work in whatever direction that theoretical work goes.

I do, however, offer some speculations, for whatever they are worth, about the future of Chevron in the lower federal courts. The Supreme Court did not create the Chevron doctrine. The doctrine was created by lower courts and eventually taken over, and modified, by the Supreme Court. If lower courts originally created the doctrine (as I think they did) principally to make it easier to decide difficult administrative law cases, any doctrinal reformations that come from the Supreme Court may face a hostile reception unless the Court provides alternative mechanisms for decision making that respond to the

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realities, not of a Court with a discretionary docket that decides a small handful of administrative law cases each year, but of a lower court system that must handle these cases by the thousands. Any modifications the Court makes to the Chevron doctrine that do not accommodate this reality will have uncertain effects.

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INTRODUCTION

For nearly four decades, the *Chevron* doctrine—so named for the Supreme Court’s 1984 decision, *Chevron U.S.A., Inc. v. Natural Resources Defense Council, Inc.*,¹ which inspired the doctrine²—has been the overwhelming presence in federal administrative law in both the courts and in academia. The doctrine’s two-step formulation for reviewing a federal agency’s interpretation of a statute that it administers³ has become a mantra, even as the doctrine itself has added steps⁴ and half steps⁵ reminiscent of epicycles. The *Chevron* case, whose language (surely unintentionally)⁶ provides the mantra, is the most cited case in administrative law.⁷ A simple check of citing references on Westlaw on August 1, 2023 shows more than 18,000 citations to *Chevron* in judicial decisions and almost 22,000 citations in secondary sources.

But while lower-court judges and academics love to use, cite, discuss, and sometimes criticize *Chevron*, the United States Supreme Court has other ideas. In the Court’s October 2021 Term, no majority opinion even cited, much less relied upon, *Chevron*. Only one dissenting opinion bothered to mention

¹ 467 U.S. 837 (1984).

² The verb “inspired” is deliberately chosen. The *Chevron* decision did not create the *Chevron* doctrine, but simply provided the foundation for a doctrine created by lower federal courts and then ratified by the Supreme Court many years later. See *infra* Part III. For the full story, which traces the development of the *Chevron* doctrine case by case through the lower courts, see Gary Lawson & Stephen Kam, *Making Law Out of Nothing at All: The Origins of the Chevron Doctrine*, 65 ADMIN. L. REV. 1 (2013).

³ See *Chevron*, 467 U.S. at 842-43. I am assuming that anyone reading this article knows more about the *Chevron* doctrine than they would prefer to know, so this article, which is already too long, does not contain a summary of the doctrine. For a short refresher, see GARY LAWSON & GUY I. SEIDMAN, DEFERENCE: THE LEGAL CONCEPT AND THE LEGAL PRACTICE 25-34 (2019).

⁴ Thomas Merrill and Kristin Hickman coined the term “step zero” to describe the numerous doctrines governing when the *Chevron* two-step framework should be applied. See Thomas W. Merrill & Kristin E. Hickman, *Chevron’s Domain*, 89 GEO. L.J. 833, 836 (2001) (arguing for existence of two deference doctrines, where step zero involves deciding which one to use).

⁵ See Daniel J. Hemel & Aaron L. Nielson, *Chevron Step One-and-a-Half*, 84 U. CHI. L. REV. 757, 760-61 (2017).

⁶ We know with as much certainty as we can know anything in the law that in 1984 the Supreme Court thought that it was simply applying settled doctrine in deciding the *Chevron* case. No Justice or party in *Chevron* showed any indication that large questions of interpretative methodology were at stake. See THOMAS W. MERRILL, THE *CHEVRON* DOCTRINE: ITS RISE AND FALL, AND THE FUTURE OF THE ADMINISTRATIVE STATE 63-65, 74-79 (2022) (detailing circumstances faced by Supreme Court when *Chevron* was being considered and how resulting opinion came to be interpreted).

⁷ See Thomas W. Merrill, *Justice Stevens and the Chevron Puzzle*, 106 NW. U. L. REV. 551, 551-53 (2012) (highlighting both quantitative and qualitative impact of *Chevron*, including 1,000 judicial citations per year).

Chevron,⁸ and one concurring opinion used it for a proposition stating nearly the opposite of the mantra with which the decision is associated.⁹ This conspicuous silence about the *Chevron* doctrine was not for lack of opportunity to discuss it; cases abounded that term in which the principal issue was a federal agency's interpretation of its organic statute.¹⁰ In some of those cases, the proper application of *Chevron* was the principal issue decided by the lower courts.

Careful observers were not at all surprised by the Court's performance. It is conventional wisdom that the Supreme Court has not resolved a case through reliance on *Chevron* since 2016,¹¹ and, as I will demonstrate shortly,¹² even that case did not actually rely on the *Chevron* doctrine in any meaningful sense. Professor Thomas Merrill, one of the legal academy's most astute observers, in a comprehensive book discussing the *Chevron* doctrine (which was published in 2022 but written before the October 2021 term), described the state of affairs as of 2021 as "the Court's de facto moratorium on applying the doctrine."¹³ If Professor Merrill's book did not directly predict the events of the October 2021 term,¹⁴ it certainly anticipated them.

The Court's pointed silence about *Chevron* might have been a blessing, or at least a stay of execution, for advocates of the *Chevron* doctrine. Sensing blood, a number of parties in the October 2021 term openly called for the Court to overrule *Chevron*.¹⁵ The Court did not accept the invitation. Instead, the Court chose a combination of limiting doctrines, most notably the formalization and extension of the so-called "major questions" doctrine, and not-so-benign neglect as an alternative to direct overruling, but the message was very clear: rely on *Chevron* in the Supreme Court at your peril.

⁸ See *West Virginia v. EPA*, 142 S. Ct. 2587, 2635 (2022) (Kagan, J., dissenting) ("For anyone familiar with this Court's *Chevron* doctrine, that language will ring a bell. The Court was saying only—and it was elsewhere explicit on this point—that there was reason to hesitate before giving FDA's position *Chevron* deference.").

⁹ See *Wooden v. United States*, 142 S. Ct. 1063, 1075 (2022) (Kavanaugh, J., concurring) (using *Chevron* to support proposition that rule of lenity "rarely if ever plays a role").

¹⁰ See *infra* Part II.

¹¹ See Nathan Richardson, *Deference is Dead (Long Live Chevron)*, 73 RUTGERS U. L. REV. 441, 487 (2021). To be sure, the Court's use of *Chevron* even before 2016 was spotty at best. See generally William N. Eskridge, Jr. & Lauren E. Baer, *The Continuum of Deference: Supreme Court Treatment of Agency Statutory Interpretations from Chevron to Hamdan*, 96 GEO. L.J. 1083 (2008); see also Thomas W. Merrill, *Judicial Deference to Executive Precedent*, 101 YALE L.J. 969, 982 (1992) ("*Chevron* . . . has been used . . . only about one-third of the [time]."). But recent years have taken matters from "spotty" to "nonexistent."

¹² See *infra* Part I.

¹³ MERRILL, *supra* note 6, at 8.

¹⁴ It came darned close. See *id.* at 7-8 ("A decision by the Court to overrule the *Chevron* doctrine seems unlikely. . . . Much more likely is a decision (or series of decisions) adopting new limits on the doctrine . . .").

¹⁵ See *infra* Part II.

If the message was not clear enough, on May 1, 2023 the Court granted certiorari in *Loper Bright Enterprises v. Raimondo*,¹⁶ limited to the question: “Whether the Court should overrule *Chevron* or at least clarify that statutory silence concerning controversial powers expressly but narrowly granted elsewhere in the statute does not constitute an ambiguity requiring deference to the agency.”¹⁷

So, is *Chevron* now just a ghost? Not so fast. Perhaps it is premature to put *Chevron* on the cart (switching references from Dickens to Monty Python). Maybe *Chevron* is just mostly dead (if one prefers William Goldman). And perhaps *Chevron* is very much alive, if one looks in the right places.

Chevron may not be a winning citation in the Supreme Court right now, but the Supreme Court decides only a handful of cases involving agency statutory interpretation each year. The vast majority of such federal cases are decided in the lower courts, and it is far from clear that *Chevron* in the lower courts is dead, or even wounded.¹⁸ Administrative law practitioners abandon *Chevron* at their peril.

In any event, the October 2021 term and the portents of the October 2023 term give everyone interested in administrative law something to think about. Part I of this article very briefly sets the context regarding the *Chevron* doctrine leading into the October 2021 term. Part II examines in some depth, and at regrettable but I think unavoidable length, the events during the October 2021 Supreme Court term, which seem to herald the all-but-formal abandonment of *Chevron* in that forum. I examine not just the Court’s decisions, but also the arguments fashioned by the parties (and often numerous amici) and employed by the lower courts. I give particular, though by no means exclusive, attention to the so-called “major questions” doctrine that dominated much of the Court’s docket. Because the cases said so little about *Chevron*, it is hard to draw firm conclusions from them, beyond the observation that the Supreme Court does not employ the doctrine. Accordingly, throughout the discussion in Part II, I do not seek to draw many conclusions but simply let the events of the term speak for themselves. Part III then tries to draw at least a few lessons from those cases and offers some tentative predictions about the future of *Chevron*, including its future in the lower federal courts, though we will not really know how those courts will respond to the Supreme Court’s recent case law for some time.

My bottom line is that predicting *Chevron*’s demise, or even its substantial reformation, may be hazardous. The *Chevron* doctrine was a doctrine invented by lower federal courts for lower federal courts. It has a very different effect,

¹⁶ 45 F.4th 359 (D.C. Cir. 2022), *cert. granted*, 143 S. Ct. 2429 (2023), 2023 WL 3158352 (2023).

¹⁷ Petition for Writ of Certiorari at i-ii, *Loper Bright Enters.*, 143 S. Ct. 2429, 2023 WL 3158352 (2023) (No. 22-451).

¹⁸ Indeed, Kent Barnett and Christopher Walker coined the terms “*Chevron* Regular” and “*Chevron* Supreme” to capture the enormous difference between *Chevron*’s treatment by the lower courts and the Supreme Court. *See* Kent Barnett & Christopher J. Walker, *Chevron in the Circuit Courts*, 116 MICH. L. REV. 1, 6 (2017).

and plays a very different role, in the kinds of cases that wind up on the Supreme Court's discretionary docket than it does in the numerous routine cases that will never generate a certiorari petition, much less a grant. *Chevron* filled a long-felt need, and it may well survive even the broadsides fired by the Court until, and unless, the Court gives the lower courts something to take its place that responds equally well to the forces that spawned the *Chevron* doctrine back in the mid-1980s. The major questions doctrine, in particular, is likely to take *Chevron* off the board in only a tiny fraction of the cases that reach the federal courts. The real action going forward will lie in what happens in the minor questions cases. If the Supreme Court does indeed overrule the *Chevron* doctrine, it will need to think very carefully what will take its place.

I

By 1987, three years after the Supreme Court's *Chevron* decision, *Chevron* was the dominant (though not yet exclusive) approach in the lower federal courts when handling judicial review of a large class of federal agency statutory interpretations.¹⁹ By the early 1990s it had taken hold firmly in the lower courts and at least formally in the Supreme Court.²⁰ While the *Chevron* doctrine started out as a seemingly simple two-step inquiry into the clarity of a statute (go with the statute's clear meaning if it has one), and the reasonableness of the agency's interpretation in the face of ambiguity (go with the agency's interpretation if it reasonably construes an ambiguous statute), the doctrine grew more complex over time. In particular, courts developed a Byzantine assortment of threshold conditions for application of *Chevron*, dubbed "step zero" in 2001 in a seminal article co-authored by Professors Thomas Merrill and Kristin Hickman.²¹

From the earliest days of *Chevron*, and well before, specifically the question existed whether the *character* or *significance* of the issue addressed by the agency would, or should, affect the extent to which courts grant agencies deference in statutory interpretation. For example, a series of cases nearly half a century before *Chevron* posed this question starkly. In 1944 in *NLRB v. Hearst Publications, Inc.*,²² the Court upheld the National Labor Relations Board's ("NLRB") definition of an "employee"²³ in the Wagner Act because it had "a reasonable basis in law."²⁴ Three years later, in *Packard Motor Car Co. v. NLRB*,²⁵ the Court declined to grant deference to the NLRB's definition of an "employee" in the same statute in circumstances seemingly similar to those in

¹⁹ See Lawson & Kam, *supra* note 2, at 59-72.

²⁰ Again, for the full story, see *id.*

²¹ See Merrill & Hickman, *supra* note 4, at 836. For a summary of some of the most important of those doctrines, see GARY LAWSON, FEDERAL ADMINISTRATIVE LAW 635-98 (9th ed. 2022).

²² 322 U.S. 111 (1944).

²³ 29 U.S.C. § 152(3).

²⁴ *Hearst*, 322 U.S. at 131.

²⁵ 330 U.S. 485 (1947).

Hearst.²⁶ One prominent explanation for the decisions was that “in *Hearst* the Justices . . . did not regard the classification as raising a *significant* legal issue. In *Packard* they did.”²⁷

In 1986, while the *Chevron* doctrine was still forming, then-Judge (and, most importantly, former Administrative Law professor) Stephen Breyer offered the same explanation for those cases²⁸ and described the importance of the statutory question as a factor with “institutional virtues”²⁹ in allocating decisional authority between agencies and courts. By 2006, there were enough post-*Chevron* cases at least hinting that the importance of a statutory issue could be a factor in a deference analysis that Professor Cass Sunstein could speak of “The Major Question Trilogy.”³⁰ Soon thereafter a vibrant literature emerged discussing this “major questions” doctrine.³¹

For some years, I was dubious that any such “doctrine” existed because I believed, and was unwise enough to put in print, that “all of the relevant cases can better be explained on more mundane grounds without positing a free-floating but unstated ‘major issues’ inquiry.”³² Even more unwisely, I put that thought into print just as the inquiry moved from “unstated” to “all-but-stated” in *King v. Burwell*,³³ in which the Court affirmed an agency decision saying that “an Exchange established by the State”³⁴ included exchanges established by the federal government.³⁵ The Court specifically declined to apply *Chevron* to that question, even though it ultimately agreed with the agency’s interpretation, in large measure because of the importance of the underlying statutory issue:

When analyzing an agency’s interpretation of a statute, we often apply the two-step framework announced in *Chevron* Under that framework, we

²⁶ For a comparison of the two cases, see LAWSON, *supra* note 21, at 604-08.

²⁷ LOUIS B. JAFFE, *JUDICIAL CONTROL OF ADMINISTRATIVE ACTION* 561 (1965).

²⁸ See Stephen Breyer, *Judicial Review of Questions of Law and Policy*, 38 ADMIN. L. REV. 363, 371 (1986) (“*Packard* (the ‘foreman/employee’ case) . . . presented a legal question of great importance [I]t seems unlikely that Congress wished to leave so important and delicate a legal question to the Board to decide.”).

²⁹ *Id.*

³⁰ Cass R. Sunstein, *Chevron Step Zero*, 92 VA. L. REV. 187, 236 (2006). The three cases in his trilogy were *MCI Telecomms. Corp. v. Am. Tel. & Tel. Co.*, 512 U.S. 218 (1994); *Babbitt v. Sweet Home Chapter of Cmty. for a Great Or.*, 515 U.S. 687 (1995); and *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120 (2000). Professor Sunstein concedes that reading the first two cases as generating a major questions doctrine is perhaps an “overreaction.” Sunstein, *supra*, at 240.

³¹ See, e.g., Abigail R. Moncrieff, *Reincarnating the “Major Questions” Exception to Chevron Deference as a Doctrine of Noninterference (or Why Massachusetts v. EPA Got It Wrong)*, 60 ADMIN. L. REV. 593, 596 (2008) (arguing for preconception of major questions doctrine which includes considerations of circumstances present in “major questions trilogy”).

³² GARY LAWSON, *FEDERAL ADMINISTRATIVE LAW* 673 (7th ed. 2016).

³³ 576 U.S. 473 (2015).

³⁴ 26 U.S.C. § 36B(b).

³⁵ *King*, 576 U.S. at 497.

ask whether the statute is ambiguous and, if so, whether the agency's interpretation is reasonable. . . . This approach "is premised on the theory that a statute's ambiguity constitutes an implicit delegation from Congress to the agency to fill in the statutory gaps." . . . "In extraordinary cases, however, there may be reason to hesitate before concluding that Congress has intended such an implicit delegation." . . .

This is one of those cases. The tax credits are among the [Affordable Care] Act's key reforms, involving billions of dollars in spending each year and affecting the price of health insurance for millions of people. Whether those credits are available on Federal Exchanges is thus a question of deep "economic and political significance" that is central to this statutory scheme; had Congress wished to assign that question to an agency, it surely would have done so expressly.³⁶

Thus, as we approached 2021, it was clear that something called a "major questions doctrine" had some relationship to *Chevron*, though the precise nature of that relationship was obscure.

It was also clear, circa 2021, that *Chevron*'s entire future was in question. In 2015, Justice Clarence Thomas suggested that *Chevron* was unconstitutional.³⁷ In 2016, then-Judge Neil Gorsuch authored a scathing diatribe against *Chevron*³⁸ and then-Judge Brett Kavanaugh wrote in a law review article that "*Chevron* is nothing more than a judicially orchestrated shift of power from Congress to the Executive Branch."³⁹ In 2013, Chief Justice John Roberts and Justice Samuel Alito, while not directly questioning *Chevron* vigorously insisted that courts could not apply *Chevron* without first determining, de novo, that "Congress has conferred on the agency interpretive authority over the question at issue."⁴⁰ For some years, then, it looks like a clear majority of the current Court has been, at minimum, skeptical of a broad application of *Chevron*.

Indeed, it is no great secret that *Chevron* has been on the wane in the Supreme Court for quite a while now. By the independent reckoning of myself, Professor Merrill,⁴¹ and others,⁴² the Supreme Court last upheld an agency decision by invoking the *Chevron* doctrine in 2016 in *Cuozzo Speed Technologies, LLC v.*

³⁶ *Id.* at 485-86 (citations omitted).

³⁷ See *Michigan v. EPA*, 576 U.S. 743, 760 (2015) (Thomas, J., concurring) ("I write separately to note that [the EPA's] request for deference raises serious questions about the constitutionality of our broader practice of deferring to agency interpretations of federal statutes.").

³⁸ See *Gutierrez-Brizuela v. Lynch*, 834 F.3d 1142, 1151-58 (10th Cir. 2016) (Gorsuch, J., concurring) ("*Chevron* seems no less than a judge-made doctrine for the abdication of the judicial duty.").

³⁹ Brett M. Kavanaugh, *Fixing Statutory Interpretation*, 129 HARV. L. REV. 2118, 2150 (2016) (reviewing ROBERT A. KATZMANN, *JUDGING STATUTES* (2014)).

⁴⁰ *City of Arlington v. FCC*, 569 U.S. 290, 312 (2013) (Roberts, C.J., dissenting).

⁴¹ See MERRILL, *supra* note 6, at 7.

⁴² See, e.g., Richardson, *supra* note 11, at 488.

Lee.⁴³ And even in that case, it was far from clear that *Chevron* drove the decision.

In *Cuozzo Speed Technologies*, the Patent Office had issued a regulation prescribing that, in inter partes review proceedings for challenging the validity of issued patents,⁴⁴ the challenged patent must be given “its broadest reasonable construction in light of the specification of the patent in which it appears.”⁴⁵ The Court framed its inquiry into the validity of this regulation in terms of *Chevron*:

We interpret Congress’ grant of rulemaking authority in light of our decision in *Chevron* Where a statute is clear, the agency must follow the statute. But where a statute leaves a “gap” or is “ambigu[ous],” we typically interpret it as granting the agency leeway to enact rules that are reasonable in light of the text, nature, and purpose of the statute. The statute contains such a gap: No statutory provision unambiguously directs the agency to use one standard or the other.⁴⁶

The underlying statute, however, was merely a general rulemaking authorization to the agency to “prescribe regulations . . . establishing and governing inter partes review under this chapter.”⁴⁷ The agency obviously was not “interpreting” this statutory provision when it issued its claim construction rule. “If so, which words in that provision was it interpreting?”⁴⁸ Rather, the agency was making policy under a straightforward subdelegation of authority. The decision to choose one claim construction norm (broadest possible construction) over another (the claim construction norms generally used by district courts) is not in this instance the resolution of a statutory ambiguity. It is a direct policy determination under a statute that grants power without

⁴³ 579 U.S. 261 (2016).

⁴⁴ Inter partes review, in which patents can be invalidated by Patent and Trial Appeal Board executive officers rather than Article III courts, was created in 2011 by the America Invents Act. Pub. L. No. 112-29, 125 Stat. 284 (2011). The Court on several occasions has addressed constitutional issues arising from this scheme. *See generally* *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021) (appointments clause); *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365 (2018) (Seventh Amendment). For my thoughts on some of the constitutional issues that the Court has missed or misanalyzed, see Gary Lawson, *Appointments and Illegal Adjudication: The America Invents Act Through a Constitutional Lens*, 26 GEO. MASON L. REV. 26 (2018).

⁴⁵ 37 C.F.R. § 42.100(b) (2012). This standard of construction for inter partes review was changed in 2018 to conform to the standard used in court proceedings. *See* Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51340, 51343 (Oct. 11, 2018) (codified at 37 C.F.R. pt. 42). The current rule says that claims “shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” 37 C.F.R. § 42.100(b) (2023).

⁴⁶ *Cuozzo Speed Techs.*, 579 U.S. at 276-77 (citations omitted) (alterations in original).

⁴⁷ 35 U.S.C. § 316(a)(4).

⁴⁸ LAWSON, *supra* note 21, at 902.

prescribing constraints or criteria for its exercise. As such, the proper standard of review is whether the agency’s policy choice was “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”⁴⁹ Justice Thomas made this explicit in his concurring opinion,⁵⁰ and the Court’s analysis of the question looks much more like garden-variety “hard look” arbitrary or capricious review than an exercise in statutory interpretation:

We conclude that the regulation represents a reasonable exercise of the rulemaking authority that Congress delegated to the Patent Office. For one thing, construing a patent claim according to its broadest reasonable construction helps to protect the public. A reasonable, yet unlawfully broad claim might discourage the use of the invention by a member of the public. Because an examiner’s (or reexaminer’s) use of the broadest reasonable construction standard increases the possibility that the examiner will find the claim too broad (and deny it), use of that standard encourages the applicant to draft narrowly. This helps ensure precision while avoiding overly broad claims, and thereby helps prevent a patent from tying up too much knowledge, while helping members of the public draw useful information from the disclosed invention and better understand the lawful limits of the claim. . . .

For another, past practice supports the Patent Office’s regulation

. . . .

. . . Cuozzo and its supporting *amici* offer various policy arguments in favor of the ordinary meaning standard. The Patent Office is legally free to accept or reject such policy arguments on the basis of its own reasoned analysis. Having concluded that the Patent Office’s regulation, selecting the broadest reasonable construction standard, is reasonable in light of the rationales described above, we do not decide whether there is a better alternative as a policy matter. That is a question that Congress left to the particular expertise of the Patent Office.⁵¹

Thus, even in the most recent Supreme Court case to “apply” *Chevron*, it is doubtful whether *Chevron* was actually doing, or could conceivably have done, any work. The *Cuozzo Speed Technologies* opinion could, and probably should, have been written without any reference to *Chevron*.

The October 2021 term, as we will see in detail in Part II, saw an even more dramatic and explicit shift within the Court, and in the broader legal community, away from *Chevron*. On multiple occasions, parties or amici formally asked the Court to overrule *Chevron*.⁵² The most intriguing occasion came during the oral argument in *American Hospital Association v. Becerra*,⁵³ when former Solicitor

⁴⁹ 5 U.S.C. § 706(2)(A).

⁵⁰ See *Cuozzo Speed Techs.*, 579 U.S. at 286-87 (Thomas, J., concurring).

⁵¹ See *id.* at 280-81, 283 (citations omitted).

⁵² See, e.g., Petition for Writ of Certiorari at 25, *Buffington v. McDonough*, 143 S. Ct. 14 (2022) (No. 21-972), 2022 WL 72897, at *25.

