

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BEFORE THE HONORABLE WILLIAM H. ALSUP

CITY AND COUNTY OF SAN FRANCISCO)	
)	
Plaintiff,)	
vs.)	No. C 19-2405 WHA
)	
ALEX M. AZAR II, et al,)	
)	
Defendants.)	
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STATE OF CALIFORNIA, BY AND)	
THROUGH ATTORNEY GENERAL XAVIER)	
BECERRA)	
)	
Plaintiff,)	
vs.)	No. C 19-2796 WHA
)	
ALEX M. AZAR II, et al,)	
)	
Defendants.)	
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COUNTY OF SANTA CLARA, ET AL)	
)	
Plaintiffs,)	
vs.)	No. C 19-2916
)	
U.S. DEPARTMENT OF HEALTH AND)	San Francisco, California
HUMAN SERVICES, et al,)	Wednesday
)	October 30, 2019
Defendants.)	8:00 a.m.
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TRANSCRIPT OF PROCEEDINGS

(APPEARANCES CONTINUED ON FOLLOWING PAGE)

Reported By: Debra L. Pas, CSR 11916, CRR, RMR, RPR
Official Reporter - US District Court
Computerized Transcription By Eclipse

Debra L. Pas, CSR, RPR, RMR, CRR
Official Reporter - U.S. District Court - San Francisco
(415) 431-1477

APPEARANCES:**For Plaintiff City and County of San Francisco:**

SAN FRANCISCO CITY ATTORNEY'S OFFICE
Fox Plaza
1390 Market Street
Sixth Floor
San Francisco, California 94102

BY: JAIME MARIE HULING DELAYE, ESQ.

SAN FRANCISCO CITY ATTORNEY'S OFFICE
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

BY: SARA JENNIFER EISENBERG, ESQ.

For Plaintiff State of California:

CALIFORNIA DEPARTMENT OF JUSTICE
Office of the Attorney General
1300 I Street
Suite 125
Sacramento, California 94244

**BY: NELI NIMA PALMA, ESQ.
STEPHANIE TAO-HSIN YU, ESQ.**

**For Plaintiff AGLP: The Association Of LGBTQ+
Psychiatrists, et al**

MAYER BROWN, LLP
1999 K Street NW
Washington, DC 20006.

BY: MIRIAM R. NEMETZ, ESQ.

AMERICANS UNITED FOR SEPARATION OF
CHURCH AND STATE
Legal Department
1310 L Street NW
Suite 200
Washington, DC 20005

BY: RICHARD BRYAN KATSKEE, ESQ.

(APPEARANCES CONTINUED ON FOLLOWING PAGE)

1 **APPEARANCES: (CONTINUED)**

2 **For Plaintiff AGLP: The Association Of LGBTQ+**
3 **Psychiatrists, et al**

4 LAMBDA LEGAL
5 Midwest Regional Office
6 105 W. Adams
7 Suite 2600
8 Chicago, Illinois 60603

9 **BY: CAMILLA B. TAYLOR, ESQ.**
10 **JAMIE AVRA GLIKSBERG, ESQ.**

11
12
13 Center for Reproductive Rights
14 U.S. Litigation Program
15 199 Water Street
16 22nd Floor
17 New York, New York 10038

18 **BY: GENEVIEVE SCOTT, ESQ.**

19 **For Plaintiff County of Santa Clara:**

20 Santa Clara County
21 Office of the County Counsel
22 70 West Hedding Street
23 East Wing, Ninth Floor
24 San Jose, California 95110

25 **BY: MARY ELIZABETH HANNA-WEIR, ESQ.**
LAURA S. TRICE, ESQ.
SUSAN PEARL GREENBERG, ESQ.

For Defendants:

U.S. DEPARTMENT OF JUSTICE
Civil Division
Federal Programs Branch
P.O. Box 883
Ben Franklin Station
Washington, DC 20044

BY: BENJAMIN THOMAS TAKEMOTO, ESQ.
VINITA ANDRAPALLIYAL, ESQ.

— — —

1 Wednesday - October 30, 2019

8:05 a.m.

2 P R O C E E D I N G S

3 ---000---

4 **THE CLERK:** Calling Civil Action 19-2405, City and
5 County of San Francisco versus Azar II, et al.

6 And related cases 19-2769, State of California versus
7 Azar, et al.

8 And Civil Action 19-2916, County of Santa Clara, et al,
9 versus U.S. Department of Health and Human Services, et al.

10 Counsel, please step forward and state your appearances
11 for the record.

12 **MS. HULING DELAYE:** Your Honor, Jaime Huling Delaye
13 for plaintiff San Francisco.