⁵³ 142 S. Ct. 1896 (2022). For more on the case, see *infra* Part II.

General Donald Verrilli was effectively urged by Justice Alito to ask that *Chevron* be overruled. The brief for American Hospital Association criticized *Chevron* but did not directly ask for the case to be overruled, arguing instead that, “Because the statute is unambiguous, *Chevron* has no role to play.”⁵⁴ At oral argument, Justice Alito asked Mr. Verrilli: “If the only way we can reverse the D.C. Circuit is to overrule *Chevron*, do you want us to overrule *Chevron*?”⁵⁵ What could Mr. Verrilli do with that but respond: “Yes. We want to win the case. Yes. (Laughter.)”⁵⁶

While the Court rejected the agency’s statutory interpretation in *American Hospital Association*, it did not do so by overruling *Chevron*. Instead, it decided the case without even mentioning *Chevron*.⁵⁷ Nor was that the only case in which the Court rejected an agency interpretation with no mention of *Chevron*. Indeed, in the entire 2021-2022 Term, *Chevron* was not cited in a single majority opinion of the Court. It was cited as authoritative in one dissenting opinion⁵⁸ and cited in one concurring opinion for the decidedly antideference proposition that statutory interpretation usually has a right answer.⁵⁹ Part II explores in detail how that conspicuous disregard of *Chevron* played out in various contexts. The story, however, actually began just before the start of the October 2021 term.

Congress’s first major piece of legislation dealing with COVID-19—the Coronavirus Aid, Relief, and Economic Security Act⁶⁰—included a provision that imposed a 120-day moratorium on residential evictions in housing receiving federal funds.⁶¹ After that moratorium expired, the Centers for Disease Control

⁵⁴ Brief for the Petitioners at 47, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4081077, at *47. Numerous amici directly asked the Court to overrule *Chevron*. See Brief of Amicus Curiae Americans for Prosperity Foundation in Support of Neither Party at 4, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4173461, at *4 (“The Court should squarely overrule *Chevron* here and now.”); Amicus Curiae Brief for the National Right to Work Legal Defense Foundation, Inc. in Support of Petitioners at 2, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4219252, at *2 (requesting Court overrule *Chevron* as violation of separation of powers); Brief of the New Civil Liberties Alliance as Amicus Curiae in Support of Petitioners at 9, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4219283, at *9 (“NCLA urges the Court to . . . express a willingness to consider overruling *Chevron* in a future case.”); Brief Amicus Curiae of Pacific Legal Foundation in Support of Petitioners at 7, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4135099, at *7 (“[T]his Court should take this opportunity to reconsider *Chevron* deference.”).

⁵⁵ Transcript of Oral Argument at 30, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 6051132, at *30.

⁵⁶ *Id.* at 30-31.

⁵⁷ See *infra* Part II.

⁵⁸ See *West Virginia v. EPA*, 142 S. Ct. 2587, 2635 (2022) (Kagan, J., dissenting) (considering rationale behind *Chevron*’s first step to support presented interpretive approach).

⁵⁹ See *Wooden v. United States*, 595 U.S. 360, 377 (2022) (Kavanaugh, J., concurring) (citing *Chevron*’s footnote 9 explaining courts are final authority on statutory interpretation and Congress’s will must be honored).

⁶⁰ Pub. L. No. 116-136, 134 Stat. 281 (2020).

⁶¹ See *id.* § 4024, 134 Stat. at 492-94. There was also a mortgage-foreclosure moratorium. See *id.* §§ 4022-23, 134 Stat. at 490-92.

and Prevention (“CDC”) imposed, on its own authority, a much broader moratorium that applied without regard to receipt of federal funds.⁶² The agency relied⁶³ on a 1944 statute providing:

The Surgeon General, with the approval of the Administrator [of Health and Human Services], is authorized to make and enforce such regulations as in his judgment are necessary to prevent the introduction, transmission, or spread of communicable diseases from foreign countries into the States or possessions, or from one State or possession into any other State or possession. For purposes of carrying out and enforcing such regulations, the Surgeon General may provide for such inspection, fumigation, disinfection, sanitation, pest extermination, destruction of animals or articles found to be so infected or contaminated as to be sources of dangerous infection to human beings, and other measures, as in his judgment may be necessary.⁶⁴

In 2020, the CDC⁶⁵ argued that persons evicted from rental housing might travel to other States or end up in denser living environments, so that a ban on evictions was “necessary to prevent the . . . spread of communicable diseases.”⁶⁶ Suits from landlords quickly followed.

In one such suit, the district court ruled the CDC had exceeded its authority.⁶⁷ The government argued for *Chevron* deference,⁶⁸ and the district court agreed that the case presented an obvious application of *Chevron*.⁶⁹ The court, however, concluded that section 264 addressed, in *Chevron* lingo, “the precise question at issue”⁷⁰ by limiting the CDC’s authority to actions that at least resemble those enumerated in the second sentence of section 264: “inspection, fumigation, disinfection, sanitation, pest extermination, destruction of animals or articles found to be so infected or contaminated as to be sources of dangerous infection

⁶² See Temporary Halt in Residential Evictions To Prevent the Further Spread of COVID-19, 85 Fed. Reg. 55292 (Sept. 4, 2020).

⁶³ See *id.* at 55293.

⁶⁴ Public Health Service Act, Pub. L. No. 78-410, § 361, 58 Stat. 682, 703-04 (1944) (codified at 42 U.S.C. § 264(a)).

⁶⁵ In 2000, the authority under this statute was subdelegated to the CDC. See Control of Communicable Diseases; Apprehension and Detention of Persons With Specific Diseases; Transfer of Regulations, 65 Fed. Reg. 49906 (Aug. 16, 2000) (codified at 42 C.F.R. § 70.2 (2022)).

⁶⁶ 42 U.S.C. § 264(a); see Temporary Halt in Residential Evictions To Prevent the Further Spread of COVID-19 85 Fed. Reg. at 55294-95 (“Evicted renters must move, which leads to multiple outcomes that increase the risk of COVID-19 spread. Specifically, many evicted renters move into close quarters in shared housing or other congregate settings. . . . [M]ass evictions would likely increase the interstate spread of COVID-19.”).

⁶⁷ Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs., 539 F. Supp. 3d 29, 42 (D.D.C. 2021).

⁶⁸ *Id.* at 37.

⁶⁹ *Id.*

⁷⁰ *Chevron U.S.A. Inc. v. Nat’l Res. Def. Council, Inc.*, 467 U.S. 837, 842 (1984).

to human beings.”⁷¹ The court’s lengthy⁷² *Chevron* step-one analysis also invoked canons of construction, such as the canon against surplusage, the avoidance canon, and the “major questions” canon.⁷³ The court thus treated the so-called “major questions” doctrine as a tool of interpretation to be employed as part of a *Chevron* step-one inquiry, not as a precondition to application of the *Chevron* framework. The bottom line was that “the Public Health Service Act authorizes the Department to combat the spread of disease through a range of measures, but these measures *plainly* do not encompass the nationwide eviction moratorium set forth in the CDC Order.”⁷⁴ That was unambiguously a decision under *Chevron* step one, in which the major questions doctrine played a minor supporting role.

Despite granting summary judgment against the government, the court stayed its judgment pending appeal,⁷⁵ and the D.C. Circuit declined to vacate the stay.⁷⁶ So did the Supreme Court by a five-four vote,⁷⁷ with Justice Kavanaugh providing the fifth vote on the express ground that the agency’s action, which he thought obviously exceeded its statutory authority, would expire in a matter of weeks so that the balance of equities favored retaining the stay even though the government was wrong on the merits.⁷⁸

After the moratorium expired, the CDC extended it yet again. The district court concluded that it was bound by law of the case to maintain its stay,⁷⁹ and the D.C. Circuit again declined to vacate it.⁸⁰ The landlords sought emergency relief in the Supreme Court.

Recall that the district court had treated the case as presenting a straightforward problem under *Chevron*. This time, in briefing to the Supreme Court, the government’s thirty-six-page opposition to the motion to vacate the stay made no mention at all of deference to the agency’s interpretation of the statute.⁸¹ Rather, the government argued the statute was best read to authorize

⁷¹ *Ala. Ass’n of Realtors*, 539 F. Supp. 3d at 38-39.

⁷² The discussion covers sixteen substantial paragraphs. *See id.* at 38-42.

⁷³ *See id.* at 40-41.

⁷⁴ *Id.* at 42 (emphasis added).

⁷⁵ *See Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs.*, 539 F. Supp. 3d 211, 218 (D.D.C. 2021).

⁷⁶ *See Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs.*, No. 21-5093, 2021 WL 2221646, at *1 (D.C. Cir. 2021).

⁷⁷ *See Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs.*, 141 S. Ct. 2320, 2320 (2021).

⁷⁸ *See id.* at 2321 (Kavanaugh, J., concurring).

⁷⁹ *See Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Human Servs.*, 557 F. Supp. 3d 1, 9-10 (D.D.C. 2021) (“[T]he Court’s hands are tied.”).

⁸⁰ *Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs.*, No. 21-5093, 2021 WL 3721431, at *1 (D.C. Cir. 2021).

⁸¹ *See Response in Opposition to Applicants’ Emergency Application to Vacate the Stay Pending Appeal Issued by the United States District Court for the District of Columbia, Ala.*

the CDC's action.⁸² The landlords, for their part, emphasized the statutory arguments employed by the district court, but with two important twists.

First, as had the district court, the landlords invoked three canons of construction in support of their interpretation of section 264, but instead of the canon against surplusage, which led off the district court's analysis, they invoked the federalism canon that requires a clear statement from Congress to allow agencies to intrude into traditional state prerogatives.⁸³ Second, and more significantly, they moved the major questions canon from third place in the district court opinion to first place, devoting more space to it than to the other canons combined.⁸⁴ And while the district court had clearly used the major questions canon as a relatively minor part of a *Chevron* step-one inquiry, there was no mention of or reference to the *Chevron* framework in the landlords' motion. It presented the major questions doctrine simply as an ordinary tool of statutory interpretation independent of *Chevron*.

The Supreme Court reversed, agreed with the district court on the merits of the underlying substantive issues, and vacated the stay,⁸⁵ with three Justices dissenting.⁸⁶ The per curiam opinion adopted a shorter version of the district court's statutory arguments for limiting the CDC's authorities, similar to those described in the second sentence of section 264.⁸⁷ There was no mention in the opinion of *Chevron*, *Skidmore v. Swift & Co.*,⁸⁸ or any other deference doctrine. Nonetheless, the opinion was at least implicitly consistent with the *Chevron* framework, using the major questions doctrine as an aspect of *Chevron*'s step one.

Ass'n of Realtors v. U.S. Dep't of Health & Hum. Servs., 141 S. Ct. 2485 (2021) (No. 21A23), 2021 WL 8939369.

⁸² *Id.* at 14-15 ("Section 264(a), by its plain terms, grants the government broad authority that encompasses the CDC's order adopting an eviction moratorium.").

⁸³ See Emergency Application to Vacate the Stay Pending Appeal Issued by the United States District Court for the District of Columbia and for Immediate Administrative Vacatur at 25-26, Ala. Ass'n of Realtors v. U.S. Dep't of Health & Hum. Servs., 141 S. Ct. 2485 (2021) (No. 21A23), 2021 WL 8939368, at *25-26 ("[W]hen an 'administrative interpretation alters the federal-state framework by permitting federal encroachment upon a traditional state power,' there must be 'a clear indication that Congress intended that result.'" (quoting *Solid Waste Agency of N. Cook Cnty. v. U.S. Army Corps of Eng'rs*, 531 U.S. 159, 172-73 (2001))).

⁸⁴ See *id.* at 23-25.

⁸⁵ Ala. Ass'n of Realtors v. U.S. Dep't of Health & Hum. Servs., 141 S. Ct. 2485, 2490 (2021).

⁸⁶ *Id.* at 2490 (Breyer, J., dissenting) (opposing decision to vacate stay, joined by Justices Sonia Sotomayor and Elena Kagan).

⁸⁷ See *id.* at 2488-89.

⁸⁸ 323 U.S. 134 (1944). *Skidmore* affords an agency's interpretation whatever weight it merits based on "the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it power to persuade, if lacking power to control." *Id.* at 140.

The Court began by noting how the second sentence of section 264 seems to limit the otherwise limitless scope of the first sentence:

These measures directly relate to preventing the interstate spread of disease by identifying, isolating, and destroying the disease itself. The CDC's moratorium, on the other hand, relates to interstate infection far more indirectly: If evictions occur, some subset of tenants might move from one State to another, and some subset of that group might do so while infected with Covid-19. . . . This downstream connection between eviction and the interstate spread of disease is markedly different from the direct targeting of disease that characterizes the measures identified in the statute. Reading both sentences together, rather than the first in isolation, it is a stretch to maintain that [Section 264] gives the CDC the authority to impose this eviction moratorium.⁸⁹

While it is not obvious on its face that this passage represents a *Chevron* step-one conclusion that the statute clearly resolves the matter against the agency, the next paragraph, invoking the major questions doctrine, begins: “Even if the text were ambiguous, the sheer scope of the CDC’s claimed authority under [Section 264] would counsel against the Government’s interpretation. We expect Congress to speak clearly when authorizing an agency to exercise powers of ‘vast “economic and political significance.””⁹⁰ That is at least a back-door declaration that the statute is not ambiguous, which is the language of the *Chevron* framework. And in this version of the framework, the major questions doctrine functions as an aspect of *Chevron* step one: even if the statute’s language on its face does not clearly foreclose the agency’s interpretation, the language filtered through the presumption of the major questions doctrine generates a clear answer against the agency.

On the other hand, there is an equally good argument to be made that the Court was applying the major questions doctrine in a step-zero fashion: if the matter involves a major question, then the agency can only win if the statute clearly grants it the claimed authority. On that understanding, the major questions doctrine is an *alternative* to the *Chevron* framework that essentially reverses the normal *Chevron* presumption in favor of the agency’s position. Either reading is plausible; the Court’s discussion in *Alabama Association of Realtors* was too brief to yield any firm clues about how the Court understood the major questions doctrine to fit into its framework.

The dissent, for its part, made no mention of *Chevron* or any other form of deference to an agency’s interpretation of a statute. But that is not surprising. Because this case came to the Court as an emergency motion to lift a stay, the dissent only tried (and only would have needed) to show that there was a serious enough question to make an emergency lift of a stay inappropriate—that there were, in the dissent’s words, “arguments on both sides.”⁹¹ The dissenting

⁸⁹ *Ala. Ass’n of Realtors*, 141 S. Ct. at 2488 (citation omitted).

⁹⁰ *Id.* at 2489 (quoting *Util. Air Regul. Grp. v. EPA*, 573 U.S. 302, 324 (2014)).

⁹¹ *Id.* at 2492 (Breyer, J., dissenting) (emphasizing lower court split on this question).

Justices may well have thought that the language of section 264's first sentence was enough for that limited purpose.

Thus, we approached the October 2021 term with no good reason to think that things had changed much from the past five years, in which the Court consistently found ways to not apply *Chevron* without overruling it—and generally without even mentioning it.

II

Once the October 2021 term began, the data set regarding review of agency statutory interpretations expanded quickly. On January 13, 2022, which is usually pretty early in a term to get any decisions of consequence, the Court decided three cases involving agency interpretations of statutes. Two of those cases made headlines. One passed into obscurity, but it is deeply instructive for present purposes, and I start with it.

For more than three decades, David Babcock served in the Michigan Army National Guard as a “military technician (dual status)”⁹² training National Guard personnel to fly helicopters.⁹³ Although he served throughout that time as a National Guard member, as required by statute for such technicians,⁹⁴ he was, for payroll and other purposes, treated by the government as a civilian employee when he was not called into active service or engaged in the periodic training and drilling required of all National Guard members.⁹⁵ That dual classification generated the kind of technical question of statutory interpretation that the classic *Chevron* doctrine seems designed to resolve.

Section 415 of Title 42 is a lengthy, technical, and spectacularly important provision that specifies the computation methods for Social Security payments. Subsection 415(a)(7)(B), added in 1983,⁹⁶ fixed what Congress regarded as a glitch in the prior benefit computation system, which was arguably overgenerous to people who received pensions derived from earnings exempt from Social Security—notably including federal employees hired before January 1, 1984, when federal employees were brought within the Social Security system.⁹⁷ The 1983 amendment reduced somewhat—not fully, but somewhat—Social Security

⁹² 10 U.S.C. § 10216 (defining military technician (dual status) and outlining duties).

⁹³ See *Babcock v. Comm’r of Soc. Sec.*, 959 F.3d 210, 212 (6th Cir. 2020). During the oral argument before the Sixth Circuit, Babcock’s lawyer described him as a “Top Gun” instructor for Blackhawk pilots. Oral Argument at 1:54-1:58, *Babcock*, 959 F.3d 210 (No. 19-1687), https://www.opn.ca6.uscourts.gov/internet/court_audio/aud2.php?link=audio/03-10-2020%20-%20Tuesday/19-1687%20David%20Babcock%20v%20Comm%20of%20Social%20Security.mp3&name=19-1687%20David%20Babcock%20v%20Comm%20of%20Social%20Security [https://perma.cc/9XX4-F5LL] (last visited Sept. 30, 2023).

⁹⁴ See 32 U.S.C. § 709(b)(2).

⁹⁵ See *Babcock*, 959 F.3d at 212.

⁹⁶ See Social Security Amendments of 1983, Pub. L. No. 98-21, § 113, 97 Stat. 65, 76-79 (codified at 42 U.S.C. § 415(a)(7)).

⁹⁷ See 42 U.S.C. § 415(a)(7)(B).

payments to people who get pension benefits as a result of earnings that were exempt from Social Security.⁹⁸ But perhaps in acknowledgment that some people might have taken pre-1984 federal military employment in reliance on those anticipated overpayments, or perhaps simply out of solicitude for those who serve in the military, the statute says that the Social Security payment reductions do not apply to recipients of pensions “based wholly on service as a member of a uniformed service.”⁹⁹

The Social Security Administration determined that Babcock’s pension resulting from his work as a civilian-classified National Guard technician did not count as a pension “based wholly on service as a member of a uniformed service” and thus reduced his Social Security benefit in accordance with the ordinary rules of the 1983 amendment.¹⁰⁰ Babcock sued, claiming (correctly) that he was a member of a “uniformed service”—the National Guard—throughout his tenure as a technician and (more controversially) that the exemption provision required nothing more to apply to him.¹⁰¹

Unlike *Cuozzo Speed Technologies*, where it is impossible to say with a straight face that the agency was actually interpreting a statute, here it seems clear that the Social Security Administration was interpreting the language of a statutory provision. Specifically, it was claiming that dual service technicians such as Babcock, when functioning as civilian employees, do not perform work “as a member of a uniformed service,” because their National Guard status is effectively incidental in those circumstances and they perform those functions in their capacity as “civilian employee[s].”¹⁰² One can point to words in the statute (“as a member of a uniformed service”) to which the agency assigns meaning.

This looks like a classic case for *Chevron* deference. While it is sometimes far from clear what it means, for purposes of *Chevron*, for an agency to “administer” a statute,¹⁰³ no one doubts that the Social Security Administration “administers” section 415. The agency’s interpretation had the force and effect of law. It was not an informal guidance or amicus brief, to which *Chevron* would

⁹⁸ See *id.* (outlining reduction based on monthly periodic payment).

⁹⁹ 42 U.S.C. § 415(a)(7)(A)(ii)(III).

¹⁰⁰ See *Babcock*, 959 F.3d at 213.

¹⁰¹ See *id.*

¹⁰² 10 U.S.C. § 10216(a)(1) (“For purposes of this section and any other provision of law, a military technician (dual status) is a Federal civilian employee . . .”). The government agreed that pension payments attributable to Babcock’s service in active military duty or for mandatory National Guard training and drilling fell within the exemption, and those payments generated no reduction in his Social Security benefits. *Babcock*, 959 F.3d at 217 (“There is no dispute that Babcock’s military pension falls within the ambit of the uniformed-services exception.”).

¹⁰³ See LAWSON, *supra* note 21, at 659-67.

not apply;¹⁰⁴ it formally determined how much money Babcock would receive. It generated legally binding rights and responsibilities. Perhaps one could try to analogize the agency's interpretation to the sort of mass-adjudication determinations to which the Court denied *Chevron* deference in *United States v. Mead*,¹⁰⁵ but there are enough differences between the one-off Customs Service rulings in *Mead* and the Social Security Administration's apparently global determination in *Babcock* so that *Mead* seems readily distinguishable. In the mundane world of administrative law, this case screams "*Chevron*."

That scream is precisely what the Sixth Circuit Court of Appeals heard, and in 2020 it affirmed the agency's decision in a straight-up *Chevron* analysis.¹⁰⁶ Interestingly, the oral argument in the Sixth Circuit contained no mention of *Chevron*, though there were a few questions from the bench about whether some measure of deference might be appropriate under *Skidmore v. Swift & Co.*¹⁰⁷ Nonetheless, the case was decided in the court of appeals squarely on the basis of *Chevron*.

In *Babcock v. Kijakazi*,¹⁰⁸ the Supreme Court affirmed the Sixth Circuit's judgment with no mention of *Chevron*. The United States did not cite *Chevron* in its brief or oral argument either. Babcock's brief cited *Chevron* only to note that the government did not rely on it (and to argue briefly, and surely wrongly as noted above, that the Social Security Administration's interpretation did not have the force of law).¹⁰⁹ In the midst of a spate of arguments about plain language, legislative history, and context, the only rule of construction mentioned by the parties was a canon claimed by Babcock for construing statutes

¹⁰⁴ See *Christensen v. Harris Cnty.*, 529 U.S. 576, 587 (2000) (holding "interpretations contained in formats such as opinion letters" are not entitled to *Chevron* deference). To be sure, the agency's notice of nonacquiescence in the Eighth Circuit's 2011 decision in *Petersen v. Astrue*, 633 F.3d 633 (8th Cir. 2011), which resolved the precise issue in *Babcock* in favor of the dual status technical claimant, does not seem to have the kind of legal force necessary for *Chevron* deference. See Brief for Petitioner David Babcock at 39, *Babcock v. Kijakazi*, 142 S. Ct. 641 (2022) (No. 20-480), 2021 WL 2141945, at *39 ("This kind of scant, informal explanation does not receive deference under *Chevron* . . . [but] merely 'explain[s] how [the SSA] will apply the holding' in a court of appeals decision."). But that notice was not the subject of review in *Babcock*. Babcock sought review of a partial denial of his benefits claim, and that agency decision reducing his benefits most assuredly had legal effect.

¹⁰⁵ 533 U.S. 218, 221 (2001) ("[A] tariff classification has no claim to judicial deference under *Chevron*.").

¹⁰⁶ See *Babcock v. Comm'r of Soc. Sec.*, 959 F.3d 210, 214 (6th Cir. 2020).

¹⁰⁷ 323 U.S. 134, 140 (1944) ("The weight of such judgment in a particular case will depend upon the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors which give it the power to persuade, if lacking the power to control."); Oral Argument, *supra* note 93.

¹⁰⁸ 142 S. Ct. 641 (2022).

¹⁰⁹ Brief for Petitioner David Babcock at 38-39, *Babcock*, 142 S. Ct. 641 (No. 20-480), 2021 WL 2141945, at *38-39 ("This notice merely explain[s] how [the SSA] will apply the holding . . . [i]t does "not have the force and effect of the law or regulations." (internal quotations omitted)).

in favor of veterans;¹¹⁰ the Court's opinion made no mention of that canon. Nor can one infer that the parties (and derivatively the Court) were implicitly treating the case under *Chevron's* "step one," in which one ends the inquiry if the meaning of the statute is clear.¹¹¹ Both sides at oral argument insisted simply that they were advancing the *best* interpretation of the statute, not a *clear* meaning of the statute. When Chief Justice Roberts suggested something like the government's interpretation, former Solicitor General Neal Katyal, arguing on behalf of Babcock, responded simply: "I agree that's one way to read it. I just don't think it's the best way."¹¹² The government, for its part, countered by claiming "that there are a lot of textual clues in the statute and in related statutes that indicate that our reading is the better one."¹¹³ The Court's opinion took the same tack, insisting that the statute is "most naturally read"¹¹⁴ to support the government's position. None of this language stems from the *Chevron* framework, which generally looks for something considerably more than the "best" or "most natural" meaning of a statute to end the inquiry at step one. Justice Gorsuch, the lone dissenter in *Babcock*, found Babcock's interpretation "compelling,"¹¹⁵ which is a term much more in keeping with *Chevron* step one language, but Justice Gorsuch is a long-time critic of *Chevron*; it is unlikely that he was subtly reaching out to employ it. For all practical purposes, this case proceeded in the Supreme Court as though the *Chevron* doctrine, which the Sixth Circuit found decisive, does not exist.

My guess is that very few people remember or know about *Babcock v. Kijakazi*. That is not true of two other cases decided the same day: *Biden v. Missouri*¹¹⁶ and *National Federation of Independent Business v. Department of Labor, OSHA*.¹¹⁷

Biden v. Missouri involved a rule promulgated by the Secretary of Health and Human Services ("HHS") requiring near-universal COVID-19 vaccination of employees at facilities that receive Medicare or Medicaid funding.¹¹⁸ A coalition of States sued in two different courts, both of which granted injunctions against

¹¹⁰ See *id.* at 27-28; Reply Brief for Petitioner David Babcock at 14-15, *Babcock*, 142 S. Ct. 641 (No. 20-480), 2021 WL 4135016 at *14-15 (rebutting respondent's attempt to distinguish veterans' "nominally 'civilian' work").

¹¹¹ For discussion of the ambiguities surrounding that step, see LAWSON, *supra* note 21, at 698-727, and MERRILL, *supra* note 6, at 101-12.

¹¹² Transcript of Oral Argument at 14, *Babcock*, 142 S. Ct. 641 (No. 20-480), 2021 WL 6051139, at *14.

¹¹³ *Id.* at 53.

¹¹⁴ *Babcock*, 142 S. Ct. at 645.

¹¹⁵ *Id.* at 85 (Gorsuch, J., dissenting).

¹¹⁶ 142 S. Ct. 647 (2022).

¹¹⁷ 142 S. Ct. 661 (2022).

¹¹⁸ See *Biden v. Missouri*, 595 U.S. at 98; Medicare and Medicaid Programs; Omnibus COVID-19 Health Care Staff Vaccination, 86 Fed. Reg. 61555 (Nov. 5, 2021) (to be codified at 42 C.F.R. pts. 416, 418, 441, 460, 482, 483, 484, 485, 486, 491, 494).

the vaccine mandate.¹¹⁹ Motions to stay the injunctions were denied in both cases,¹²⁰ but a 5-4 Supreme Court ordered the injunctions stayed.¹²¹ The Court found that the vaccine mandate for workers in Medicare and Medicaid facilities was authorized by a statute providing that the Secretary of HHS can impose conditions on funding recipients that “the Secretary finds necessary in the interest of the health and safety of individuals who are furnished services.”¹²² At a first look, that cited statute certainly seems broad enough to easily sustain a vaccine mandate for health-care workers—and much more besides. But sometimes just one look is not all it took.

The provision relied upon by the Court is part of the definition of a “hospital” for Medicare purposes. The statute defines a hospital as a facility that offers certain services,¹²³ maintains certain records and policies,¹²⁴ and “meets such other requirements as the Secretary finds necessary in the interest of the health and safety of individuals who are furnished services in the institution.”¹²⁵ If one applied the same kind of context-sensitive interpretation employed by the Court in *Alabama Association of Realtors* to invalidate the CDC’s eviction moratorium, it is hard to see how one could find this residual housekeeping definitional provision to be a font of substantive authority to regulate medical or personnel practices.¹²⁶ That kind of authority makes no sense in the company of the eight criteria for being a “hospital” that precedes the residual clause. Indeed, this was not the provision primarily relied upon by the government,¹²⁷ which

¹¹⁹ See *Missouri v. Biden*, 571 F. Supp. 3d 1079, 1085 (E.D. Mo. 2021) (“[T]he States of Missouri, Nebraska, Arkansas, Kansas, Iowa, Wyoming, Alaska, South Dakota, North Dakota, and New Hampshire . . . filed a Complaint challenging the mandate.”); *Louisiana v. Becerra*, 571 F. Supp. 3d 516, 525 n.1 (W.D. La. 2021) (“Plaintiff States consist of Louisiana, Montana, Arizona, Alabama, Georgia, Idaho, Indiana, Mississippi, Oklahoma, South Carolina, Utah, West Virginia, Kentucky, and Ohio.”).

¹²⁰ Order of Dec. 13, 2021, *Missouri v. Biden*, No. 21-3725 (8th Cir. Dec. 13, 2021), https://www.supremecourt.gov/DocketPDF/21/21A240/205449/20211216174132311_21A__%20Biden%20v.%20Missouri%20-CMS%20Mandate%20-%20Appendix%20to%20Govt%20Stay%20Application.pdf [<https://perma.cc/KHX5-YYUN>] (denying motion for stay); *Louisiana v. Becerra*, 20 F.4th 260 (5th Cir. 2021) (denying motion for stay of injunction within fourteen plaintiff states).

¹²¹ *Biden v. Missouri*, 142 S. Ct. at 650, 655, 658-59.

¹²² *Id.* at 652 (quoting 42 U.S.C. § 1395x(e)(9)).

¹²³ See 42 U.S.C. § 1395x(e)(1), (4), (5).

¹²⁴ See 42 U.S.C. § 1395x(e)(2), (3), (6)-(8).

¹²⁵ 42 U.S.C. § 1395x(e)(9).

¹²⁶ See *Biden v. Missouri*, 142 S. Ct. at 656 (Thomas, J., dissenting) (“The Government has not made a strong showing that this hodgepodge of provisions authorizes a nationwide vaccine mandate. We presume that Congress does not hide ‘fundamental details of a regulatory scheme in vague or ancillary provisions.’” (citations omitted)).

¹²⁷ See *id.* at 655-56 (“The Government begins by invoking two statutory provisions that generally grant CMS authority to promulgate rules to implement Medicare and Medicaid. The first authorizes CMS to ‘publish such rules and regulations . . . as may be necessary to the efficient administration of the [agency’s] functions.’ The second authorizes CMS to ‘prescribe

instead invoked general rulemaking provisions similar to those invoked by the PTO in *Cuozzo Speed Technologies*. The government’s lead argument was that “Congress vested the Secretary with broad authority to make ‘rules and regulations . . . as may be necessary to the efficient administration of the functions with which he is charged under’ the Medicare and Medicaid programs.”¹²⁸ The definition of a “hospital” was offered simply as one “example”¹²⁹ of the Secretary’s authority. Nonetheless, the Court found the vaccination rule “fits neatly within the language”¹³⁰ of the Medicare hospital definition, and that was good enough for the majority.

If one applied the major questions doctrine as a principal tool of statutory interpretation requiring a clear statement of authority for the agency, it is hard to see how one would reach the Court’s result. Surely a definitional provision at the end of a list of technical qualifications for being a “hospital” would not be a clear statement granting the agency authority to mandate vaccinations for ten million people. On the other hand, if one was applying the conventional *Chevron* doctrine with no garnishes, the broad language of the Medicare statute and the various other provisions relied on by the government would make it hard to say that the statutes *clearly* do not give the agency authority, even if one thinks that the best reading does not grant that power. And if one reached step two of *Chevron*, the practical and policy concerns raised by the majority¹³¹ would make it unlikely that this would be among the rare cases when an agency interpretation of an ambiguous provision is unreasonable—or at least is unreasonable without also being arbitrary or capricious and therefore invalid for that reason alone.¹³² Accordingly, this appeared to be a fine case in which to test the vitality of

such regulations as may be necessary to carry out the administration of the insurance programs” under the Medicare Act.” (citations omitted”)); Application for a Stay of the Injunction Issued by the United States District Court for the Eastern District of Missouri Pending Appeal to the United States Court of Appeals for the Eighth Circuit and Further Proceedings in This Court at 19, *Biden v. Missouri*, 595 U.S. 87 (No. 21A240), 2021 WL 8939370, at *19.

¹²⁸ Application for a Stay, *supra* note 127, at 19.

¹²⁹ *Id.*

¹³⁰ *Biden v. Missouri*, 142 S. Ct. at 652 (“After all, ensuring that providers take steps to avoid transmitting a dangerous virus to their patients is consistent with the fundamental principle of the medical profession: first, do no harm. It would be the ‘very opposite of efficient and effective administration for a facility that is supposed to make people well to make them sick with COVID-19.’” (citations omitted)).

¹³¹ The Court was concerned that denying the agency power in this instance would call into question numerous other exercises of power that no parties seemed to question. *See id.* at 652 (noting other rules governing hospital admission timelines, organ transplants, and programs for infectious disease control).

¹³² The States indeed argued quite vigorously that the rule was arbitrary or capricious. *See, e.g.*, Brief of Appellees at 32, *Biden v. Missouri*, 142 S. Ct. 647 (No. 21-3725), 2022 WL 727254, at *32-33; *see* 5 U.S.C. § 706(2)(A) (requiring reviewing courts to set aside arbitrary or capricious agency actions). The Court readily rejected that argument. *See Biden v. Missouri*, 142 S. Ct. at 653-54 (“[T]he interim rule is not arbitrary and capricious.”).

Chevron and the place of the major questions doctrine in the *Chevron* framework.

As it happened, nothing in either the majority opinion or the dissent mentions *Chevron* or any other deference doctrine. *Chevron* was not (as far as I can tell) cited by any of the parties in their briefs to the Court. Instead, argument focused on the plain meaning of a variety of statutory provisions, of which the Medicare hospital definition was only one, and the applicability of canons of construction, including in that list the major questions doctrine. Justice Thomas invoked the major questions doctrine at the very end of his dissenting opinion, introduced by “[f]inally,”¹³³ and the majority did not mention it at all. For all practical purposes, it was as though neither *Chevron* nor the major questions doctrine existed.

At least half of that state of affairs changed in the final case decided on January 13, 2022. *NFIB v. Department of Labor, OSHA*¹³⁴ was all about the major questions doctrine.

Biden v. Missouri, one should recall, involved a vaccine mandate imposed on roughly ten million health care workers. *NFIB* involved a vaccine mandate (or, more precisely, a vaccine-or-masking-plus-testing) mandate imposed by the Occupational Safety and Health Administration (“OSHA”) on workplaces with one hundred or more employees, which swept in more than eighty million workers in every job from meat packer to landscaper.¹³⁵ The agency imposed this mandate under its authority (and, indeed, statutory obligation) to promulgate “occupational safety and health standard[s],”¹³⁶ which the statute defines as “standard[s] which require[] conditions, or the adoption or use of one or more practices, means, methods, operations, or processes, reasonably necessary or appropriate to provide safe or healthful employment and places of employment.”¹³⁷ Ordinarily, promulgation of such standards must follow an elaborate notice-and-comment process.¹³⁸ But under certain circumstances, the Secretary of Labor, acting through OSHA, must promulgate a standard without such a process:

The Secretary shall provide . . . for an emergency temporary standard to take immediate effect upon publication in the Federal Register if he determines (A) that employees are exposed to grave danger from exposure to substances or agents determined to be toxic or physically harmful or from

¹³³ *Biden v. Missouri* at 658 (Thomas, J., dissenting) (chiding majority opinion for not following precedent).

¹³⁴ 142 S. Ct. 661 (2022).

¹³⁵ See COVID-19 Vaccination and Testing; Emergency Temporary Standard, 86 Fed. Reg. 61402 (Nov. 5, 2021) (to be codified at 29 C.F.R. pts. 1910, 1915, 1917, 1918, 1926, 1928).

¹³⁶ 29 U.S.C. § 652(8).

¹³⁷ *Id.*

¹³⁸ See 29 U.S.C. § 655(b).

new hazards, and (B) that such emergency standard is necessary to protect employees from such danger.¹³⁹

OSHA determined, using this provision for authorization of an emergency temporary standard (“ETS”), that COVID-19 posed a grave workplace risk and that the most effective way to reduce that risk was to achieve near-universal vaccination (allowing some exceptions for medical or religious reasons).¹⁴⁰

Numerous parties challenged the ETS in courts across the country. One of those courts—the Fifth Circuit—entered a stay against the order, finding it “obvious”¹⁴¹ that the ETS exceeded the agency’s authority. Most of the Fifth Circuit’s analysis argued that the ETS did not meet the specific terms of section 655(c) (“grave danger,” “necessary,” “new hazards”).¹⁴² Some of the analysis really amounted to a claim that the ETS was arbitrary or capricious because it was simultaneously wildly overinclusive and underinclusive.¹⁴³ The court had constitutional concerns as well about whether the ETS exceeded the federal government’s authority under the Commerce Clause.¹⁴⁴ And near the end of its opinion, reinforced by a concurring opinion,¹⁴⁵ the court briefly raised the major questions doctrine as an extra reason in support of the main reasons for the decision:

[T]he major questions doctrine *confirms* that the Mandate exceeds the bounds of OSHA’s statutory authority. Congress must “speak clearly if it wishes to assign to an agency decisions of vast economic and political significance.” . . . The Mandate derives its authority from an old statute employed in a novel manner . . . There is no clear expression of congressional intent in § 655(c) to convey OSHA such broad authority, and this court will not infer one.¹⁴⁶

The Fifth Circuit opinion did not mention *Chevron*.

The numerous cases across the country were consolidated in the Sixth Circuit, which declined, by an eight-to-eight vote, a request to hear the case initially en

¹³⁹ 29 U.S.C. § 655(c)(1).

¹⁴⁰ See Covid-19 Vaccination and Testing: Emergency Temporary Standard, 86 Fed. Reg. at 61407, 61417, 61447 (Nov. 5, 2021) (“The large numbers of infected employees suggest that SARS-CoV-2 is likely to be present in a wide variety of workplaces, placing unvaccinated workers at risk of serious and potentially fatal health effects.”).

¹⁴¹ *BST Holdings, LLC v. OSHA*, 17 F.4th 604, 611 (5th Cir. 2021).

¹⁴² See *id.* at 613-15.

¹⁴³ See *id.* at 611-12, 616. It was allegedly underinclusive because it did not protect employees in workplaces with fewer than one hundred employees from this “grave danger.” It was allegedly overinclusive because it did not focus on specific workplaces where risks posed by unvaccinated workers were significant. *Id.* The Fifth Circuit did not frame this discussion of inadequate tailoring in terms of arbitrary or capricious review. Instead, it got folded into the court’s statutory analysis.

¹⁴⁴ See *id.* at 617 (“A person’s choice to remain unvaccinated and forgo regular testing is noneconomic inactivity.”).

¹⁴⁵ See *id.* at 619 (Duncan, J., concurring).

¹⁴⁶ *Id.* at 617-18 (emphasis added) (copious citations omitted).

banc¹⁴⁷ and then dissolved the stay.¹⁴⁸ The panel hearing the case concluded (over Judge Joan Larsen’s dissent)¹⁴⁹ that regulating infectious diseases in the workplace was well within OSHA’s authority.¹⁵⁰ It had a whole section on the “Major Questions Doctrine,”¹⁵¹ which it described as a “seldom-used . . . exception to *Chevron* deference” that is “hardly a model of clarity” and whose “precise contours . . . remain undefined.”¹⁵² With that preface, it is hardly surprising that the court found the doctrine inapplicable “because OSHA’s issuance of the ETS is not an enormous expansion of its regulatory authority”¹⁵³ and “[a]ny doubt as to OSHA’s authority is assuaged by the language of the OSH Act,”¹⁵⁴ which “unambiguously grants OSHA authority for the ETS.”¹⁵⁵

Beyond the description of the major questions doctrine as an “exception” to *Chevron*, there was no other mention of *Chevron* in the majority opinion, though *Chevron* did warrant a passing mention in a concurrence for the proposition that judges should not second-guess the policy decisions of agencies.¹⁵⁶

These decisions teed up for the Supreme Court what looked like a profound set of questions about *Chevron* and the major questions doctrine. Is the major questions doctrine (or, rather, its absence) a step-zero precondition for *Chevron* deference? Is it one piece of a *Chevron* step one inquiry into the clarity of the grant of authority to the agency, operating alongside other tools of interpretation? Or is it something outside the *Chevron* framework entirely, functioning as a quasiconstitutional norm that enforces subdelegation values through the back door, so that invocation of the major questions doctrine not only takes *Chevron* off the table but *inverts* it to require clear affirmative authorization for agency action?

The stakes for this issue are high. *Chevron* effectively operates as a presumption in favor of the agency’s position; you can only defeat the agency if the statute is “clear” or the agency’s interpretation of an ambiguity is “unreasonable.” The first account of the major questions doctrine can remove that presumption, leaving the agency and challenging parties on an equal footing, with the agency’s only advantage being the modest deference accorded

¹⁴⁷ See *In re MCP No. 165*, 20 F.4th 264, 266-67 (6th Cir. 2021).

¹⁴⁸ See *In re MCP No. 165*, 21 F.4th 357, 387 (6th Cir. 2021).

¹⁴⁹ See *id.* at 389 (Larsen, J., dissenting).

¹⁵⁰ See *id.* at 369-72 (“Longstanding precedent addressing the plain language of the Act, OSHA’s interpretations of the statute, and examples of direct Congressional authorization following the enactment of the OSH Act all show that OSHA’s authority includes protection against infectious diseases that present a significant risk in the workplace, without regard to exposure to that same hazard in some form outside the workplace.”).

¹⁵¹ *Id.* at 372-74.

¹⁵² *Id.* at 372.

¹⁵³ *Id.*

¹⁵⁴ *Id.* at 373.

¹⁵⁵ *Id.*

¹⁵⁶ See *id.* at 388 (Gibbons, J., concurring) (suggesting deference to agency out of respect for “legitimate policy choices”).

under *Skidmore*. The second account leaves the *Chevron* framework intact but adds another tool to the interpretative kit that improves the odds of finding the agency action unauthorized. The third account operates as a substantive canon of interpretation that *supplants Chevron* with something that is its virtual mirror opposite: instead of parties needing to show that the agency was clearly and unambiguously *wrong*, the agency deciding a major question needs to show that it is clearly and unambiguously *right* in its claim of authority. There is, in other words, not just an across-the-board presumption against interpretative deference to agencies on major questions but a substantive presumption that agencies have no power to resolve major questions—period.

The arguments before the Supreme Court on the emergency stay application filed by challengers of the ETS focused on how to understand the major questions doctrine. Interestingly, those arguments *did not* focus on how to relate that doctrine to *Chevron*—because *Chevron* was a near-complete nonplayer in the arguments. By my reckoning, only one brief—an amicus brief filed by former OSHA administrators in defense of the ETS—even mentioned *Chevron*.¹⁵⁷ But plenty of briefs talked about the major questions doctrine, and they disagreed vehemently about what the doctrine actually means.

The lead argument for the stay applicants themselves was that “[t]he major-questions doctrine bars OSHA’s attempt to ‘discover in a long-extant statute an unheralded power to regulate a significant portion of the American economy.’”¹⁵⁸ The heading of their main argument set out precisely what they were claiming the major questions doctrine to require: “Under the major-questions doctrine, Congress did not *clearly authorize* OSHA to commandeer businesses into implementing a COVID-19 vaccine, testing, and tracking

¹⁵⁷ See Motion of Former OSHA Administrators Charles Jeffress, David Michaels, and Gerard Scannell for Leave to File Attached Amicus Brief in Opposition to Emergency Applications for a Stay or Injunction Pending Certiorari Review; for Leave to File Without 10 Days’ Notice; and for Leave to File in Paper Format at 11-12, *In re MCP* No. 165, 142 S. Ct. 661 (2022) (Nos. 21A243, 21A244, 21A245, 21A246, 21A247, 21A248, 21A249, 21A250, 21A251, 21A252, 21A258, 21A259, 21A260), 2021 WL 8945190, at *11-12

Even if the statute’s clear language did not unambiguously cover agents such as viruses that cause physically harmful diseases (which, as explained above, it does), OSHA’s reading should nonetheless be upheld because it represents a “permissible construction of the statute.” *Valent v. Comm’r of Soc. Sec.*, 918 F.3d 516, 520 (6th Cir. 2019) (quoting *Chevron U.S.A. Inc. v. NRDC*, 467 U.S. 837, 843 (1984)). . . . The agency’s reading easily passes muster under *Chevron*, as the reading is firmly grounded in the statute’s language and its expressly manifested purpose of fostering healthful workplaces and protecting workers against exposure to illness and disease in their working environments. See 29 U.S.C. § 651. OSHA’s “natural” reading falls “well within the bounds of reasonable interpretation,” and is “entitled to deference under *Chevron*.”

Id.

¹⁵⁸ Emergency Application of Twenty-Six Business Associations for Immediate Stay of Agency Action Pending Disposition of Petition for Review at 2, *NFIB v. OSHA*, No. 21A244, 2021 WL 8945188, at *2 (quoting *Util. Air Regul. Grp. v. EPA*, 573 U.S. 302, 324 (2014)).

mandate covering 84 million Americans.”¹⁵⁹ That is a straightforward claim that, when major questions are involved, the proper inquiry is something of a reverse-*Chevron* analysis: Do the relevant statutes *clearly and unambiguously* give the agency the extraordinary power that it claims? Indeed, the applicants referred to Judge Jeffrey Sutton’s similar claims in his denial from initial en banc rehearing in the Sixth Circuit: “Congress did not ‘clearly’ grant the Secretary of Labor authority to impose this vaccinate-or-test mandate.”¹⁶⁰ “[I]t is by no means *clear* that this authority extends to all hazards that might affect employees at some point during the 16 hours of each weekday and the 48 hours of each weekend when they are not at work”¹⁶¹ “The Act does not *clearly* give the Secretary power to regulate all health risks and all new health hazards”¹⁶² “A clear-statement rule applies to this wide-ranging and unprecedented assertion of administrative power, and the Secretary of Labor has failed to show that Congress *clearly* delegated this authority to him.”¹⁶³ And while the applicants did not discuss how their understanding of the major questions doctrine interacted with *Chevron*, Judge Sutton did so at length:

The Secretary insists that any ambiguity in the statute favors him, not the challengers. He claims that uncertainty about the meaning of the statute allows him to construe the statute to exercise more power, not less. Resp. Mot. to Dissolve Stay at 17 But ambiguity for *Chevron* purposes comes at the end of the interpretation process, not at the beginning. *Id.* at 843 n.9. The clear-statement canons eliminate any power-enhancing uncertainty in the meaning of the statute.¹⁶⁴

It is unclear whether Judge Sutton means that the major questions doctrine is a canon of construction, akin to the federalism canon, which makes it harder for the government to show ambiguity in statutes, or whether agencies simply have no power over major questions absent express authorizations, which essentially functions as a reverse-*Chevron* doctrine that presumptively finds a clear meaning of absence of power unless something in the statute expressly overcomes that presumption. The applicants seemed to favor the latter reading, which they repeated in their reply brief.¹⁶⁵ Similar readings were advanced by

¹⁵⁹ *Id.* at 16 (emphasis added).

¹⁶⁰ *In re MCP No. 165*, 20 F.4th 264, 268 (6th Cir. 2021) (Sutton, C.J., dissenting from denial of initial hearing en banc).

¹⁶¹ *Id.* (emphasis added).

¹⁶² *Id.* (emphasis added).

¹⁶³ *Id.* at 272 (emphasis added).

¹⁶⁴ *Id.* at 280 (citations omitted).

¹⁶⁵ See Reply of Twenty-Six Business Associations in Support of Immediate Stay of Agency Action Pending Disposition of Petition for Review at 8-9, *NFIB v. OSHA*, 142 S. Ct. 661 (2022) (No. 21A244), 2022 WL 2288305, at *8-9 (“The Government gets the major-questions-doctrine analysis backwards—repeatedly asserting that ‘nothing in the OSH Act *disables* the agency from employing the most effective control measure to protect workers from a grave danger.’ Respondents’ position stands the major-questions doctrine on its head.”)

State applicants¹⁶⁶ and an amicus brief on behalf of 183 Members of Congress.¹⁶⁷

The government, for its part, studiously avoided any mention of *Chevron*. It insisted that the statute was so clear that there was no ambiguity, no need for canons of construction, and no room for invocation of a major questions doctrine:

[I]n the decisions applicants cite, this Court relied on the economic and political significance of agency action to help resolve statutory ambiguities in a way that would avoid conflicts with other statutory provisions. Here, in contrast, the OSH Act unambiguously grants OSHA the authority to promulgate emergency temporary standards without any exception for standards that might have large economic or political significance, and the issuance of the ETS does not conflict with any other statutory provision.¹⁶⁸

More specifically, the government insisted that the applicants “have fundamentally misunderstood what they call the ‘major questions doctrine,’”¹⁶⁹ which the government claimed is merely a tool for resolving ambiguities in statutes, especially when an interpretation seems to conflict with more specific provisions.¹⁷⁰ The doctrine is never used, said the government, to counter an otherwise clear statutory text.¹⁷¹

Thus, as framed by the parties and their amici, one of the key issues for the Supreme Court was the scope and meaning of the major questions doctrine. Is it a tool used on occasion to help resolve ambiguities, presumably as part of an inquiry under *Chevron* step one? Or is it a stand-alone principle of statutory interpretation that, where applicable, effectively replaces the *Chevron* presumption with an opposite presumption of no agency power, requiring a

To grant vast regulatory power, Congress must affirmatively ‘speak with the requisite clarity to place that intent beyond dispute.’” (citations omitted)).

¹⁶⁶ See State Applicants’ Reply in Support of Emergency Application for an Administrative Stay and Stay of Administrative Action, and Alternative Petition for Writ of Certiorari Before Judgment at 19, *NFIB v. OSHA*, 142 S. Ct. 661 (Nos. 21A244, 21A247), 2022 WL 2288314, at *19 (“Congress stopped well short of *clearly* empowering OSHA to issue the Vaccine Mandate.”).

¹⁶⁷ See Motion for Leave to File and Brief of Members of Congress as Amici Curiae in Support of Applicants at 13, *NFIB v. OSHA*, 142 S. Ct. 661 (Nos. 21A244, 21A247), 2022 WL 2288311, at *13 (“Under the major questions doctrine, a congressional authorization to mandate vaccines would have to be clear.”).

¹⁶⁸ Response in Opposition to the Applications for a Stay at 5-6, *NFIB v. OSHA*, 142 S. Ct. 661 (Nos. 21A243, 21A244, 21A245, 21A246, 21A247, 21A248, 21A249, 21A250, 21A251, 21A252, 21A258, 21A259, 21A260, 21A267), 2021 WL 8945197, at *5-6; see also *id.* at 55 (“Congress *did* speak clearly by authorizing OSHA to issue an emergency temporary standard whenever it makes the requisite determinations . . .”).

¹⁶⁹ *Id.* at 59.

¹⁷⁰ See *id.* at 59-60 (asserting there are no ambiguities in OSHA’s regulatory mandate).

¹⁷¹ See *id.* at 60 (“In no case, however, has the Court suggested that courts should disregard the statute’s plain text simply because it authorizes agency actions that might have vast economic or political significance.”).

crystal clear statement of authorization for an agency to address major questions?

These questions played a prominent role in the oral argument in *NFIB*. Justice Gorsuch struck first, asking counsel for the NFIB: “First, the government says that the major questions doctrine and the federalism canon, for example, don’t imply [sic] to this Court’s consideration of this case or any other unless the statute before us is first found to be ambiguous. What’s your understanding?”¹⁷² Justice Gorsuch clearly understood the stakes. After a bit of a false start, counsel responded: “I disagree in that the major questions doctrine is also [a] doctrine that would avoid non-delegation concerns. So even if there were a clear statutory term, non-delegation concerns and how to interpret that statute would factor in.”¹⁷³ And the game was afoot.

Justice Kavanaugh followed up shortly thereafter by somewhat mischaracterizing the NFIB’s argument: “You’re relying on the major questions canon in saying that when an agency wants to issue a major rule that resolves a major question, it can’t rely on statutory language that is cryptic, vague, oblique, ambiguous.”¹⁷⁴ That is one possible characterization of the major questions doctrine. It is not the characterization advanced by NFIB in its filings or in its answer to Justice Gorsuch, which posited a much stronger doctrine that would not allow even seemingly straightforward statutory language to grant agencies extraordinary authority absent something very specific in the statute. After a short colloquy regarding how one determines when a question is major,¹⁷⁵ Justice Kavanaugh returned to the main point: “Suppose the statutory language is general, broad, but doesn’t speak specifically to the issue in question, but it is general and broad language. . . . [H]ow would you suggest we sort out that kind of question?”¹⁷⁶ Counsel’s answer was vague and unhelpful: “You look at the plain text. From *Brown & Williamson*, we know you’d also look at the statutory context, and I also think the statutory context here is incredibly important.”¹⁷⁷ There was no mention of filtering that language through a strong presumption against agency power.

When counsel for the State applicants was up, Justice Gorsuch raised the same issue as before: “The Solicitor General says that the major questions issue only comes into play when a statute’s ambiguous, and I’d like to give you an opportunity to explain your view.”¹⁷⁸ Counsel took that opportunity and ran with it:

¹⁷² Transcript of Oral Argument at 20-21, *NFIB v. OSHA*, 142 S. Ct. 661 (Nos. 21A244, 21A247), 2022 WL 193585, at *20-21.

¹⁷³ *Id.* at 22.

¹⁷⁴ *Id.* at 34.

¹⁷⁵ *See id.* at 34-36 (discussing economics, persons affected, scope, previous actions, and politics as considerations for whether question is major).

¹⁷⁶ *Id.* at 36.

¹⁷⁷ *Id.*

¹⁷⁸ *Id.* at 69.

I think you can view the major – the major question doctrine, the phrase is sometimes used in different contexts, and sometimes it is used as kind of an ambiguity clarifier, an elephants in mouse holes point.

But another way to look at it is something of a constitutional doubt canon where we recognize that although our non-delegation doctrine is not especially robust today, there are limits on the amount of authority that Congress [can] give away.

And with respect to these major questions that are going to affect people from coast to coast and cost, you know, millions and millions of dollars and potentially many jobs and potentially infect – affect public health, we would expect Congress – we would demand Congress to at least speak clearly before we will say an agency can exercise that power and therefore before we're into the non-delegation issue.¹⁷⁹

On this view, the major questions doctrine is a powerful tool of statutory interpretation that creates something of an antideference presumption, not just one among many interpretative principles to employ at step one of *Chevron*.

Justice (and, more importantly, former Administrative Law professor) Elena Kagan understood the issues exactly. She tried to get the Solicitor General involved in the action:

General, I'd like to ask [the] government's views of the major questions doctrine that a number of my colleagues have asked about.

And as [I] see it, there are sort of two ways that such a doctrine could operate. One is with respect to ambiguous statutes, ambiguous either because they're vague or because there are statutes that seem to have conflicting provisions, you know, where they point both ways, and then the major questions doctrine is an aid to interpretation of that statute. It's essentially a kind of clue about how you should interpret a very difficult-to-understand statute.

And the second way is there's really nothing difficult to understand about this. The agency action falls within the scope of the statutory authority. There's just no question that it does. And yet, because the agency action is kind of a big deal, we're just going to ignore the fact that it falls clearly within the scope of the delegated authority and say that, notwithstanding that that's true, Congress has to re-up it.

So I think I'd like you to talk about those two versions of the major questions doctrine with respect to this rule. You know, does – what do you think of those two versions, and which of the versions potentially applies here?¹⁸⁰

¹⁷⁹ *Id.* at 69-70.

¹⁸⁰ *Id.* at 114-15.

This was exactly the right question to ask and exactly the right way to ask it. And the Solicitor General gave, from the government's standpoint, exactly the right answer:

I think that perfectly encapsulates the two versions. And we think that this Court's precedents clearly demonstrate that it's the first version that you articulated is the way that the Court has previously considered economic and political consequences.

So it's never been the case that the Court has started at the outset by saying does this seem like a big deal, does this agency action have a lot of consequences, and then used that as a basis to depart from the plain language of the statute or to say Congress has to specifically authorize it; we're not going to give the statutory text its—its ordinary meaning.

Instead, in the cases where the Court has looked at those kinds of consequences, it has always identified a conflict with other express statutory language, a conflict with other statutes that Congress has enacted that directly addressed the issue at question, or a conflict with the entire structure of the statute such that it would be unrecognizable to the Congress that enacted it.

And it's only been in those situations where the Court has identified a textual and structural problem with the agency's interpretation in the beginning, using those traditional tools of statutory construction, that the Court has then gone on to say that its interpretation of the statute is confirmed by the economic and political consequences that would ensue.¹⁸¹

And with that, the stage was set for the Court to decide some important matters about the major questions doctrine. Is it a stand-alone interpretative principle? Is it a substantive canon capable of generating ambiguity in the face of seeming clarity or a semantic canon that requires a preliminary finding of ambiguity for application?¹⁸² Or is it something even stronger than that? If it is part of the *Chevron* framework, in what part of the framework does it fit? The Court had everything that it needed to face these questions.

To what I hope by this point is no one's surprise, the Court addressed none of these questions in holding that the agency action was unauthorized by statute. The Court did introduce its discussion by noting that the agency action at issue

¹⁸¹ *Id.* at 115-16; *see also id.* at 125 (“So there's never been a case where the Court has just confronted broad language and said, oh, it seems cryptic or oblique and so it's a major question and we're not going to give it its plain meaning. In all of those cases, there was a—a—a textual and structural reason for the Court to conclude that there was something wrong with the agency's claimed authority.”).

¹⁸² On the distinction between semantic and substantive canons, see LAWSON, *supra* note 21, at 50-53. *See generally* Amy Coney Barrett, *Substantive Canons and Faithful Agency*, 90 B.U. L. REV. 109 (2010) (proposing courts use substantive canon to interpret federal statutes); Lisa Heinzerling, *The Power Canons*, 58 WM. & MARY L. REV. 1933 (2017) (promoting courts adhere to language of federal statutes unless ambiguous to align legislative intentions and judicial outcomes).

was “no ‘everyday exercise of federal power.’ . . . It is instead a significant encroachment into the lives—and health—of a vast number of employees.”¹⁸³ In other words, it was a major question for which one “expect[s] Congress to speak clearly when authorizing an agency to exercise powers of vast economic and political significance.”¹⁸⁴ As a result, “[t]he question, then, is whether the Act *plainly* authorizes the Secretary’s mandate. It does not.”¹⁸⁵ Was that a wholesale adoption of the strong, stand-alone version of the major questions doctrine urged by the applicants?

Conceivably. But if that was really what was going on, one might have expected a more explicit declaration to that effect. The rest of the Court’s discussion was garden-variety statutory interpretation that could have been undertaken at *Chevron* step one with no canons of construction needed or involved. After all, every statutory provision relied upon by OSHA was part of a statute regulating *workplace* hazards. COVID-19, like the flu and the common cold, might well be a hazard that one could encounter in a workplace. There might even be some specific workplaces where the conditions of employment elevate that hazard beyond its baseline, nonworkplace level. But it is not a hazard that distinctively *results from* a workplace, such as the risk of a mine collapse, poor ventilation in an office building, or exposure to toxic chemicals at a construction site. As the Court argued:

Although COVID–19 is a risk that occurs in many workplaces, it is not an *occupational* hazard in most. COVID–19 can and does spread at home, in schools, during sporting events, and everywhere else that people gather. That kind of universal risk is no different from the day-to-day dangers that all face from crime, air pollution, or any number of communicable diseases. Permitting OSHA to regulate the hazards of daily life—simply because most Americans have jobs and face those same risks while on the clock—would significantly expand OSHA’s regulatory authority without clear congressional authorization.¹⁸⁶

It is not obvious that the concluding phrase “without clear congressional authorization” is doing much work. The Court’s decision seems like a straightforward interpretation of statutory language in context. One can disagree with the interpretation, as did the dissent,¹⁸⁷ but that disagreement would be the same whether or not one thinks any presumptions lurk in the background—as the Court’s concluding remarks indicate: “Although Congress has indisputably

¹⁸³ NFIB v. OSHA, 142 S. Ct. at 665 (quoting *In re MCP* No. 165, 20 F.4th 264, 272 (6th Cir. 2021) (Sutton, C.J., dissenting from denial of initial hearing en banc)).

¹⁸⁴ *Id.* (quoting *Ala. Ass’n of Realtors v. U.S. Dep’t of Health & Hum. Servs.*, 141 S. Ct. 2485, 2489 (2021)).

¹⁸⁵ *Id.* (emphasis added).

¹⁸⁶ *Id.*

¹⁸⁷ *Id.* at 673 (Breyer, J., dissenting) (arguing OSHA’s vaccination, masking, and testing regulations did not expand its regulatory scope).

given OSHA the power to regulate occupational dangers, it has not given that agency the power to regulate public health more broadly.”¹⁸⁸

While the per curiam opinion did nothing of substance to clarify the nature or reach of the major questions doctrine, three Justices had a lot to say on the subject in a separate concurrence, authored by Justice Gorsuch and joined by Justices Thomas and Alito. Repeating some thoughts that he expressed in 2019 in *Gundy v. United States*,¹⁸⁹ Justice Gorsuch linked the major questions doctrine to the constitutional principle against subdelegation.¹⁹⁰ That linkage definitively pegs the doctrine as a stand-alone substantive canon capable of limiting authority in the face of seemingly plain language when that language is so broad and general that it would arguably raise constitutional concerns if the Court actually employed the subdelegation doctrine in a serious fashion. Indeed, Justice Gorsuch made this point expressly in the context of *NFIB*: “[I]f the statutory subsection the agency cites really *did* endow OSHA with the power it asserts, that law would likely constitute an unconstitutional delegation of legislative authority.”¹⁹¹ That is heady stuff.

Thus, as framed by Justice Gorsuch, the major questions doctrine requires, for authorization to agencies to resolve major questions of law or policy, not just boilerplate grants of authority to agencies to pursue health, safety, the public interest, or some other catch-all verbiage (which would probably be unconstitutional if actually taken seriously as attempted authorizations), but something that specifically and directly indicates Congress authorized the kind of action involved. A general authorization to promulgate standards for workplace safety, for example, does not constitute “authority to issue a vaccine mandate.”¹⁹² In sum, “If administrative agencies seek to regulate the daily lives and liberties of millions of Americans, the [major questions] doctrine says, they must at least be able to trace that power to a clear grant of authority from Congress.”¹⁹³

The dissenting Justices, by contrast, had no trouble taking broad authorizing language at face value.¹⁹⁴ And as a matter of unvarnished textualism, they have a point. The Occupational Safety and Health Act, as with many statutes in the modern administrative state, contains open-ended language that effectively gives OSHA a mandate to do what it thinks best—creating what I have elsewhere dubbed a “Goodness and Niceness Commission.”¹⁹⁵ If one has no constitutional doubts about Congress’s power to do that, there is no obvious

¹⁸⁸ *See id.* at 666.

¹⁸⁹ 139 S. Ct. 2116, 2141 (2019) (Gorsuch, J., dissenting).

¹⁹⁰ *See NFIB v. OSHA*, 142 S. Ct. at 667-69 (Gorsuch, J., concurring) (linking Congress’s requirement to “speak clearly” when delegating power to agencies to separation of powers).

¹⁹¹ *Id.* at 669 (Gorsuch, J., concurring).

¹⁹² *Id.* at 668 (Gorsuch, J., concurring).

¹⁹³ *Id.*

¹⁹⁴ *See id.* at 671-75 (Breyer, J., dissenting) (arguing text of legislation authorizing agency regulation was not ambiguous and within OSHA’s regulatory scope).

¹⁹⁵ LAWSON, *supra* note 21, at 106.

reason not to read the statutes for what they are, essentially devices to create precisely the “roving commission” feared by Justice Benjamin N. Cardozo in *A.L.A. Schechter Poultry Corp. v. United States*¹⁹⁶ and by Justice Gorsuch in *NFIB*,¹⁹⁷ and (at least partially) disavowed by the dissenters.¹⁹⁸ We will see this conflict of visions play out shortly in another case.¹⁹⁹

Missing from all of these opinions is any mention, or even any hint of a mention, of *Chevron*. Neither the per curiam opinion nor Justice Gorsuch’s concurrence explained how or whether the major questions doctrine interacted with *Chevron*, though one can infer an answer from Justice Gorsuch’s opinion. Nor did the dissenting opinion make any mention of deference to the agency’s statutory interpretation. The dissenters simply thought that the broad authorizations to the agency should be read at face value and thus provide authority under any standard of clarity. And in a sense the dissenters are right. A statute that tells an agency to go forth and do good is not ambiguous in a literal sense. Similarly, a statute that tells an agency to make people safe in their workplaces is not ambiguous in the most obvious sense. Indeed, as in *Cuozzo Speed Technologies*, agency action under those kinds of statutes does not really involve statutory interpretation as a relevant enterprise. It involves policymaking, which is normally reviewed for reasonableness under the arbitrary or capricious test rather than under doctrines designed to ferret out statutory meaning. Over a large range, these statutes do not really have meanings to ferret out, beyond identifying which bureaucrats are supposed to act as the roving commissioners and over which portions of the country they should rove.

Nonetheless, there were, at least as a matter of current doctrine, issues to be faced about *Chevron* that none of the Justices—and none of the parties—in the case wanted to face. Remember the government, which relied heavily on *Chevron* in the lower court, did not even mention *Chevron* in the Supreme Court.

It was five months before we heard from the Court again on review of agency interpretations of statutes. This time the case, *American Hospital Association v. Becerra*,²⁰⁰ did not involve what anyone on the Court regarded as a “major question,”²⁰¹ even though more than a billion dollars was at stake. But it squarely put *Chevron* on trial.

¹⁹⁶ 295 U.S. 495, 551 (1935) (Cardozo, J., concurring).

¹⁹⁷ See 142 S. Ct. at 669 (Gorsuch, J., concurring) (arguing OSHA would become roving commission under this legislation and have no meaningful constraints).

¹⁹⁸ See *id.* at 673 (Breyer, J., dissenting) (“Of course, the majority is correct that OSHA is not a roving public health regulator It has power only to protect employees from workplace hazards.” (citation omitted)). Presumably, on the dissent’s view, it does have a roving commission with respect to workplace hazards.

¹⁹⁹ See *infra* notes 296-366 and accompanying text.

²⁰⁰ 142 S. Ct. 1896 (2022).

²⁰¹ The American Hospital Association made some brief mention of elephants in mouseholes, see Brief for the Petitioners, *supra* note 54, at 39, 41, but did not aggressively argue that the case involved the major questions doctrine.

Medicare reimburses providers, such as hospitals, for medical care delivered to elderly beneficiaries. Untold billions of dollars turn on the mechanisms by which reimbursement rates are set; those mechanisms are set forth in section 1395l of Title 42. In 2003, Medicare was expanded to include prescription drug coverage.²⁰² For the first two years of the program, Congress specified relatively narrow ranges, keyed to the “reference average wholesale price for the drug,” for reimbursement rates for “outpatient” drugs prescribed by hospitals.²⁰³ For years subsequent to 2005, Congress instructed the Secretary of Health and Human Services to set reimbursement rates which:

[S]hall be equal . . .

(I) to the average acquisition cost for the drug for that year (which, at the option of the Secretary, may vary by hospital group (as defined by the Secretary based on volume of covered OPD [*i.e.*, outpatient department] services or other relevant characteristics)), as determined by the Secretary taking into account the hospital acquisition cost survey data under subparagraph (D); or

(II) if hospital acquisition cost data are not available, the average price for the drug in the year established under section 1395u(o) of this title, section 1395w-3a of this title, or section 1395w-3b of this title, as the case may be, as calculated and adjusted by the Secretary as necessary for purposes of this paragraph.²⁰⁴

Subparagraph (D) referenced in the first paragraph provides for “periodic . . . surveys to determine the hospital acquisition cost for each specified covered outpatient drug for use in setting the payment rates under subparagraph (A),”²⁰⁵ based on recommendations from the General Accounting Office²⁰⁶ and using adequate samples.²⁰⁷

Surveys proved so difficult, burdensome, and unreliable that HHS did not conduct any between 2006 and 2020.²⁰⁸ Because paragraph (I) of the drug pricing provision requires survey data, which the agency did not possess, HHS always used paragraph (II) to set outpatient drug reimbursement rates. Those rates were the same across all hospitals, regardless of the prices actually paid by those hospitals for the drugs.²⁰⁹ Those paid prices could vary depending on what

²⁰² Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Pub. L. No. 108-173, 117 Stat. 2066 (2003).

²⁰³ See 42 U.S.C. § 1395l(t)(14)(A).

²⁰⁴ 42 U.S.C. § 1395l(t)(14)(A)(iii).

²⁰⁵ 42 U.S.C. § 1395l(t)(14)(D)(ii).

²⁰⁶ See 42 U.S.C. § 1395l(t)(14)(D)(i)(II).

²⁰⁷ See 42 U.S.C. § 1395l(t)(14)(D)(iii).

²⁰⁸ *Am. Hosp. Ass’n v. Becerra*, 142 S. Ct. 1896, 1900 (2022).

²⁰⁹ See *id.* Because of some statutory tweaks to the pricing methodology, the “average price” for a drug is actually somewhere in the range of 104% to 106% of the actual reported prices. See 42 U.S.C. § 1395w-3a(c) (establishing calculation for manufacturer’s average sale price).

kinds of discounts various hospitals received on those drugs. That is especially true for certain hospitals known as “section 340B”²¹⁰ hospitals, which most notably include “federally-qualified health center[s]”²¹¹ that care for underserved populations that may not have insurance or be able to pay for treatment. By statute, drug suppliers who want to participate in Medicare must sell drugs to those section 340B facilities at a significant discount,²¹² estimated by various studies as ranging from twenty to fifty percent.²¹³ If all facilities receive the same reimbursement for the same drugs under section 1395l(t)(14)(A)(iii), those section 340B facilities receive a substantial subsidy from Medicare for the outpatient drugs they provide.

In 2017, HHS resolved to end, or at least reduce, those subsidies²¹⁴ by using a two-tier reimbursement system which for 2018 (and again for 2019) imposed a 22.5% discount on drug reimbursements to section 340B facilities, totaling an estimated \$1.6 billion per year.²¹⁵ It claimed that, under paragraph (II), it was using cost data “as calculated *and adjusted* by the Secretary as necessary for purposes of this paragraph.”²¹⁶

Some section 340B hospitals challenged the decision. After a good amount of jurisdictional wrangling not relevant here (consistently resolved in favor of the hospitals),²¹⁷ the district court found that HHS’s action for 2018 was “a patent violation of the Secretary’s § (t)(14)(A)(iii)(II) adjustment authority”²¹⁸—so patent that no discussion of *Chevron* was necessary.²¹⁹ The court said that the

²¹⁰ The “section 340B” designation comes from the Veterans Health Care Act of 1992, Pub. L. No. 12-585, § 602, 106 Stat. 4943, 4967 (1992), which added the program as section 340B of the Public Health Service Act.

²¹¹ 42 U.S.C. § 1396d(l)(2)(B).

²¹² See 42 U.S.C. § 256b (establishing limitations on prices of drugs purchased by covered entities).

²¹³ See Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs, 82 Fed. Reg. 52356, 52494 (2017) (to be codified at 42 C.F.R. pts. 414, 416, 419) (describing reports from U.S. Government Accountability Office indicating 340B discount ranges).

²¹⁴ See *id.* at 52495 (“[W]e believe it is inappropriate for Medicare to subsidize other activities through Medicare payments for separately payable drugs.”).

²¹⁵ See *id.* at 52509 (describing offsetting of estimated reduced drug payment amount). It was really a 28.5% reduction, because the 22.5% was off of average sales prices, while the regular reimbursement rate included a 6% upward adjustment to the average sales price.

²¹⁶ 42 U.S.C. § 1395l(t)(14)(A)(iii) (emphasis added).

²¹⁷ See *Am. Hosp. Ass’n v. Becerra*, 142 S. Ct. 1896, 1902-03 (2022) (outlining arguments for permissibility of judicial review of reimbursement rates).

²¹⁸ *Am. Hosp. Ass’n v. Azar*, 348 F. Supp. 3d 62, 81 (D.D.C. 2018). The district court made the same finding in 2019. See *Am. Hosp. Ass’n v. Azar*, 385 F. Supp. 3d 1, 3 (D.D.C. 2019) (“HHS’s 2019 340B reimbursement rate is unlawful, for the same reasons that the 2018 rate was unlawful.”).

²¹⁹ See *Am. Hosp. Ass’n*, 348 F. Supp. 3d at 82 n.17 (“Because the Court concludes that the Secretary’s rate reduction is unsupported by the statute’s unambiguous text, the Court need not address whether the Secretary’s statutory interpretation is entitled to deference under *Chevron* . . .”).

agency's power to "adjust[]" prices was not so broad as to allow the agency to make basic and fundamental changes to the statutory structure.²²⁰ The court determined that the reduction was too large to constitute an "adjust[ment]" and that HHS could only use acquisition costs as the basis for reimbursement when it was proceeding pursuant to paragraph (I), which requires the agency to base such determinations on survey data, which the agency concededly did not have for 2018 and 2019.²²¹

The D.C. Circuit, however, had other ideas. In a split panel decision, it found the case squarely controlled by *Chevron*:

HHS is entitled to *Chevron* deference, which it has invoked here When an agency "interpret[s] a statute it is charged with administering in a manner (and through a process) evincing an exercise of its lawmaking authority," that interpretation is entitled to *Chevron* treatment HHS established SCOD [*i.e.*, specified covered outpatient drugs] reimbursement rates for 340B hospitals through notice-and-comment rulemaking and explained why it "believe[d] that [its] proposal [was] within [its] statutory authority to promulgate." HHS's understanding of its statutory authority thus is entitled to *Chevron* deference.

Under *Chevron*, we first ask whether "Congress has directly spoken to the precise question at issue." Here, the "precise question at issue" is whether HHS's adjustment authority in subclause (II) encompasses a reduction to SCOD reimbursement rates aimed at bringing reimbursements to 340B hospitals into line with their actual costs to acquire the drugs. If the statute does not directly foreclose HHS's understanding, we defer to the agency's reasonable interpretation. We conclude that HHS's interpretation of subclause (II) is not directly foreclosed and is reasonable.²²²

Judge Cornelia Pillard, in dissent, would have resolved the case against the agency at step one because the agency's "reading impermissibly nullifies subclause (I) and the data requirements spelled out at length in subparagraph (D)."²²³

Without *Chevron*, the agency was going to have problems.²²⁴ The structure of the statute clearly contemplates that the agency is only supposed to use acquisition costs, and is only able to make distinctions among hospital groups, if it first conducts a survey of hospital acquisition costs. Absent a survey, paragraph (II) tells the agency to use average prices but contains no authorization to the agency to distinguish among hospital groups. It is true that

²²⁰ See *id.* at 82.

²²¹ See *id.* at 81-82.

²²² *Am. Hosp. Ass'n v. Azar*, 967 F.3d 818, 828 (D.C. Cir. 2020) (citations omitted).

²²³ *Id.* at 835 (Pillard, J., dissenting).

²²⁴ See Brief for the Petitioners at 46, *Am. Hosp. Ass'n v. Becerra*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4061327, at *46 ("Unsurprisingly, neither the government nor the court of appeals has defended the agency's interpretation of paragraph (14) as the best reading of the statute. They instead have fallen back on *Chevron* deference").

paragraph (II) allows the agency to “adjust[]” average prices “for purposes of this paragraph.”²²⁵ But, as the district court noted, an “adjust[ment]” that duplicates the results of paragraph (I), including a distinction among hospital groups, without conducting a paragraph (I) survey seems hard to square with the statute.²²⁶

With *Chevron*, the agency at least has a fighting chance. It needs to argue, in effect, that the “purposes of this paragraph” include trying to come up with accurate reimbursement in the absence of reliable survey data, so that an “adjusted” average price that reflects discounts serves those purposes. As a de novo matter, that is surely a losing argument. When the statute allows “adjusted” prices “for purposes of this paragraph,” it is obviously not granting HHS limitless authority to pursue abstract statutory purposes. Rather, the words “for purposes of this paragraph” mean what they actually say, which is something to the effect of “in the implementation of authority under this section,” not “in order to achieve the purposes implicit in this section.” But because the literal words can linguistically bear the second reading, a strong enough dose of deference under *Chevron* might be enough to carry the day for the agency. That is precisely what the D.C. Circuit held to be the case.²²⁷

Once the case reached the Supreme Court, the parties (and their amici) certainly understood the case as turning on the applicability of *Chevron*. The brief for American Hospital Association harshly criticized *Chevron* but stopped short of asking the Court to overrule it.²²⁸ Instead, it urged the Court to understand *Chevron* the same way the Court in 2019, in *Kisor v. Wilkie*,²²⁹ indicated that one must understand deference to agency interpretation of regulations: use all of the tools in the statutory toolkit before finding a provision ambiguous enough to warrant deference.²³⁰ And if one is looking for a best interpretation of the statute in this instance, one will find it—and that best interpretation is that the agency cannot come up with a cost-based reimbursement methodology that distinguishes among hospital groups without first conducting a survey of hospital drug acquisition costs.

A number of amicus briefs took the same tack, urging the Court to use this case to restate *Chevron* along the lines of *Kisor*, which would involve a vigorous

²²⁵ 42 U.S.C. § 1395l(t)(14)(A)(iii)(II).

²²⁶ See *Am. Hosp. Ass’n*, 348 F. Supp. 3d at 82.

²²⁷ See *Am. Hosp. Ass’n*, 967 F.3d at 829-30.

²²⁸ See Brief for the Petitioners, *supra* note 54, at 46-47 (“[T]he arguments advanced by the government, and adopted by the panel majority below, vividly illustrate the mischief to which the *Chevron* doctrine is prone.”).

²²⁹ 139 S. Ct. 2400 (2019).

²³⁰ *Id.* at 2414; see Brief for the Petitioners, *supra* note 54, at 47-48 (arguing *Chevron* deference should not be exercised because paragraph (14) is insufficiently ambiguous after exhausting interpretative techniques).

inquiry by courts at step one.²³¹ As one such brief put it, “*Chevron* is not about upholding agency interpretations of statutes that are ‘close enough for government work.’ . . . The Court should undertake a *de novo* review of the statute and, in light of all of the relevant tools of statutory interpretation, adopt the best reading of the scope of authority conferred by Subclause II.”²³² Three other amici took a step beyond and urged the Court to overrule *Chevron* altogether.²³³

The government’s response to this assault on *Chevron* was perhaps surprisingly mild. Its basic argument was that HHS’s interpretation was not merely reasonable but *correct*, so that deference of any kind was unnecessary: “The most natural and straightforward reading of the statutory text supports HHS’s position, and the Court can resolve the case on that basis.”²³⁴ But even though “the government can prevail without any deference,”²³⁵ it argued *Chevron* is applicable and easily sustains the agency’s action.²³⁶ The brief discussed *Chevron* and its critics in this case in just two short paragraphs.

The oral argument was largely about *Chevron*. Justice Thomas jumped in early, asking American Hospital Association counsel (and former Solicitor General) Donald Verrilli: “[W]ould you argue or are you arguing that we should

²³¹ See Brief for Amici Curiae National Association of Home Builders et al. Supporting Petitioners at 20-26, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4173464, at *20-26 (“This case provides the Court a clear opportunity to instruct lower courts that their task under *Chevron* begins . . . with employing the normal rules and tools of statutory construction to identify statutory meaning.”); Brief for Amicus Curiae the Chamber of Commerce of the United States of America in Support of Neither Party at 7-9, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4219174, at *7-9 (arguing for higher standard of determinations of ambiguity under case precedent); Brief of the New Civil Liberties Alliance as Amicus Curiae in Support of Petitioners, *supra* note 54, at 19-21 (“NCLA urges the Court to state explicitly that *Kisor* applies in both circumstances.”).

²³² Brief of Indiana et al. as Amici Curiae in Support of Neither Party at 25-26, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4458929, at *25-26.

²³³ See Brief of Amicus Curiae Americans for Prosperity Foundation in Support of Neither Party at 4, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4173461, at *4 (“The Court should squarely overrule *Chevron* here and now.”); Amicus Curiae Brief for the National Right To Work Legal Defense Foundation, Inc. in Support of Petitioners at 2-3, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4219252, at *2-3 (“If the Court confronts that question, it should unceremoniously overrule *Chevron* . . .”); Brief Amicus Curiae of Pacific Legal Foundation in Support of Petitioners at 3, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4135099, at *3 (“The time has come to reconsider and abandon *Chevron*.”); *cf.* Brief of the New Civil Liberties Alliance as Amicus Curiae in Support of Petitioners, *supra* note 54 at 9 (“NCLA urges the Court . . . to call into question the constitutional underpinnings of *Chevron* and express a willingness to consider overruling *Chevron* in a future case.”).

²³⁴ Brief for the Respondents at 19, *Am. Hosp. Ass’n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 4937288, at *19.

²³⁵ *Id.* at 47.

²³⁶ See *id.* at 47-49.

overrule *Chevron* to get to the statutory approach that you're taking?"²³⁷ Mr. Verrilli ducked the question, insisting that they were only asking the Court "to reject the D.C. Circuit's application of *Chevron*."²³⁸ Justice Alito did not give up: "Can I just take you back to Justice Thomas's first question? If the only way we can reverse the D.C. Circuit is to overrule *Chevron*, do you want us to overrule *Chevron*?"²³⁹ Mr. Verrilli—to reported laughter—gave the only possible answer: "Yes. We want to win the case. Yes."²⁴⁰

Justice Gorsuch asked a logical follow-up question: "You indicate that we should reconsider *Chevron*, and I – you just did again in – in – in response to Justice Alito. What would you have us replace it with? What would it look like in your world?"²⁴¹ Mr. Verrilli's answer to that question was considerably more convoluted than his response to Justice Alito:

MR. VERRILLI: Well, I – I think the – I wouldn't presume to tell the Court what it should do in response to that question, but I – there's – there are some options, and one certainly is to look at this statute and say: Well, we don't think this is the case. We think this statute is unambiguous.

JUSTICE GORSUCH: I understand that.

MR. VERRILLI: But to say – but to say –

JUSTICE GORSUCH: But if a majority –

MR. VERRILLI: Sure.

JUSTICE GORSUCH: – of the Court disagrees with you about that, and you say you still want to win the case, what does that look like?

MR. VERRILLI: Well, I – I think it could look like any number of things. One is, even if one thinks that the reading of the D.C. Circuit is within the realm of possibility and this idea of dueling superfluities is a valid justification for invoking *Chevron*, which I don't think it is, that there's clearly a best reading of this statute, and it's our reading, that because the consequence of reading it in the way that the – that the government is asking you to read it, is that you really do read – you take – you take something that Congress prescribed as mandatory, as a precondition for setting cost-based rates, and you turn it into an option that the agency is free to accept or reject as it wishes. That's clearly not the best reading of the statute, so I think that gets you to where we want to go.

The other – the other way seems to me just – I think we're not really exactly invoking the major questions doctrine, but there's a corollary here, which is –

²³⁷ Transcript of Oral Argument at 5, *Am. Hosp. Ass'n*, 142 S. Ct. 1896 (No. 20-1114), 2021 WL 6051132, at *5.

²³⁸ *Id.*

²³⁹ *Id.* at 30.

²⁴⁰ *Id.*

²⁴¹ *Id.* at 31.

JUSTICE GORSUCH: None of that works for me, say. Then what?

MR. VERRILLI: Well, I – I – I – I – I’ve told you, if you think that you need to overrule *Chevron* and –

JUSTICE GORSUCH: Then you just pick the best – the best reading, 51-49, you win?

MR. VERRILLI: Yes, yes.²⁴²

Matters got a bit clearer in an answer to a question from Justice Kavanaugh, to which Mr. Verrilli responded:

[W]e’re advocating the Court essentially follow the path that was set forth for our deference in *Kisor*. The same idea here.

You’ve got to exhaust the toolkit, and that requires consideration of context and structure and the overall operation of the statute, the provenance of the statute, all the things that would bring to bear – you would bring to bear. And if you do, we think there’s one clear answer.²⁴³

This was hardly the only discussion of deference in the oral argument,²⁴⁴ but it is enough to see that this case was understood by everyone potentially to raise broad questions about *Chevron*’s structure and its future.

Given that build-up, the case was surely a disappointment to everyone except the section 340B hospitals, which came out several billion dollars ahead. The Court unanimously reversed the D.C. Circuit and held that HHS’s two-tier drug reimbursement scheme was not authorized by statute.²⁴⁵ But it decided the case on the narrowest of grounds while making no statements at all about *Chevron*, *Skidmore*, or deference in general. The Court focused on the fact that the agency was not merely adjusting price data; it was doing so *differently for different hospital groups*. The case’s narrow holding is that the agency can only differentiate among hospital groups under paragraph (I), with its acquisition cost survey, not under paragraph (II).²⁴⁶ Thus, said the Court, “we need not determine the scope of HHS’s authority to adjust the price up or down,”²⁴⁷ because “[t]he text [of paragraph (II)] requires the reimbursement rate to be set drug by drug, not hospital by hospital or hospital group by hospital group.”²⁴⁸ Adjustments of price data “can consist of moving the average-price number up or down, but it

²⁴² *Id.* at 31-33.

²⁴³ *Id.* at 35.

²⁴⁴ Justice Breyer was intrigued by the possibility—advanced by no party and not discussed by the lower courts—of *Skidmore* deference. *See id.* at 28-29, 63. Justice Amy Coney Barrett wondered what kinds of ambiguity warranted *Chevron* deference. *See id.* at 61-62, 67-68 (questioning whether multiple interpretations give rise to sufficient ambiguity).

²⁴⁵ *See Am. Hosp. Ass’n*, 142 S. Ct. at 1905-06 (“We conclude that, absent a survey of hospitals’ acquisition costs, HHS may not vary the reimbursement rates for 340B hospitals.”).

²⁴⁶ *Id.* at 1904-05.

²⁴⁷ *Id.* at 1904.

²⁴⁸ *Id.*

cannot consist of giving a single drug two different average prices for two different groups of hospitals.”²⁴⁹

Doctrinally, this sounds like a straightforward application of *Chevron* step one, even though the case made no mention of *Chevron*: the statute unambiguously requires a cost survey before the agency can distinguish among hospital groups. Nor did the case give any indication whether the Court was signaling any kind of change in the application of step one, as numerous amici had suggested, to generate more step-one resolutions of cases. It sounded like the agency in this instance would lose at step one no matter how that step was formulated.

The one hint of anything else came in the decision’s penultimate paragraph, when the Court announced, “In sum, after employing the traditional tools of statutory interpretation, we do not agree with HHS’s interpretation of the statute.”²⁵⁰ Does that mean that the Court was adopting Justice Gorsuch’s suggestion that it just seek the best meaning of the statute, even if it was a “51-49” case? Such a view would reduce *Chevron* to a doctrine of desperation, available only when a statute was so vaguely written that no amount of statutory interpretation could yield an answer. Nothing in Justice Kavanaugh’s unanimous opinion for the Court forecloses this reading, but nothing expressly endorses it either. If the Court was modifying *Chevron*, it was hiding an elephant in a mousehole.

A week and a half later, the Court decided *Becerra v. Empire Health Foundation, for Valley Hospital Medical Center*,²⁵¹ another Medicare case. As with *American Hospital Association*, the case was argued largely around *Chevron*. Instead of a unanimous opinion, however, the Court split five-to-four. But once again, the Court ducked all of the key issues concerning *Chevron*.

The majority described the statutory question as “technical but important”²⁵² and “a mouthful.”²⁵³ The dissent agreed that the statutory framework was “mind-numbingly complex”²⁵⁴ but thought that the narrow issue before the Court was “straightforward.”²⁵⁵ Read the case, and you decide.

“The Medicare program reimburses hospitals at higher-than-usual rates when they serve a higher-than-usual percentage of low-income patients.”²⁵⁶ The bonus payments are determined by assessing the percentages of low-income Medicare patients (using entitlement to Supplemental Security Income as a proxy for wealth) and non-Medicare Medicaid patients treated by a hospital in a given

²⁴⁹ *Id.* at 1904-05.

²⁵⁰ *Id.* at 1906.

²⁵¹ 142 S. Ct. 2354 (2022).

²⁵² *Id.* at 2358.

²⁵³ *Id.* at 2360.

²⁵⁴ *Id.* at 2368 (Kavanaugh, J., dissenting). If you doubt that assessment, take a gander at 42 U.S.C. § 1395ww. If, at that point, you want to argue with Justice Kavanaugh, by all means, have at it.

²⁵⁵ *Am. Hosp. Ass’n*, 142 S. Ct. at 2368 (Kavanaugh J., dissenting).

²⁵⁶ *Id.* at 2358; see 42 U.S.C. § 1395ww(d)(5)(F)(i).

fiscal year.²⁵⁷ The sum of those two numbers is called the hospital's "disproportionate patient percentage," and the statute formally defines it as:

(I) the fraction (expressed as a percentage), the numerator of which is the number of such hospital's patient days for such period which were made up of patients who (for such days) were entitled to benefits under part A of this subchapter and were entitled to supplementary security income benefits (excluding any State supplementation) under subchapter XVI of this chapter, and the denominator of which is the number of such hospital's patient days for such fiscal year which were made up of patients who (for such days) were entitled to benefits under part A of this subchapter, and

(II) the fraction (expressed as a percentage), the numerator of which is the number of the hospital's patient days for such period which consist of patients who (for such days) were eligible for medical assistance under a State plan approved under subchapter XIX, but who were not entitled to benefits under part A of this subchapter, and the denominator of which is the total number of the hospital's patient days for such period.²⁵⁸

The question before the Court was how to understand what it means for a patient to be "entitled to" Medicare part A²⁵⁹ benefits "for such days" during a hospital's fiscal year.

While reaching the age of sixty-five or having a qualifying disability automatically enrolls you in Medicare part A, those benefits only cover the first ninety days of hospitalization for each "spell of illness,"²⁶⁰ plus another sixty days during each person's lifetime beyond that annual cap. In addition, Medicare will not pay for services if the patient has another source of payment, such as a private insurance policy.²⁶¹ Suppose a person's benefits for a "spell of illness" are exhausted or the person has a primary payor other than Medicare. In one sense, such a person is still covered by Medicare part A for other "spell[s] of illness," but is that person "entitled to benefits under part A" within the meaning of this statute?

The consequences of the answer are potentially large. If everyone who is older than sixty-five or disabled for Medicare purposes counts under the statute, the overall percentage of low-income patients for hospitals will probably be lower. The Medicare fraction in paragraph (I) will probably be lower because the denominator of the Medicare fraction will include all such persons, while the numerator will include only such persons who are also on supplemental security

²⁵⁷ See 42 U.S.C. § 1395ww(d)(5)(F)(i).

²⁵⁸ 42 U.S.C. § 1395ww(d)(5)(F)(vi)(I-II).

²⁵⁹ Medicare part A covers in-patient hospital treatment and skilled nursing home, hospice, and certain home-health care services. See 42 U.S.C. § 1395d(a); *What Part A Covers*, U.S. CTRS. FOR MEDICARE & MEDICAID SERVS., <https://www.medicare.gov/what-medicare-covers/what-part-a-covers> [<https://perma.cc/CU22-4USA>] (last visited Sept. 30, 2023).

²⁶⁰ 42 U.S.C. § 1395d(a)(1); 42 C.F.R. § 409.61(a)(1) (2022)

²⁶¹ See 42 U.S.C. § 1395y(b).

income.²⁶² The Medicaid fraction in paragraph (II) will definitely be lower, because Medicaid recipients “entitled” to part A Medicare are subtracted from the numerator. On the other hand, if the statute only counts as persons “entitled” to such benefits those who actually receive benefits, qualifying hospitals will likely show a higher percentage of low-income patients and will thus receive more reimbursement. Aggregated over fifteen years, the different calculations result in a swing “on the order of billions of dollars.”²⁶³

The history of the agency’s flip-flops on this interpretative question is too involved to describe here (though Justice Kavanaugh may have thought it relevant).²⁶⁴ The bottom line is that in 2004, HHS said that every hospital patient older than sixty-five or disabled for Medicare purposes counts as “entitled” to Medicare part A benefits, even for days beyond the ninety-day maximum or for which a primary insurer provides benefits.²⁶⁵

In 2013, two courts of appeals upheld the agency’s interpretation against challenges brought by hospitals seeking higher reimbursement. Both decisions expressly relied on *Chevron* deference to uphold the HHS interpretation.²⁶⁶ In 2018, a district court in the State of Washington reached the same conclusion for the same *Chevron*-based reason.²⁶⁷ The Ninth Circuit reversed on the ground that a prior decision from two decades earlier,²⁶⁸ well before the 2004 HHS interpretation, had foreclosed *Chevron* deference by unambiguously construing the relevant statute in a way that contravened the HHS interpretation.²⁶⁹ The court expressly noted that it was applying the *Chevron* framework and deciding

²⁶² It is theoretically possible that the broader understanding of entitlement to part A benefits could increase hospital reimbursement. If the persons added to the denominator by that understanding are entitled to SSI benefits at a higher rate than the persons included in the denominator by the narrower understanding, their inclusion could raise the overall Medicare fraction—conceivably enough to outweigh the lower Medicaid fraction. Obviously, a lot of hospitals did not think that this would happen.

²⁶³ Brief of the Federation of American Hospitals as Amicus Curiae in Support of Respondent at 8, *Becerra v. Empire Health Found., for Valley Hosp. Med. Ctr.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 5016665, at *8.

²⁶⁴ See *Empire Health Found.*, 142 S. Ct. at 2368 (Kavanaugh, J., dissenting).

²⁶⁵ Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2005 Rates, 69 Fed. Reg. 48916, 49099 (Aug. 11, 2004) (codified at 42 C.F.R. pts. 403, 412, 413, 418, 460, 480, 482, 483, 485, 489).

²⁶⁶ See *Metro. Hosp. v. U.S. Dep’t of Health & Hum. Servs.*, 712 F.3d 248, 254-68 (6th Cir. 2013) (holding Secretary’s definition was entitled to *Chevron* deference); *Cath. Health Initiatives Iowa Corp. v. Sebelius*, 718 F.3d 914, 920 (D.C. Cir. 2013) (deferring to Department’s construction under *Chevron*).

²⁶⁷ See *Empire Health Found., for Valley Hosp. Med. Ctr. v. Price*, 334 F. Supp. 3d 1134, 1144-45, 1148-53 (E.D. Wash. 2018).

²⁶⁸ See *Legacy Emmanuel Hosp. & Health Ctr. v. Shalala*, 97 F.3d 1261, 1266 (9th Cir. 1996).

²⁶⁹ See *Empire Health Found., for Valley Hosp. Med. Ctr. v. Azar*, 958 F.3d 873, 884-85 (9th Cir. 2020) (holding *Legacy Emanuel* decision decided meaning of “entitled,” making any alternative meaning invalid).

the case against the agency at step one of *Chevron* because of circuit precedent.²⁷⁰ The Supreme Court granted certiorari “to resolve the conflict.”²⁷¹

Justice Kavanaugh appeared to be right that, notwithstanding the complexities of Medicare reimbursement, the specific question facing the Court was a well-defined question of statutory interpretation: Is a person “entitled to” Medicare part A benefits if they qualify for *any* Medicare part A benefits, or does the statute refer only to people who actually receive Medicare part A benefits for their hospitalization? So framed, that seems like a classic *Chevron* question. No one doubts that HHS administers the relevant statute. The question was resolved in a notice-and-comment rulemaking at the highest level of the agency, not by a series of one-shot adjudicative decisions made by low-level employees. As every lower court to consider the matter recognized, this seems like a classic *Chevron* case.

It certainly seemed that way to the parties, too. The government, while contending at great length that HHS had the best reading of the statute,²⁷² vigorously argued for *Chevron* deference.²⁷³ The hospital countered with a laundry list of claimed reasons why *Chevron* should not apply in this case,²⁷⁴ as well as extended arguments that the agency’s interpretation was unambiguously foreclosed by arguments from text and purpose²⁷⁵ and was arbitrary or capricious.²⁷⁶ The hospital did not ask that *Chevron* be reconsidered, though one amicus brief (which was essentially the same brief filed in *American Hospital Association*) did so.²⁷⁷

To an administrative law scholar, this looks like an obvious case for application of *Chevron*. The reasons to deny deference advanced by the hospital

²⁷⁰ See *id.*

²⁷¹ *Becerra v. Empire Health Found., for Valley Hosp. Med. Ctr.*, 142 S. Ct. 2354, 2361 (2022) (granting certiorari).

²⁷² See Brief for the Petitioner at 26-42, *Empire Health Found.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 4032829, at *26-42 (arguing Secretary’s reading of statute was logical in light of context, structure, history, and purpose).

²⁷³ See *id.* at 21, 23, 26, 42-44; Reply Brief for the Petitioner at 21-23, *Empire Health Found.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 5448742, at *21-23.

²⁷⁴ See Brief for Respondent at 24-26, *Empire Health Found.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 4914909, at *24-26 (no implicit delegation from Congress); *id.* at 24-25 (deference not appropriate in determining eligibility for benefits); *id.* at 26-28 (rulemaking process was procedurally flawed); *id.* at 27-28 (decision was inadequately explained).

²⁷⁵ See *id.* at 28-46.

²⁷⁶ See *id.* at 46-51 (arguing interpretation violated statutory text, was procedurally defective, and there was no connection between regulation and statute’s purpose).

²⁷⁷ See Brief of Amicus Curiae Americans for Prosperity Foundation in Support of Neither Party at 2, *Empire Health Found.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 4135101, at *2.

are either obviously silly²⁷⁸ or misdirected.²⁷⁹ Perhaps the agency decision is foreclosed by text or is an unreasonable resolution of ambiguity, and the agency will therefore lose once *Chevron* is applied, but it seems clear that the case involves a straightforward application of *Chevron*.

Nonetheless, a number of Justices at oral argument expressed a range of doubts about whether *Chevron* would apply. The first doubt came from Chief Justice Roberts, who wondered whether the history of statutory amendments, which overturned prior agency interpretations, suggests that the Court “ought to be particularly precise in interpreting the language Congress used without any gloss added by the agency.”²⁸⁰ Justice Sonia Sotomayor referred back to the Court’s 2016 decision in *Encino Motorcars, LLC v. Navarro*,²⁸¹ which articulated the obvious proposition that a court cannot properly give *Chevron* deference to an agency rule that is invalid because of some procedural or substantive error²⁸² (in the case of *Encino Motorcars*, the rule failed arbitrary or capricious review because the agency did not provide a reasoned explanation for its change in position).²⁸³ Justice Sotomayor wondered whether procedural irregularities with HHS’s 2004 rule, including the agency admitting that it had misstated the effect of its proposed rule in its notice of proposed rulemaking,²⁸⁴ excluded *Chevron* deference:

²⁷⁸ The notion that benefits statutes are somehow exempt from *Chevron* has no foundation in *Chevron* theory or practice.

²⁷⁹ There may well have been procedural problems with the 2004 agency rulemaking, and perhaps the agency failed adequately to consider the effects of its rule on hospital finances. But those are potential defects addressed by doctrines other than *Chevron*. See Reply Brief for the Petitioner, *supra* note 273, at 23 (“Respondent asserts . . . that the 2004 rule was accompanied by insufficient discussion of the legal merits and policy consequences of HHS’s revised approach. That argument conflates the purely legal question . . . on which this Court granted review . . . with a process-based arbitrary-or-capricious challenge that is not before the Court” (citations omitted)).

²⁸⁰ Transcript of Oral Argument at 10, *Empire Health Found.*, 142 S. Ct. 2354 (No. 20-1312), 2021 WL 6051134, at *10.

²⁸¹ 579 U.S. 211 (2016).

²⁸² See *id.* at 220-21.

²⁸³ See *id.* at 223-24. Oddly, the Court characterized this failure of explanation as a *procedural* error. See *id.* at 221. In one sense, that is so, because the requirement of adequate explanation stems from the statutory procedural requirement that rules be accompanied by a “concise general statement of their basis and purpose.” 5 U.S.C. § 553(c). But failures of explanation have more commonly been treated by courts as substantive agency failures. This particular terminological confusion probably has no consequence, see LAWSON, *supra* note 21, at 866, but other confluences of procedure and substance could possibly affect the standard of review. See *Iowa League of Cities v. EPA*, 711 F.3d 844, 872-73 (8th Cir. 2013) (discussing differences in standard of review between legislative and interpretative rules).

²⁸⁴ See Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2005 Rates, 69 Fed. Reg. 48916, 49098 (Aug. 11, 2004) (codified at 42 C.F.R. pts. 403, 412, 413, 418, 460, 480, 482, 483, 485, 489) (“It has come to our attention that we inadvertently misstated our current policy with regard to the treatment of certain inpatient days for dual-eligibles in the proposed rule of May 19, 2003”(citation omitted)).

So how do you get past *Encino Motorcars* given the odd flip-flopping in the administrative process? It first misstated its existing policy in 2003. You correct the misstatement at the end of the rulemaking process in 2004. But what's most significant to me, the final rule did the opposite of what the agency initially proposed to do.

So there's sort of three steps, all of them at the end of an agency process. I don't see how we give you *Chevron* deference under those circumstances.²⁸⁵

When the government responded that the claims of procedural error had been rejected by the Ninth Circuit,²⁸⁶ Justice Sotomayor countered:

What does that have to do with anything? Whether there's an administrative failing under the APA is a different question than are you entitled to deference for an interpretation that it took you until the end of the process to fix and then, when you fix it, you do the opposite of what you said you were going to do?²⁸⁷

Justice Gorsuch suggested that *Chevron* might not apply when the government's financial interests are involved, because "you normally take into account when you're interpreting a document who writes it and their pecuniary interests. Why would this be different?"²⁸⁸ Justice Breyer thought it was "a pretty tough case to use *Chevron*"²⁸⁹ because "do you really apply *Chevron* where they're so mixed up that there are only two people in the United States when they – when they put out the – the notice and comment and nobody understands what it means and they don't even know what their own program is? Hmm."²⁹⁰

None of these reasons for questioning *Chevron*'s applicability were well supported by prior case law. *Chevron* has generally focused on the relation between the statute at issue and the agency interpretation, not how the statute came about, the specific procedures employed by the agency so long as they met the legal requirements for valid action, or whether the government was likely to benefit financially from its interpretation. Adding any one of these notions to the step-zero inquiry would substantially reduce *Chevron*'s scope.

In the end, a majority of the Court upheld HHS's interpretation with no mention at all of *Chevron*; the Court simply concluded that "HHS's regulation correctly construes the statutory language."²⁹¹ Even though the statute is technical, a careful reading, says the Court, "disclose[s] a surprisingly clear

²⁸⁵ Transcript of Oral Argument, *supra* note 280, at 14-15.

²⁸⁶ *See id.* at 15.

²⁸⁷ *Id.* at 15-16.

²⁸⁸ *Id.* at 30.

²⁸⁹ *Id.* at 60.

²⁹⁰ *Id.* at 44. Evidently, only two commentators caught the agency's 2004 misstatement of its previous policy. *See* Brief for Respondent, *supra* note 274, at 17-18.

²⁹¹ *Becerra v. Empire Health Found., for Valley Hosp. Med. Ctr.*, 142 S. Ct. 2354, 2362.

meaning—the one chosen by HHS.”²⁹² At no time was this described as an application of *Chevron* step one. The dissent, for its part, also thought that the statute gave a “straightforward and commonsensical”²⁹³ answer to the problem before the Court: exactly the opposite answer given by the agency and approved by the Court. There was no mention of *Chevron* or of any specific reason not to apply the *Chevron* framework. The only indirect mention of scope of review came in the dissent’s penultimate sentence: “In my view, HHS’s 2004 interpretation is not the best reading of this statutory reimbursement provision.”²⁹⁴ This is not the only time in which Supreme Court Justices have reached different conclusions about a statute’s clear and unambiguous meaning; it happened, at the very least, in 2016.²⁹⁵ But in that case, both the majority and dissent explicitly operated within the *Chevron* framework and indicated that they were each making step one determinations of clarity. *Empire Health Foundation* was decided as a battle of best readings, as though *Chevron* did not exist.

The final agency interpretation case of the October 2021 term, *West Virginia v. EPA*,²⁹⁶ is perhaps the term’s most noteworthy statutory decision. The case generated (by my hand count) eleven party briefs, thirty-two amicus briefs, and five reply briefs. It is certain to generate an extensive body of scholarly commentary.²⁹⁷ And while it does not actually involve the *Chevron* doctrine, even as that doctrine is conventionally understood, it is likely to have profound effects on the way that at least some *Chevron* cases are decided.

The statutory and regulatory background of the case is too complicated accurately to summarize here; it would need to be the subject of a separate article.²⁹⁸ For purposes of understanding the implications for *Chevron*, here is the key information:

²⁹² *Id.*

²⁹³ *Id.* at 2368 (Kavanaugh, J., dissenting).

²⁹⁴ *Id.* at 2370 (Kavanaugh, J., dissenting).

²⁹⁵ See *FERC v. Elec. Power Supply Ass’n*, 577 U.S. 260, 277 n.5 (2016) (“Because we think FERC’s authority clear, we need not address the Government’s alternative contention that FERC’s interpretation of the statute is entitled to deference under *Chevron*.”); *id.* at 297 (Scalia, J., dissenting) (“I believe the Court misconstrues the primary statutory limit. (Like the majority, I think that deference under *Chevron* . . . is unwarranted because the statute is clear.)” (citation omitted)).

²⁹⁶ 142 S. Ct. 2587 (2022).

²⁹⁷ The onslaught has already begun. See generally Louis J. Cappozzi III, *The Past and Future of the Major Questions Doctrine*, 84 OHIO ST. L.J. 191 (2023) (arguing criticisms of major questions doctrine are overstated and courts should not struggle so much when applying major questions doctrine); Daniel T. Deacon & Leah M. Litman, *The New Major Questions Doctrine*, 109 VA. L. REV. 1009 (2023) (analyzing recent developments in major questions doctrine); Mila Sohoni, *The Major Questions Quartet*, 136 HARV. L. REV. 262 (2022) (evaluating CDC eviction moratorium, OSHA vaccine mandate, CMS vaccine mandate, and EPA Clean Power Plan cases within major questions doctrine).

²⁹⁸ For a respectable stab at summarizing the background, see *West Virginia v. EPA*, 142 S. Ct. at 2600-06.

Section 111 of the Clean Air Act instructs the EPA Administrator to promulgate, and to revise when necessary, “standards of performance” for new stationary sources of air pollution.²⁹⁹ The Administrator must identify categories of stationary sources,³⁰⁰ promulgate “[f]ederal standards of performance for new sources,”³⁰¹ revise those standards when appropriate,³⁰² consider waiver applications,³⁰³ and, where the Administrator judges a state implementation plan adequate, leave it to the States to implement and enforce the performance standards.³⁰⁴

Of course, these provisions do not operate in a vacuum. They must be viewed in the context of other portions of the Clean Air Act that set out the National Ambient Air Quality Standards (“NAAQS”)³⁰⁵ and Hazardous Air Pollutants (“HAP”) programs.³⁰⁶ Those programs provide a comprehensive framework for regulating pollution from existing sources, while section 111’s focus is on new sources. But in the event that pollution from an existing source is covered neither by a NAAQS or a HAP regulation, a provision of section 111 provides residual authority for EPA:

The Administrator shall prescribe regulations which shall establish a procedure similar to that provided by section 7410 of this title [dealing with NAAQSS] under which each State shall submit to the Administrator a plan which (A) establishes standards of performance for any existing source for any air pollutant (i) for which air quality criteria have not been issued or which is not included on a list published under section 7408(a) of this title [*i.e.*, is not covered by a NAAQS] or emitted from a source category which is regulated under section 7412 of this title [*i.e.*, not covered by a HAP] but (ii) to which a standard of performance under this section would apply if such existing source were a new source, and (B) provides for the implementation and enforcement of such standards of performance.³⁰⁷

Most pollutants from existing sources are regulated by the NAAQS or HAP programs, so this residual authority was used by the EPA “only a handful of times since the enactment of the statute in 1970.”³⁰⁸

The other key provision of section 111 is its definitional section. Among other things, it defines a “standard of performance” to be “a standard for emissions of air pollutants which reflects the degree of emission limitation achievable through the application of the best system of emission reduction which (taking

²⁹⁹ 42 U.S.C. § 7411.

³⁰⁰ 42 U.S.C. §§ 7411(b)(1)(A), 7411(b)(2).

³⁰¹ 42 U.S.C. § 7411(b)(1)(B).

³⁰² 42 U.S.C. §§ 7411(b)(1)(B), 7411(g).

³⁰³ 42 U.S.C. § 7411(j).

³⁰⁴ 42 U.S.C. § 7411(c).

³⁰⁵ 42 U.S.C. §§ 7408-10.

³⁰⁶ 42 U.S.C. § 7412.

³⁰⁷ 42 U.S.C. § 7411(d)(1).

³⁰⁸ *West Virginia v. EPA*, 142 S. Ct. 2587, 2602 (2022).

into account the cost of achieving such reduction and any nonair quality health and environmental impact and energy requirements) the Administrator determines has been adequately demonstrated.”³⁰⁹

In 2015, the EPA used section 111 to prescribe emissions rules for carbon dioxide³¹⁰ for fossil-fuel-fired plants.³¹¹ But instead of setting forth criteria for States to use when submitting implementation plans, or even merely prescribing that such stationary sources operate to reduce their emissions,³¹² the agency took a different tack. Its prescribed “system of emission reduction” involved “[s]ubstituting increased generation from lower-emitting existing natural gas combined cycle units for generation from higher-emitting affected steam generating units”³¹³ and “[s]ubstituting increased generation from new zero-emitting renewable energy generating capacity for generation from affected fossil fuel-fired generating units.”³¹⁴ In other words, the agency wanted to shift power generation from coal plants to natural gas plants and from all fossil-fueled plants to alternative energy sources. The approved means of compliance with the new performance standards for fossil-fuel generating plants was to: (1) reduce operations, (2) invest in alternative energy production, or (3) buy emissions credits from alternative energy sources.³¹⁵ The agency regarded these mandates for categorical shifts in power generation away from fossil-fuel plants as statutorily permissible performance standards because “they entail actions that the affected [electric generating units] may themselves undertake that have the effect of reducing their emissions.”³¹⁶

³⁰⁹ 42 U.S.C. § 7411(a)(1).

³¹⁰ There is exactly zero chance that the 1970 Clean Air Act included carbon dioxide as a pollutant. Nonetheless, the Supreme Court in 2007 decided otherwise. *See Massachusetts v. EPA*, 549 U.S. 497, 528, 532 (2007) (holding EPA could regulate greenhouse gas emissions from vehicles provided emissions contribute to climate change). That decision was dubious at the time. *See id.* at 555-58 (Scalia, J., dissenting) (opining court had no jurisdiction to decide case due to lack of standing). It has also warped jurisprudence under the Clean Air Act for the past fifteen years. *See, e.g., Util. Air Regul. Grp. v. EPA*, 573 U.S. 302, 317-18, 322-24 (2014) (illustrating problems with using Clean Air Act to regulate something its terms do not regulate). It is possible that *West Virginia v. EPA* is best understood as part of the Court’s ongoing damage control operation following that 2007 mistake. But because my present focus is on *Chevron* rather than the Clean Air Act, I take the Court’s opinion in *West Virginia v. EPA* at face value.

³¹¹ *See Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 80 Fed. Reg. 64662 (Oct. 23, 2015) (establishing final guidelines for States in controlling greenhouse gas emissions).

³¹² That instruction was part of the agency’s program, *see id.* at 64667, but it was a small part. *See id.* at 64727-28.

³¹³ *Id.* at 64667.

³¹⁴ *Id.*

³¹⁵ *See id.* at 64731.

³¹⁶ *Id.* at 64709.

In 2016, the Supreme Court, by a five-to-four vote, stayed the rule pending court review.³¹⁷ After the 2016 election, then-President Donald Trump, by executive order, instructed the EPA to reconsider the 2015 rule.³¹⁸ The EPA reconsidered the rule and proposed its repeal, concluding that the rule misinterpreted the scope of the agency's authority under section 111, which extended only to plant-source-based technical requirements rather than reorientations of the overall power grid:

Notwithstanding the CPP [Clean Power Plan], all of the EPA's other CAA [Clean Air Act] section 111 regulations are based on a BSER [best system of emissions reduction] consisting of technological or operational measures that can be applied to or at a single source. The CPP departed from this practice by instead setting carbon dioxide (CO₂) emission guidelines for existing power plants that can only realistically be effected by measures that cannot be employed to, for, or at a particular source. Instead, the CPP encompassed measures that would generally require power generators to change their energy portfolios through generation-shifting (rather than better equipping or operating their existing plants), including through the creation or subsidization of significant amounts of generation from power sources entirely outside the regulated source categories, such as solar and wind energy

[T]he Agency proposes to return to a reading of CAA section 111(a)(1) (and its constituent term, "best system of emission reduction") as being limited to emission reduction measures that can be *applied to or at* an individual stationary source. That is, such measures must be based on a physical or operational change to a building, structure, facility, or installation at that source, rather than measures that the source's owner or operator *can implement on behalf of* the source at another location.³¹⁹

Nearly two years later, the agency formalized repeal of the 2015 rule,³²⁰ for the same interpretative reasons that were proposed in 2017.³²¹ The D.C. Circuit vacated the repeal on the ground that the agency in 2017 and 2019 unduly narrowed the scope of section 111.³²² The court specifically and at some length rejected the notion that the major questions doctrine counseled against the EPA's

³¹⁷ See *West Virginia v. EPA*, 577 U.S. 1126, 1126 (2016).

³¹⁸ See Exec. Order No. 13,783, 82 Fed. Reg. 16093, 16095 (Mar. 28, 2017).

³¹⁹ See *Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units*, 82 Fed. Reg. 48035, 48037-39 (Oct. 16, 2017) (footnote omitted).

³²⁰ See *Final Rule Repealing the Clean Power Plan and Approving Related Updated Guidelines*, 84 Fed. Reg. 32520 (July 8, 2019).

³²¹ See *id.* at 32523-31.

³²² See *Am. Lung Ass'n v. EPA*, 985 F.3d 914, 945-57 (D.C. Cir. 2021) (holding plain text of section provided its own limitations not to be further circumscribed by EPA).

power to restructure the nation's power production,³²³ describing the doctrine as something that the court had mentioned "in a few cases."³²⁴

Importantly, the court said that the agency's 2019 interpretation of section 111 was not entitled to any deference because "the sole ground on which the EPA defends its abandonment of the Clean Power Plan . . . is that the text . . . is clear and unambiguous in constraining the EPA to use only improvements at and to existing sources in its best system of emission reduction."³²⁵ The agency was not exercising discretion to resolve an ambiguity but was insisting that its interpretation was "the only permissible interpretation of the scope of the EPA's authority."³²⁶ A long line of D.C. Circuit cases dating back to the formative months of the *Chevron* doctrine held that no deference to an agency interpretation is appropriate "when the agency wrongly believes that interpretation is compelled by Congress."³²⁷ Put another way, the doctrine says that *Chevron* deference does not enter the picture until step two. One only reaches that step if the court first finds that there is ambiguity, and the court decides that preliminary step one question (just as it decides the various step zero questions) without being compelled to give the agency decision any specific weight. To be sure, it is possible to conceive of the *Chevron* enterprise as a single unified decision process that is informed by deference. This one step formulation has had scholarly adherents (including me),³²⁸ and at one time had support in a majority opinion authored by Justice Antonin Scalia.³²⁹ But the two step formulation has survived, and in that formulation the D.C. Circuit's view that step one "clear meaning" questions are resolved without deference has carried the day. Thus, under conventional understandings, *West Virginia v. EPA* presented no issue of *Chevron* deference.³³⁰

³²³ See *id.* at 958-61.

³²⁴ *Id.* at 959.

³²⁵ *Id.* at 944.

³²⁶ *Id.*; 84 Fed. Reg. 32535 (outlining justifications for repeal of CPP).

³²⁷ *Peter Pan Bus Lines, Inc. v. Fed. Motor Carrier Safety Admin.*, 471 F.3d 1350, 1354 (D.C. Cir. 2006) (internal quotation marks omitted). The post-*Chevron* cases date back at least to *Prill v. NLRB*, 755 F.2d 941, 948 (D.C. Cir. 1985). *Prill* did not cite *Chevron*, though the case was argued after *Chevron* was decided.

³²⁸ See, e.g., Gary Lawson, *Proving the Law*, 86 NW. U. L. REV. 859, 884 n.78 (1992) (arguing two step ambiguity formulation is identical to asking whether agency's interpretation is reasonable in light of statutory plain language). See generally Matthew C. Stephenson & Adrian Vermeule, *Chevron Has Only One Step*, 95 VA. L. REV. 597 (2009) (arguing *Chevron* should have one step, not two).

³²⁹ See *Entergy Corp. v. Riverkeeper, Inc.*, 556 U.S. 208, 218 n.4 (2009) (rebuffing dissents' assertion majority skipped step one of *Chevron*).

³³⁰ To be precise, the issues appealed to the Court presented no such issue. There was in fact a dispute in the lower court over whether *Chevron* applied to the agency's resolution of an ambiguity spawned by apparent differences between the Statutes at Large and the U.S. Code codification. The court did not resolve that question because it agreed with the agency's position without regard to *Chevron*. See *Am. Lung Ass'n* 985 F.3d at 980.

Instead, the case was all about one very simple question: Was the EPA correct when it said in 2019 that section 111 foreclosed treating restructuring of the power grid as a “performance standard” under the statute?³³¹ Of course, by the time the case reached the Supreme Court, there had been an intervening election (a month after the case was argued in the D.C. Circuit on October 8, 2021), and the Biden Administration EPA defended the interpretation offered by the agency in 2015 rather than the more constrained interpretation advanced in 2019.³³²

Everyone can read section 111 (and its surrounding provisions) for themselves to decide who has the better of this argument as a matter of text and structure. I offer the following three observations as a transparent attempt at anchoring. (1) As Professor Merrill has pointed out elsewhere, section 111(d) does not in any fashion authorize the EPA directly to regulate emissions standards for existing rather than new sources of pollution; it simply authorizes them to set *procedural* regulations for consideration of state plans to control emissions from existing sources. It is an authorization for procedural rules, not for substantive rules.³³³ (2) Putting aside (1), it is linguistically possible to read the words of the statute, especially the definition of a “performance standard” as a “system” for emissions reduction, to allow the EPA to choose anything at all as a “system,” including explicit commands to change methods of power generation, provided that the statute’s limiting criterion of “taking into account the cost of achieving such reduction and any nonair health and environmental impact and energy requirements”³³⁴ is satisfied. Justice Kagan’s dissenting opinion in *West Virginia v. EPA* presents this interpretation with her characteristic clarity and flair.³³⁵ (3) While that broad interpretation of a “performance standard” under section 111 is linguistically possible, the chances that it is the *best* interpretation of section 111 are slim. The statute’s overall structure has an obvious focus on plant operations. And, contextually, one must keep in mind that the definition in question is the definition of a “*performance standard*.” Congress is certainly capable of defining a “performance standard” in a fashion that does not involve standards for performance, but the notion that Congress did so in section 111(a)(1) is far-fetched. Thus, even if Congress has the constitutional power to give the EPA authority to tell coal plants to turn themselves into wind farms, Congress rather obviously did not do so in section 111. Thus, I think this should have been an easy case, decided without reference to any meaning-shifting substantive canons, whether a federalism

³³¹ *West Virginia v. EPA*, 142 S. Ct. at 2595-97.

³³² *Id.*

³³³ Tom Merrill, *West Virginia v. EPA: Was “Major Questions” Necessary?*, VOLOKH CONSPIRACY (July 26, 2022, 7:10 AM), <https://reason.com/volokh/2022/07/26/west-virginia-v-epa-was-major-questions-necessary/> [<https://perma.cc/RMA4-Y4C9>] (discussing section 111(d) and new sources rules).

³³⁴ 42 U.S.C. § 7411(a)(1).

³³⁵ See *West Virginia v. EPA*, 142 S. Ct. at 2629-31 (Kagan, J., dissenting) (arguing section 111(d) operates to ensure CAA achieves comprehensive pollution control).

canon or a major questions canon. But it is not clear that anyone should care what I think, so let us get back to the case.

The numerous briefs in this case argued vigorously over the best semantic and contextual understandings of section 111. But, unsurprisingly, a good chunk of the arguments focused on the major questions doctrine. Many briefs and amici urged the Court to ask, not simply whether section 111 is *best* understood to authorize the EPA to restructure power generation, but whether the statute *clearly* authorizes that power. If it does not *clearly* authorize that power, these briefs argued, then the major questions doctrine, which requires a clear statement of congressional intent to delegate authority, requires courts to conclude that no such power exists. As the principal brief for the petitioners said, the D.C. Circuit's decision meant that:

EPA now wields power to decide *major questions* implicating hundreds of billions of dollars, tens of thousands of potentially regulated parties, and years of congressional wrangling. The agency may compel plant owners to pay competitors. It can even force plants to shut down. Yet Congress did not *clearly* say in any part of the CAA, much less Section 111, that EPA can exercise this transformative power. That omission dooms any claim that EPA can.³³⁶

Such arguments constituted the bulk of many briefs.³³⁷

The government's counter to invocation of a major questions doctrine was not what one might expect. The government offered an array of narrow and technical reasons why the actual scope of the EPA's decision was not large enough to constitute a major question.³³⁸ The government said nothing of consequence about the status or character of the major questions doctrine or its appropriate limits. It treated the major questions doctrine as an afterthought—as a Hail Mary

³³⁶ Brief for Petitioners at 12-13, *West Virginia v. EPA*, 142 S. Ct. 2587 (No. 20-1530), 2021 WL 5982772, at *12-13 (emphasis added).

³³⁷ See generally Brief of Respondent National Mining Association in Support of Petitioners, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, and 20-1780), 2021 WL 5972436; Brief of Respondent America's Power in Support of Petitioners, *West Virginia v. EPA*, 142 S. Ct. 2587 (No. 20-1530, 20-1531, 20-1778, 20-1780), 2021 WL 5972437; Brief of Petitioner Westmoreland Mining Holdings LLC, *West Virginia v. EPA*, 142 S. Ct. 2587 (No. 20-1530, 20-1531, 20-1778, 20-1780), 2021 WL 5972448; Brief of the Cato Institute and Mountain States Legal Foundation as Amici Curiae in Support of Petitioners, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2021 WL 6101159; Brief of the America First Policy Institute as Amicus Curiae in Support of Petitioners, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2021 WL 6118458; Brief of 91 Members of Congress as Amici Curiae in Support of Petitioners, *West Virginia v. EPA*, 142 S. Ct. 2587 (No. 20-1530), 2021 WL 6118331.

³³⁸ See Brief for the Federal Respondents at 44-48, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2022 WL 216161, at *44-48 (arguing petitioner's arguments lack support, constitutional-avoidance canon is inapplicable, and federalism undermines previous CPP and ACE interpretation).

that petitioners might try to throw if everything else in their playbook fails.³³⁹ Other respondents took the argument more seriously, but also concentrated on showing that the EPA decision did not actually constitute a major question.³⁴⁰

At oral argument, the government continued to downplay the major questions doctrine, again characterizing it as an afterthought which the Court has sometimes used “as additional confirmation of what it has understood to be the best interpretation of a statute based on those traditional tools.”³⁴¹

The Justices said relatively little about the major questions doctrine in their questions. Justice Kagan wondered whether application of the doctrine required as preconditions “ambiguity in the statute . . . [,] that the agency has stepped far outside of what we think of as its appropriate lane . . . [,] [and] that it kind of wreaks havoc on a lot of other things in the statute.”³⁴² (Petitioner’s counsel was fine with that characterization, which seems to require some kind of mismatch between the agency’s obvious mission and its chosen policy, because “the agency really isn’t regulating emissions. It’s regulating industrial policy and energy policy.”)³⁴³ Justice Amy Coney Barrett, who as an academic expressed some doubts about the use of substantive canons to shape the meaning of statutes,³⁴⁴ asked counsel for the state petitioners (what I think is) the key question concerning the major questions doctrine: “Are you using the phrase ‘clear statement’ to mean a linguistic canon?”³⁴⁵ That is, does the major questions doctrine function, as the government suggested, as a device for resolving ambiguities that appear from use of ordinary tools of interpretation, or does it have the stronger role of *shaping meaning* by refusing to give seemingly straightforward language its ordinary meaning absent something *specifically indicating* that the ordinary meaning, which would function in an extraordinary fashion if applied, really was intended. If the latter, then the major questions doctrine operates like a strong form of, for instance, the constitutional avoidance

³³⁹ See *id.*

³⁴⁰ See generally Brief for the Power Company Respondents at 20-26, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2022 WL 209768, at *20-26 (including argument EPA decision was not major question in larger discussion of major question doctrine); Brief for State of New York and Other State and Municipal Respondents, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2022 WL 209769 (arguing both EPA’s decision was not major question and major question does not apply generally); Brief of Amicus Curiae Public Citizen in Support of Respondents, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2022 WL 278674 (devoting entire brief to major questions doctrine discussion).

³⁴¹ Transcript of Oral Argument at 83, *West Virginia v. EPA*, 142 S. Ct. 2587 (Nos. 20-1530, 20-1531, 20-1778, 20-1780), 2022 WL 597457, at *83.

³⁴² *Id.* at 58.

³⁴³ *Id.* at 62.

³⁴⁴ See Barrett, *supra* note 182, at 109-10 (criticizing use of canons to set statutory meaning).

³⁴⁵ Transcript of Oral Argument, *supra* note 341, at 35; see also *id.* (“So, when you say clear statement canon or clear statement rule, you’re using that synonymously with, like, a linguistic canon?”).

doctrine, which can sometimes refuse to give seemingly clear language its broadest possible operative effect to avoid possible constitutional problems.³⁴⁶ Counsel for the states more or less accepted the characterization of a linguistic canon:

[I]f what you mean by linguistics is that it is text-based, that is true. We're not asking the Court to change the text that's in the statute. It's a question about what is the text we would expect Congress to have put there. . . . [I]n this particular class of cases, Congress's silence is unambiguous that it did not give that power to the agency.³⁴⁷

But given the seeming importance of the doctrine to the case as it was framed, the discussion in the oral argument was surprisingly—and, for those who wanted clarification of the major questions doctrine, disappointingly—thin.

That all changed when the decision came down. As I said above, Justice Lawson would have resolved this case using ordinary tools of statutory interpretation, under which a performance standard for power plants must be a standard of performance for power plants. But the majority opinion by Chief Justice Roberts never went there. Instead, it jumped straight to the major questions doctrine: “[T]here are ‘extraordinary cases’ . . . in which the ‘history and the breadth of the authority that [the agency] has asserted,’ and the ‘economic and political significance’ of that assertion, provide a ‘reason to hesitate before concluding that Congress’ meant to confer such authority.’”³⁴⁸ After surveying the prior cases that had applied something resembling a major questions doctrine, the Court noted “All of these regulatory actions had a colorable textual basis.”³⁴⁹ But that is not enough to validate the agency’s action: “[I]n certain extraordinary cases . . . , something more than a merely plausible textual basis for the agency action is necessary. The agency instead must point to ‘clear congressional authorization’ for the power it claims.”³⁵⁰

³⁴⁶ Perhaps the clearest examples are the cases that exempt the President from the APA’s definition of an “agency,” even though every textual and structural clue in the statute says otherwise. 5 U.S.C. § 551(1) (defining agency to exclude only Congress, courts, territorial governments, and D.C.); see *Dalton v. Spencer*, 511 U.S. 462, 476 (1994) (finding President exempt from agency definition); *Franklin v. Massachusetts*, 505 U.S. 788, 801 (1992) (construing APA to exclude President from agency definition); LAWSON, *supra* note 21, at 10 (“If interpreting statutes was as simple as reading their language in the context of their structure, then it would indeed be inescapable that the President is an agency under the APA . . .”).

³⁴⁷ Transcript of Oral Argument, *supra* note 341, at 35-36.

³⁴⁸ *West Virginia v. EPA*, 142 S. Ct. at 2608 (quoting *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 159-60 (2000)) (noting case where FDA asserted authority to ban tobacco as example of agency exceeding its statutory authority).

³⁴⁹ *Id.* at 2609 (noting extraordinary grants of authority are rarely accomplished through modest words, vague terms, or subtle device).

³⁵⁰ *Id.* (quoting *Util. Air Reg. Grp. v. EPA*, 573 U.S. 302, 324 (2014)).

With that framing, the Court had no trouble finding “this is a major questions case,”³⁵¹ and that the requisite “clear delegation”³⁵² from Congress was not there. The definition of a “performance standard” as a “system of emission reduction” was not enough: “Such a vague statutory grant is not close to the sort of clear authorization required by our precedents.”³⁵³ And if that provision would not do the trick, subtle inferences from other provisions will not work either.³⁵⁴

Justices Gorsuch and Alito joined the majority opinion in full but added some thoughts on the foundations for the major question doctrine. The concurrence viewed the major questions doctrine as a species of the avoidance doctrine, guarding the Article I legislative process.³⁵⁵ To give Justice Gorsuch’s answer to Justice Barrett’s question at oral argument: No, the major questions doctrine is not a linguistic or semantic canon. It is a substantive canon that chooses narrow interpretation of statutes over their invalidation. The key passage in the concurrence comes near its beginning: “These rules assume that, absent a clear statement otherwise, Congress means for its laws to operate in congruence with the Constitution rather than test its bounds. In this way, these clear-statement rules help courts ‘act as faithful agents of the Constitution.’”³⁵⁶

Notice that the courts are acting, not as faithful agents of *Congress*, but as faithful agents of the *Constitution*. As a descriptive matter, it is obviously false to say that Congress carefully monitors constitutional boundaries when enacting legislation. If one has, in the dissent’s terms, “a common-sense awareness of how Congress delegates,”³⁵⁷ it is pellucidly clear that Congress gives not a fig for the Constitution. The major questions canon is designed to *force* Congress to do something that Congress will not do on its own. The doctrine does not protect Congress. It protects, however imperfectly and indirectly, “the Constitution’s separation of powers”³⁵⁸ from a Congress that is unconcerned with constitutional limits.

This assumes, of course, that there is a constitutional separation of powers to protect. That is so in this context if and only if there is a constitutional rule that limits the scope of legislative subdelegation to agencies. While the dissent questions virtually every aspect of both the majority and the concurrence’s reasoning, its final argument is the most salient for present purposes. Four propositions summarize the dissent’s key point: (1) “[T]he founding era,

³⁵¹ *Id.* at 2610; *see id.* at 2612 (brushing aside government’s attempt to “downplay the magnitude” of EPA’s assertion of power).

³⁵² *Id.* at 2616.

³⁵³ *Id.* at 2614.

³⁵⁴ *See id.* at 2614-15 (“[J]ust because a cap-and-trade ‘system’ can be used to reduce emissions, does not mean that it is the kind of ‘system of emission reduction’ referred to in Section 111.”).

³⁵⁵ *See id.* at 2616-20 (Gorsuch, J., concurring).

³⁵⁶ *Id.* at 2616 (quoting Barrett, *supra* note 182, at 169).

³⁵⁷ *Id.* at 2634 (Kagan, J., dissenting).

³⁵⁸ *Id.* at 2617 (Gorsuch, J., concurring).

scholars have shown, ‘wasn’t concerned about delegation.’”³⁵⁹ (2) “Congress has always delegated, and continues to do so—including on important policy issues.”³⁶⁰ (3) “Over time, the administrative delegations Congress has made have helped to build a modern Nation.”³⁶¹ (4) “Congress knows what mix of legislative and administrative action conduces to good policy. Courts should be modest.”³⁶² If subdelegation is a matter of policy rather than law, a clear-statement canon designed to cabin it makes no sense.

The concurrence believes there is a constitutional rule against subdelegation of legislative authority.³⁶³ So do I,³⁶⁴ though I would enforce it directly rather than refracting it through a canon of statutory (mis)interpretation.³⁶⁵ There is good reason to think that the majority also disagrees with Justice Kagan on the existence and enforceability of a rule against subdelegation, based on various Justices’ recently expressed thoughts on the subject.³⁶⁶ Consequently, there is now direct authority for demanding clear congressional authorization for agencies to resolve “major questions” of law and policy—open-ended grants of authority written in nonspecific language will not suffice.

This has important implications for *Chevron*, even though *Chevron* was not directly involved in *West Virginia v. EPA*. The other cases from the term left it unclear how the major questions doctrine related to *Chevron*.³⁶⁷ Was it a step

³⁵⁹ *Id.* at 2641-42 (Kagan, J., dissenting) (quoting Eric A. Posner & Adrian Vermeule, *Interring the Nondelegation Doctrine*, 69 U. CHI. L. REV. 1721, 1734 (2002)) (recanting her previous assertion that “we’re all textualists now”). See generally Julian Davis Mortenson & Nicholas Bagley, *Delegation at the Founding*, 121 COLUM. L. REV. 277 (2021) (also cited by Justice Kagan). Because this is my article, see Gary Lawson, *Discretion as Delegation: The “Proper” Understanding of the Nondelegation Doctrine*, 73 GEO. WASH. L. REV. 235 (2005) (responding directly, and I daresay decisively, to Professors Posner and Vermeule).

³⁶⁰ *West Virginia v. EPA*, 142 S. Ct. at 2642 (Kagan, J., dissenting).

³⁶¹ *Id.* at 2643 (musing American today would be astonished at country’s progress stemming from congressional delegations).

³⁶² *Id.* (invoking arguments from Justice Scalia).

³⁶³ See *id.* at 2617, 2625 (Gorsuch, J., concurring) (arguing Constitution’s vesting of legislative power in Congress is vital because framers believed in justness of republic-made laws as opposed to ruling class of unaccountable “ministers”). As for the majority, we do not yet have a holding that resuscitates the subdelegation doctrine, but we have hints that such a holding is not out of the question. See Gary Lawson, *A Private-Law Framework for Subdelegation*, in *THE ADMINISTRATIVE STATE BEFORE THE SUPREME COURT: PERSPECTIVES ON THE NONDELEGATION DOCTRINE* 123, 144 (Peter J. Wallison & John Yoo eds., 2022) (arguing Constitution does not grant express authority to delegate).

³⁶⁴ See generally Lawson, *supra* note 363 (discussing Justice Gorsuch’s principles of non-subdelegation as mapped onto common-law categories).

³⁶⁵ See Chad Squitieri, *Major Problems with Major Questions*, L. & LIBERTY (Sept. 6, 2022), <https://lawliberty.org/major-problems-with-major-questions/> [<https://perma.cc/L5PT-W5AA>] (doubting efficacy of major questions doctrine).

³⁶⁶ See Lawson, *supra* note 363, at 125 (discussing Justice Gorsuch’s decisions).

³⁶⁷ See Sohoni, *supra* note 297, at 281 (“The new major questions doctrine does not operate as a factor within the *Chevron* framework, nor is it described as an exception to that

zero consideration that displaced the *Chevron* framework altogether? Was it a part of step one, along with all other tools of statutory interpretation? If so, how strong a part? *West Virginia v. EPA* makes clear that the major questions doctrine, when it applies, displaces *Chevron* altogether and instead substitutes a reverse-*Chevron* inquiry: the agency can win only if it can show that the statute clearly authorizes the precise agency action at issue.³⁶⁸ Any attempt to translate this doctrine into the language of the *Chevron* framework will make little sense. When would the question of the agency's authority ever reach step two? If the agency only has authority when the statute clearly and specifically grants it, the agency by definition will always win at step one when those conditions are satisfied and lose by virtue of the major questions doctrine (effectively at step zero) when they are not satisfied. There is no work left for *Chevron* deference to perform.

To be sure, as Professor Merrill points out at some length, the Court over the years has not been forthcoming about how substantive canons fit into the *Chevron* world.³⁶⁹ But for the reasons just given, the Court's formulation of the major questions doctrine in *West Virginia v. EPA* makes it hard to see how the doctrine can function as anything other than a displacement of the *Chevron* framework. How significant a displacement it proves to be depends on how readily courts find agency action to involve major questions. That is something that only time will tell.

Overall, the 2021 term leaves open as many questions as it answers. Even if it has truly resolved the status of the major questions doctrine and its relation to *Chevron*, that resolution, as just noted, will affect only a small number of cases. In the numerous cases presenting minor rather than major questions, we know that the Court is eager to find ways to avoid applying *Chevron*, but it steadfastly refuses to talk about it. So what can we conclude, if anything, about the current status of *Chevron*? In the classic words of David Essex, where do we go from here?

III

Frankly, one could describe the present Supreme Court's jurisprudence without any mention of *Chevron*. The best description of judicial review of agency statutory interpretation reflected in the October 2021 term is probably: Look for the best meaning of the relevant statute, even if that best meaning is best by "51-49", unless the agency is claiming power to resolve a major question of law or policy, in which case the agency loses unless there is clear

framework. None of the quartet [of major questions cases from the October 2021 or 2020 terms] even cites *Chevron*.”).

³⁶⁸ See Deacon & Litman, *supra* note 297, at 1009 (“[T]he ‘new’ major questions doctrine operates as a clear statement rule . . .”).

³⁶⁹ See MERRILL, *supra* note 6, at 167-80 (“Courts have developed a variety of interpretational canons that are designed to protect these sorts of constitutional rights. Questions have inevitably arisen about how these constitutionally influenced canons should be integrated with the *Chevron* doctrine.”).

congressional authorization for the precise power claimed by the agency. Importantly, not only is *Chevron* missing from this account, but so is *Skidmore v. Swift*. There is nothing in the Court's October 2021 term cases suggesting that the agency's interpretation is even entitled to a measure of weight less than *Chevron* deference. The agency either wins or loses on the merits, like any other litigant. Perhaps *Skidmore* requires that courts at least *look at* the agencies' interpretations (in a way that they do not have to look at, say, law review articles or amicus briefs), which is not nothing,³⁷⁰ but there is no indication in the current Supreme Court case law that those agency interpretations must skew the reviewing court's final analysis. Of course, that is precisely what those calling for the *Chevron*'s overruling have advocated for some time.³⁷¹ Does that mean that *Chevron* is dead?

To paraphrase an ex-President, it depends on what the meaning of "dead" is. If one is a litigant whose practice is confined to Supreme Court cases, then for all practical purposes the answer is yes. But that answer was yes before the October 2021 term cases—as evidenced by the fact that experienced Supreme Court litigators on all sides of half a dozen cases knew not to rest their cases on *Chevron*. *Chevron* has been on the ropes in the Supreme Court for some years now. It is not obvious that any more punches were thrown in the October 2021 term. In Dungeons & Dragons lingo, *Chevron* had already failed two death saves going into the term, but the Court's conspicuous silence probably eked out a "ten" to stave off oblivion for a bit longer (with no Healing Word on the horizon).

But keep in mind that in at least some of those cases, the lower courts had vigorously applied the *Chevron* framework—in some cases decisively. They did so in the face of half a decade of obvious Supreme Court neglect of *Chevron*. A casual glance at court of appeals decisions in the first half of 2022 reveals dozens of cases that apply the *Chevron* framework.³⁷² Of course, those cases were decided before the October 2021 term was complete. But, as I said, the October 2021 term made no obvious modifications to the *Chevron* framework, other than to tell lower courts to use a reverse-*Chevron* analysis for major questions, which is unlikely to affect very many cases. A year or two from now, it will be

³⁷⁰ See LAWSON & SEIDMAN, *supra* note 3, at 126-28 (“*Skidmore* dictates that the agency’s view is among the relevant pieces of evidence that a court must consider when interpreting a statute. . . . [By contrast,] [c]ourts *choose* which amicus briefs, books, and articles to consider, and therefore the existence of those sources does not, in and of itself, generate any deference.”).

³⁷¹ See, e.g., Philip Hamburger, *Chevron Bias*, 84 GEO. WASH. L. REV. 1187, 1201 (2016) (“Judges, however, cannot give agency interpretations greater consideration or respect than other interpretations, for this would be to abandon their duty of independent judgment, and where the government is a party, it would be to favor the government in violation of the due process of law.”).

³⁷² For a detailed study that reaches the same conclusion as my anecdotal sense, see Isaiah McKinney, *The Chevron Ball Ended at Midnight, but the Circuits Are Still Two-Stepping by Themselves*, CATO INST. (Dec. 18, 2022), <https://www.cato.org/commentary/chevron-ball-ended-midnight-circuits-are-still-two-stepping-themselves> [<https://perma.cc/QUP4-RK5X>].

interesting to survey the lower courts to see if there is any noticeable change in their treatment of *Chevron* after the summer of 2022. (Indeed, I have collected the cases from the first half of 2022 precisely to make that comparison at a later date). My tentative hypothesis is that one will see no such change, because the forces that created the *Chevron* doctrine have not disappeared. The hypothesis is *very* tentative, because it is impossible to identify with certainty the forces that created the *Chevron* doctrine. But I have some thoughts.

Even when the Supreme Court was vigorously applying the *Chevron* framework, it was never especially clear about *why* that framework was appropriate. *Chevron* itself hinted that the rationale might lie in separation-of-powers concerns, to the extent that statutory ambiguities presented policy choices unsuited for judicial resolution.³⁷³ Justice Scalia posited in the early days of *Chevron* that the doctrine was the best approximation of congressional intent,³⁷⁴ and while in 1989 that was more a normative prescription than an historical account of *Chevron*'s origins, it subsequently found expression in some opinions—most notably one written in 1996 by Justice Scalia³⁷⁵ and in *United States v. Mead*.³⁷⁶ At other times, the Court has suggested that *Chevron* deference is grounded in the agencies' superior capacities to resolve

³⁷³ See *Chevron U.S.A. Inc. v. Nat. Res. Def. Council, Inc.*, 467 U.S. 837, 865-66 (1984) (“When a challenge to an agency construction of a statutory provision, fairly conceptualized, really centers on the wisdom of the agency’s policy, rather than whether it is a reasonable choice within a gap left open by Congress, the challenge must fail. In such a case, federal judges—who have no constituency—have a duty to respect legitimate policy choices made by those who do.”).

³⁷⁴ See Antonin Scalia, *Judicial Deference to Administrative Interpretations of Law*, 1989 DUKE L.J. 511, 516-17 (“If that is the principal function to be served, *Chevron* is unquestionably better than what preceded it.”).

³⁷⁵ See *Smiley v. Citibank (S.D.), N.A.*, 517 U.S. 735, 740-41 (1996) (“We accord deference to agencies under *Chevron*, not because of a presumption that they drafted the provisions in question, or were present at the hearings, or spoke to the principal sponsors; but rather because of a presumption that Congress, when it left ambiguity in a statute meant for implementation by an agency, understood that the ambiguity would be resolved, first and foremost, by the agency, and desired the agency (rather than the courts) to possess whatever degree of discretion the ambiguity allows.”).

³⁷⁶ 533 U.S. 218, 229 (2001) (“Yet it can still be apparent from the agency’s generally conferred authority and other statutory circumstances that Congress would expect the agency to be able to speak with the force of law when it addresses ambiguity in the statute or fills a space in the enacted law, even one about which ‘Congress did not actually have an intent’ as to a particular result. When circumstances implying such an expectation exist, a reviewing court has no business rejecting an agency’s exercise of its generally conferred authority to resolve a particular statutory ambiguity simply because the agency’s chosen resolution seems unwise, but is obliged to accept the agency’s position if Congress has not previously spoken to the point at issue and the agency’s interpretation is reasonable.” (citations omitted)).

ambiguities.³⁷⁷ And sometimes it has offered multiple rationales in different parts of the same opinion.³⁷⁸

Whatever one thinks of the merits of any of these rationales, I am highly confident that none of them actually explains the emergence and eventual triumph of the *Chevron* doctrine.

As both a descriptive and theoretical matter, one can identify at least five categories of reasons why one actor might defer—meaning give some measure of weight³⁷⁹—to the decision of another actor. Guy Seidman and I have labeled those categories of reasons *legitimation*, *accuracy*, *cost savings*, *signaling*, and *strategy*.³⁸⁰ In brief, one might defer to another because the other is a more normatively appropriate decision maker, because the other is more likely to get the right answer, because deference is cheaper and easier than constructing a decision from scratch, because deference signals something important to the actor to whom one is deferring, and because one fears the reaction of another actor if one does not defer. As a descriptive matter, any system of deference in a moderately complex legal system will surely reflect some or all of these considerations at various points.³⁸¹ It is therefore not surprising that court decisions describing (and academic theories defending or criticizing) *Chevron* reflect a range of considerations rather than a single rationale. Nonetheless, purely as a descriptive matter with no normative judgment intended, I think it is possible to identify cost savings as *the* principal rationale that underlies the *Chevron* doctrine. And that rationale has important implications for *Chevron*'s future.

The *Chevron* doctrine was not created by the Supreme Court. It is now well understood that the Court in *Chevron* thought that it was just applying settled law.³⁸² Neither the parties nor the Court in *Chevron* believed that any doctrinal changes, much less doctrinal revolutions, were involved in the case. The *Chevron* doctrine, as we today know it, was the creation of the lower federal courts, especially the D.C. Circuit, principally in the period from late 1984 through 1986. The Supreme Court played virtually no role in the development

³⁷⁷ See *FDA v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 132 (2000) (“[D]eference is justified [in part] . . . because of the agency’s greater familiarity with the ever-changing facts and circumstances surrounding the subjects regulated.” (citation omitted)).

³⁷⁸ Compare *id.*, with *id.* at 159 (“Deference under *Chevron* to an agency’s construction of a statute that it administers is premised on the theory that a statute’s ambiguity constitutes an implicit delegation from Congress to the agency to fill in the statutory gaps.”).

³⁷⁹ Guy Seidman and I have offered as a formal definition of deference: “[T]he giving by a legal actor of some measure of consideration or weight to the decision of another actor in exercising the deferring actor’s function.” LAWSON & SEIDMAN, *supra* note 3, at 106.

³⁸⁰ See *id.* at 91-106, 151-52.

³⁸¹ See *id.* at 91 (“[T]he rationales—however persuasive or unpersuasive they may be—behind specific deference doctrines are surely numerous and diverse, combining some or even all of the potential reasons.”).

³⁸² See MERRILL, *supra* note 6, at 63-65, 74-79 (positing Justice Stevens did not intend to create new law in his *Chevron* opinion, but rather was stating settled law).

of this doctrine; the Court absorbed the doctrine from the lower courts some years after it had been constructed and did not truly adopt the *Chevron* framework in a meaningful or consistent sense until the 1990s. Stephen Kam and I have elsewhere told that story at appalling length.³⁸³ Moreover, the lower courts during that 1984-86 time frame had precious little to work with from the Supreme Court in constructing a new administrative law doctrine out of thin air.³⁸⁴ So why did lower federal courts engineer (to quote Justice Scalia from a slightly different context) “an avulsive change in judicial review of federal administrative action”?³⁸⁵

Any answer is speculative, but from the earliest moments of the emergence of the *Chevron* doctrine (which I witnessed as a D.C. Circuit law clerk in 1984-85), my firm conviction has been that lower courts created the *Chevron* doctrine because they thought it would make their lives easier. Administrative law cases are no picnic. Some of them are mind-numbingly complex—and even more mind-numbingly dull. Many of the statutes are turgid at best and unintelligible at worst; just reflect on some of the statutory schemes, especially in the Medicare context, that arose during the October 2021 term. Figuring out the meanings of those statutes is both difficult and tedious—and that is apart from deciding the various procedural and arbitrary-or-capricious issues that often accompany cases that also present issues of statutory interpretation.³⁸⁶ Over a large range of these numerous, seemingly unending, and soul-crushing cases, it is often easier to figure out whether the agency’s interpretation of a statute is *absurd* than to figure out whether the agency’s interpretation is *correct*.³⁸⁷ Lower courts invented *Chevron* deference because they thought it would make their lives easier. Everything else is an ex post rationalization for the doctrine.

If true, this explains the extraordinary difference between the treatment of *Chevron* in the lower courts and in the Supreme Court—a difference which has characterized the doctrine from its earliest days. The Supreme Court decides only a handful of administrative law cases each year. Lower courts, with no discretionary control over their dockets, decide thousands.³⁸⁸ The cost savings

³⁸³ See generally Lawson & Kam, *supra* note 2.

³⁸⁴ See *id.* at 58-62 (“*Chevron*’s broad impact, if any, was on administrative law, and the Supreme Court circa 1985 was neither interested nor versed in the subject.”).

³⁸⁵ *United States v. Mead Corp.*, 533 U.S. 218, 239 (2001) (Scalia, J., dissenting).

³⁸⁶ See LAWSON & SEIDMAN, *supra* note 3, at 135 (“Agency action can be overturned on any number of grounds: procedural, substantive, or decision-process oriented. . . . If one believes that a proper decision-making process must take into account the role of the agency as a potential deferee, then federal administrative law both permits and requires courts to enforce the proper duties of deferees . . .”).

³⁸⁷ For some modest evidence of this effect, see Barnett & Walker, *supra* note 18, at 71, which notes that “our thirty-nine-percentage-point difference between agency-win rates under *Chevron* and de novo review suggests that courts distinguish looking for the best answer from permitting a reasonable one.”

³⁸⁸ See, e.g., *Federal Judicial Caseload Statistics 2021*, U.S. Cts., <https://www.uscourts.gov/statistics-reports/federal-judicial-caseload-statistics-2021> [<https://perma.cc/496J-G9HE>] (last visited Sept. 30, 2023).

from a deference doctrine make little difference to the Supreme Court, especially a Supreme Court with a discretionary docket, but those savings have incalculable significance for lower court judges. The Supreme Court can afford to decide a few cases each year in accordance with its best lights. It is not clear that lower courts have that luxury.

From time to time, the Supreme Court even seems to recognize, if only obliquely, this inexorable tug to defer out of a sheer instinct for self-preservation. Consider *Coeur Alaska, Inc. v. Southeast Alaska Conservation Council*,³⁸⁹ a case that leapt out at me when I first read it on a plane ride in 2009, which perfectly illustrates both the reality of administrative law litigation and the economics of deference.³⁹⁰

The Clean Water Act forbids “the discharge of any pollutant by any person” into the navigable waters of the United States.³⁹¹ The EPA can authorize such discharges by issuing a “permit for the discharge of any pollutant,”³⁹² in accordance with the statute’s substantive and procedural guidelines. Section 1316(e) of the Act specifies that “new source[s]” of pollution may only discharge pollutants if the activity complies with an applicable “standard of performance” promulgated by the EPA.³⁹³ One such performance standard promulgated by the EPA effectively forbids mine operators from discharging “process wastewater” into U.S. waters.³⁹⁴

That would seem to be bad news for companies like Coeur Alaska, which wanted to reopen a gold mine that had been closed since 1928.³⁹⁵ The company planned to use a method called “froth flotation” that processes rock from the mine in churning water and uses chemicals to isolate the gold-bearing minerals.³⁹⁶ Once the gold has been removed, one is left with a large mass of crushed rock and water, called slurry, that must be deposited somewhere.³⁹⁷ Coeur Alaska proposed to deposit its slurry into a nearby lake that everyone agreed was a navigable water and thus subject to the requirements of the Clean Water Act.³⁹⁸ Under the Clean Water Act regime just described, this plan would seem to be flagrantly and obviously illegal, as the slurry fits nicely within the category of “process wastewater.”

³⁸⁹ 557 U.S. 261 (2009).

³⁹⁰ The ensuing four paragraphs are adapted, with the gracious approval of West Academic, from LAWSON, *supra* note 21, at 688-89.

³⁹¹ 33 U.S.C. § 1311(a).

³⁹² 33 U.S.C. § 1342(a).

³⁹³ 33 U.S.C. § 1316(e).

³⁹⁴ 40 C.F.R. § 440.104(b)(1) (2022).

³⁹⁵ *See* *Coeur Alaska, Inc. v. Se. Alaska Conservation Council*, 557 U.S. 261, 267 (2009).

³⁹⁶ *See id.* (“Coeur Alaska will churn the mine’s crushed rock in tanks of frothing water. Chemicals in the water will cause gold-bearing minerals to float to the surface, where they will be skimmed off.”).

³⁹⁷ *See id.*

³⁹⁸ *See id.*

The EPA, however, is not the only federal agency that grants permits under the Clean Water Act. Yet another provision of the statute authorizes the Army Corps of Engineers to grant permits for the discharge of “dredged or fill material,”³⁹⁹ under EPA guidelines and subject to an EPA veto if the latter agency finds a Corps-permitted plan to have an “unacceptable adverse effect.”⁴⁰⁰ Coeur Alaska’s slurry fits nicely within any plausible definition of “dredged or fill material.”⁴⁰¹ The EPA’s general permitting authority under section 1342(a) specifically declares that it does not apply to matters governed by the Corps’ permitting authority under section 1344,⁴⁰² and a regulation confirms that no EPA permit is needed for “[d]ischarges of dredged or fill material into waters of the United States which are regulated under section 404 of CWA.”⁴⁰³ Coeur Alaska accordingly sought and received from the Corps a discharge permit for its slurry (which the EPA did not veto).⁴⁰⁴

But what about section 1316—the “new source” permitting provision? Does the Corps have authority to grant a permit even when section 1316, as implemented by a valid EPA regulation, effectively prevents the EPA from doing so? More technically, is section 1316 inapplicable to matters within the jurisdiction of the Corps under section 1344, or does any new source discharge, even a discharge of “dredged or fill material” subject to Corps rather than EPA approval, have to comply with section 1316 performance standards?

Section 1316 says nothing expressly about its relationship to the Corps’ authority under section 1344. As the Supreme Court summarized the matter: “On the one hand, [§ 1316] provides that a discharge that violates an EPA new source performance standard is ‘unlawful’—without any exception for fill material. On the other hand, [Section 1344] grants the Corps blanket authority to permit the discharge of fill material—without any mention of

³⁹⁹ 33 U.S.C. § 1344(a).

⁴⁰⁰ 33 U.S.C. § 1344(c).

⁴⁰¹ See 40 C.F.R. § 232.2 (2022) (defining “discharge of fill material” to include “placement of overburden, slurry, or tailings or similar mining-related materials,” and defining “fill material” to include “material placed in waters of the United States where the material has the effect of . . . [c]hanging the bottom elevation of any portion of a water of the United States”). Everyone agreed that Coeur Alaska’s proposed discharge, which would raise the lake bed by about fifty feet, counted as the discharge of fill material. See *Coeur Alaska*, 557 U.S. at 267-68, 275 (“[Coeur Alaska’s plan] will raise the lakebed 50 feet As all parties concede, the slurry meets the definition of fill material agreed upon by the agencies in a joint regulation promulgated in 2002.”).

⁴⁰² See 33 U.S.C. § 1342(a)(1) (noting EPA’s permitting authority governs “[e]xcept as provided in sections 1328 and 1344 of this title,” the latter provision being Army Corps of Engineers’ authority). Section 1328, if anyone cares, prescribes special procedures for discharge permits for aquaculture. See 33 U.S.C. § 1328 (“The Administrator is authorized, after public hearings, to permit the discharge of a specific pollutant or pollutants under controlled conditions associated with an approved aquaculture project under Federal or State supervision pursuant to section 1342 of this Title.”).

⁴⁰³ 40 C.F.R. § 122.3(b) (2022).

⁴⁰⁴ See *Coeur Alaska*, 557 U.S. at 268-71.

[Section 1316].”⁴⁰⁵ No regulations of either the EPA or the Corps directly address this question: “Rather than address the tension between [Sections 1316 and 1344], the regulations instead implement the statutory framework without elaboration on this point.”⁴⁰⁶ The only convincing semi-formal agency statement was “a memorandum written in May 2004 by Diane Regas, then the Director of the EPA’s Office of Wetlands, Oceans and Watersheds, to Randy Smith, the Director of the EPA’s regional Office of Water with responsibility over the mine.”⁴⁰⁷ This memorandum—an internal EPA document written by three bureaucrats to another bureaucrat⁴⁰⁸—concluded that “the regulatory regime applicable to discharges under [section 1342], including effluent limitations guidelines and standards, such as those applicable to gold ore mining (see 40 C.F.R. Part 440, Subpart J), do not apply to the placement of tailings into the proposed impoundment.”⁴⁰⁹

Thus, the Court was faced with a very nasty problem of statutory interpretation. It had to reconcile two provisions which make no reference to each other. One could not use a last-in-time rule, because the problem is not that the provisions are literally inconsistent but that they can be related to each other in either of two equally plausible ways: either section 1342 qualifies the Corps’ authority under section 1344 or section 1344 constitutes an exception to the EPA’s authority under section 1342. How to choose?

The Court quickly eliminated *Chevron* deference as a possibility, because the interpretation embodied in the 2004 memorandum did not have the force and effect of law. The memorandum was essentially an internal guidance document and thus not entitled to *Chevron* deference under *Mead* and *Christensen v. Harris County*.⁴¹⁰ The Court did not mention the possibility of deference to the

⁴⁰⁵ *Id.* at 281.

⁴⁰⁶ *Id.* at 282.

⁴⁰⁷ *Id.* at 283.

⁴⁰⁸ While the Court attributed the memorandum to Regas, it was issued in the names of three Directors of EPA offices. By calling the various EPA officials “bureaucrats,” I do not mean to downplay the significance of their offices, which are clearly significant. It is only to point out that this document was an internal memo within the EPA.

⁴⁰⁹ Memorandum from Diane Regas, Dir., Off. of Wetlands, Oceans & Watersheds, Env’t Prot. Agency; James A. Hanlon, Dir., Off. of Wastewater Mgmt., Env’t Prot. Agency; & Geoffrey H. Grubbs, Dir., Off. of Sci. & Tech., Env’t Prot. Agency, to Randy Smith, Dir., Off. of Water, Region X, Env’t Prot. Agency 3 (May 17, 2004), <https://semspub.epa.gov/work/HQ/176027.pdf> [<https://perma.cc/XV45-MU8V>].

⁴¹⁰ 529 U.S. 576, 587 (2000) (“Interpretations such as those in opinion letters—like interpretations contained in policy statements, agency manuals, and enforcement guidelines, all of which lack the force of law—do not warrant *Chevron*-style deference.” (citations omitted)). The Court actually framed the reasons for denying *Chevron* deference a bit differently than I just indicated, saying the memorandum was “not subject to sufficiently formal procedures to merit *Chevron* deference.” *Coeur Alaska*, 557 U.S. at 284 (citing *United States v. Mead Corp.*, 533 U.S. 218, 234-38 (2001)). This would be consistent with Professor Merrill’s focus on notice-and-comment procedures but was not an accurate statement of

Corps' grant of the discharge permit, which had the necessary force and effect of law and embodied at least an implicit interpretation of section 1344, no doubt because it looks a lot like the kind of one-off, low-level decision that the Court in *Mead* said does not merit *Chevron* deference.⁴¹¹ At the time of *Coeur Alaska*, an agency's interpretation of its own ambiguous regulations was entitled to substantial deference under *Auer v. Robbins*,⁴¹² but that would seem to be of no help in *Coeur Alaska*, because there was no ambiguity in any regulation to interpret. No one in the case was arguing about the meaning of, for example, the regulation defining fill material, and there was simply no regulation addressing, even ambiguously, the relationship between the two provisions of the Clean Water Act.⁴¹³ The Court did not mention the possibility of *Skidmore* deference, but again that may have been simply because it was obvious that *Skidmore* would not be of help. The Corps' permitting decision was unexplained and therefore not entitled to any weight of consequence, and while the EPA memorandum was several pages long, it merely described the arrangement agreed upon by the EPA and the Corps. It did not provide a detailed explanation, in terms of techniques of statutory interpretation, of how that conclusion was reached.⁴¹⁴

It would therefore seem as though *none* of the deference doctrines available to the Court in 2009 were going to help solve this difficult interpretative problem.

The Court nonetheless found a way to defer to the EPA memorandum, finding it a reasonable interpretation of an ambiguous regulation:

The regulation that the Memorandum cites—40 CFR § 122.3—is one we considered above and found ambiguous. That regulation provides: “[d]ischarges of dredged or fill material into waters of the United States which are regulated under section 404 of CWA” “do not require [§ 402]

doctrine, either in 2009 or today. See MERRILL, *supra* note 6, at 243-56 (arguing Supreme Court should “limit mandatory acceptance of agency interpretations to those adopted through notice-and-comment rulemaking or its functional equivalent”).

⁴¹¹ See *Coeur Alaska*, 557 U.S. at 283-91 (discussing “agency interpretation and agency application of the regulations”); *Mead*, 533 U.S. at 231-34 (holding certain tariff letters lack force of law partly because “letter’s binding character as a ruling stops short of third parties” and “[c]ustoms offices issue 10,000 to 15,000 of them each year”).

⁴¹² 519 U.S. 452, 461-63 (1997) (“A rule requiring the Secretary to construe his own regulations narrowly would make little sense, since he is free to write the regulations as broadly as he wishes, subject only to the limits imposed by the statute.”). That doctrine has since been modified, perhaps to the point of nonexistence. See *Kisor v. Wilkie*, 139 S. Ct. 2400, 2415-18 (2019) (“[T]his Court has cabined *Auer*’s scope in varied and critical ways—and in exactly that measure, has maintained a strong judicial role in interpreting rules.”).

⁴¹³ See *Coeur Alaska*, 557 U.S. at 275-82 (“As all parties concede, the slurry meets the definition of fill material agreed upon by the agencies in a joint regulation promulgated in 2002. . . . The regulations, like the statutes, do not address the question whether § 306, and the EPA new source performance standards promulgated under it, apply to § 404 permits and the discharges they authorize.”).

⁴¹⁴ See Regas, *supra* note 409.

permits.” The Regas Memorandum takes an instructive interpretive step when it explains that because the discharge “do[es] not require” an EPA permit, the EPA’s performance standard “do[es] not apply” to the discharge. The Memorandum presents a reasonable interpretation of the regulatory regime. We defer to the interpretation because it is not “plainly erroneous or inconsistent with the regulation[s].”⁴¹⁵

It is perfectly obvious—as Justice Scalia pointed out in a bemused concurrence⁴¹⁶—the EPA memorandum was not interpreting any regulation. The regulation cited by the Court addresses whether the EPA has permitting authority over fill material. It is not at all ambiguous on that point (No!!!!), nor could it be, since the statutory scheme specifically declares that EPA has no permitting authority in that context. Earlier in its opinion, the Court had confirmed the Corps, and not the EPA, was the proper permitting authority for Coeur Alaska.⁴¹⁷ The remaining question at that point was whether the Corps’ now-undoubted permitting authority had to conform to new source performance standards.⁴¹⁸ Nothing in 40 C.F.R. § 122.3 even colorably addresses that question. There is simply nothing for an agency to interpret on that score.

The Court was surely aware that it was stretching the boundaries of *Auer* deference beyond the breaking point, as it went on to offer five reasons why the jurisdictional scheme outlined by the EPA memorandum does not violate any statutory provision or lead to terrible consequences.⁴¹⁹ Not one of those five reasons identifies any ambiguous terms in a regulation to which the agency’s interpretation could plausibly be directed. As Justice Scalia observed:

[I]t becomes obvious from the ensuing discussion that the referenced ‘regulatory scheme,’ and ‘regulatory regime’ for which the Court accepts the agency interpretation includes not just the agencies’ own regulations but also (and indeed primarily) the conformity of those regulations with the ambiguous governing statute, which is the primary dispute here.⁴²⁰

But, of course, the Court had already ruled out deference to either agency’s interpretation of the underlying statute.

The question of the day is why the Court made itself look silly trying to find some reason to defer to the EPA memorandum, which clearly did not merit deference under any governing doctrine. The obvious answer is that figuring out the right answer in this case—almost without regard to what you consider to be

⁴¹⁵ *Coeur Alaska*, 557 U.S. at 284 (citations omitted) (quoting *Auer*, 519 U.S. at 461).

⁴¹⁶ *See id.* at 295 (Scalia, J., concurring in judgment).

⁴¹⁷ *See id.* at 273-77 (majority opinion).

⁴¹⁸ *See id.* at 277.

⁴¹⁹ *See id.* at 284-86 (noting memorandum “preserves a role for the EPA’s performance standard,” concerns scenario in which evasion was not issue, “preserves the Corps’ authority to determine whether a discharge is in the public interest,” forbids toxic pollutants from “enter[ing] the navigable waters,” and reconciles various statutory provisions and regulations).

⁴²⁰ *Id.* at 295 (Scalia, J., concurring in judgment).

the criteria for a right answer—is very hard. There is no obvious solution to the conundrum Congress created (and the Court split 6-3 on the merits of the case). Deference to the EPA memorandum provides a relatively easy out. This would not be the first time that the Court threw up its hands in the face of a complex regulatory scheme.⁴²¹ Sometimes, deference makes a court’s job easier.

Now multiply that by the thousands of technical, tedious, and sometimes tricky statutory cases that inundate the lower courts. Those courts are going to be hungry for doctrines that let them get cases off their desks. Deference doctrines, if formulated with enough simplicity, can do that effectively. And the mid-1980s *Chevron* doctrine offered at least the promise of that kind of simplicity: just ask whether the statute is clear and whether the agency’s interpretation is absurd, and move on to the next case.

If that is even a moderate part of the reason why the *Chevron* doctrine prevailed (and I think it is more than a moderate part), then the future of the *Chevron* doctrine lies much more with the lower courts than with the Supreme Court. And if the Supreme Court wants to abolish, or even substantially limit, the *Chevron* doctrine, not just for itself but for the lower courts as well, it needs to provide an alternative mechanism for deciding cases that the lower courts will find palatable.

Consider in this light Professor Merrill’s recommendation, as part of a proposed reformulation of the *Chevron* doctrine, that courts carefully “determine whether the agency is acting within the scope of its delegated authority.”⁴²² *Chevron* tells courts to ask whether the agency is *clearly* outside its authority—and the major questions doctrine tells them to ask whether the agency is *clearly* within it. Over a large range of cases, seeking a clear answer is easier than seeking a correct one. Professor Merrill is absolutely right that seeking a right answer is more consistent with rule of law values, and the constitutional role of courts, than seeking a clear one.⁴²³ But if I am right, the development of doctrine in this area has not been driven by careful consideration of jurisprudential and constitutional values. It has been driven by the perceived realities of litigation, and those realities may call for something more deferential than Professor Merrill, and perhaps a majority of the current Supreme Court, is prepared to offer.

The next few years may offer a chance to test my hypothesis.

⁴²¹ See, e.g., *Pauley v. BethEnergy Mines, Inc.*, 501 U.S. 680, 697-98 (1991) (“The Benefits Act has produced a complex and highly technical regulatory program. . . . In those circumstances, courts appropriately defer to the agency entrusted by Congress to make such policy determinations.”).

⁴²² MERRILL, *supra* note 6, at 31.

⁴²³ See *id.* at 259-260 (“[T]he *Chevron* doctrine has made it more difficult for courts to enforce the values historically associated with judicial review.”).