14 **THE COURT:** Great. Welcome.

15 **MR. TAKEMOTO:** And Benjamin Takemoto from the
16 Department of Justice on behalf of the Department of Health and
17 Human Services.

18 **THE COURT:** Okay. Welcome to you, too.

19 We have a few hours here, and I think the best way to
20 proceed is to give each side about 20 minutes to make your
21 overview, and I'll try not to interrupt. And then I think we
22 will spend several hours going into some of the -- a deep dive,
23 so to speak, into some of the specifics.

24 I have a lot of questions, but it might be better for me
25 to hold my questions and be more informed by your overview

1 presentations.

2 So I'd like to give each side about 20 minutes to kind
3 of -- a higher level of argument would be worthwhile, and then
4 we will go into some of the more detailed things.

5 Now, does that work for you two? Are you making all the
6 argument this morning?

7 **MS. HULING DELAYE:** Your Honor, plaintiffs have
8 reached an agreement to split the issues amongst counsel for
9 the different cases. And so would you like one attorney to
10 address the entire overview? If it's possible, we prefer to
11 split that.

12 **THE COURT:** Okay. I would rather you do it that way
13 than split it up. We'll eventually get around to -- maybe
14 everyone will get a chance in response to more specific
15 questions, but isn't there somebody on your side capable of
16 giving me the overview?

17 **MS. HULING DELAYE:** Your Honor, we can do that. If
18 you would give us a minute to convene, we would appreciate
19 that.

20 **THE COURT:** No, you're going to do that.

21 **MS. HULING DELAYE:** Okay.

22 **THE COURT:** You can do that. Come on.

23 All right. So you have a seat. And we'll let the
24 plaintiffs go first with the overview, and then we'll get your
25 overview, and we can come back to more specific material.

1 I want you all to know that I find this to be -- it's hard
2 for the judge. You all are dedicated partisans and live with
3 the details. I've got hundreds of other cases, including
4 people that the Government wants to put in prison, and I find
5 the level of detail excruciating here. And it's hard for my
6 eyesight to read this tiny print.

7 So it's not easy for me, and I am not going to decide this
8 based on politics. That's a given. It's going to be on the
9 law. That's all I care about, is does this measure up to the
10 law or not?

11 So I want you to help me with that. I don't want to hear
12 political arguments today, on either side, please.

13 All right. You get to go first.

14 **MS. HULING DELAYE:** Thank you, Your Honor.

15 The fundamental disagreement between the parties is
16 whether Congress has delegated to HHS the authority to
17 promulgate substantive regulations with the force of law
18 interpreting statutory authority.

19 **THE COURT:** No, no. I'm going to stop you right
20 there. I'll just tell you both.

21 This is an interpretive regulation. It is not a
22 legislative regulation. I agree with you, it does not have the
23 force of law. It's an interpretation. The reg even says that.

24 Now, if the Government disagrees, then you can have your
25 chance at it, but I -- I was in the Justice Department. I know

1 what an interpretive regulation is versus a legislative reg.

2 This is a interpretive regulation. At no point in history
3 did Congress give the agency the authority to issue legislative
4 regulations. So that's a given.

5 But nevertheless, nevertheless -- see, you built your
6 whole argument on a false premise. Nevertheless, the agencies
7 from time immemorial have given interpretations of the laws
8 they are supposed to enforce. So what's wrong with that?

9 That's what you've got to help me understand, is what is
10 wrong with the agency putting out a regulation saying: Here is
11 how we're going to interpret the law.

12 **MS. HULING DELAYE:** Your Honor --

13 **THE COURT:** So that's, to me, where -- you've got to
14 help me understand that point.

15 **MS. HULING DELAYE:** In the absence of *Chevron*
16 deference, it does not have the force of law --

17 **THE COURT:** Let's say there is no *Chevron* deference.
18 Let's just say there is no -- well, that's a different
19 question.

20 See, I've already violated my own... I told you I was
21 going to give you 20 minutes and right off the bat you got me
22 excited.

23 (Laughter.)

24 But let's put *Chevron* deference, all the deference issues
25 to one side.

1 Here, I'm going to give you how I see this. Congress
2 passed these amendments. Whether you like them or not, that's
3 what the -- you don't like these amendments, but that's what
4 Congress. So there are strings attached to the money, and we
5 have to honor what Congress has done.

6 But the agency has no authority to add to or subtract from
7 what the Church amendment said, the Weldon amendment said or
8 what the Coats-Snowe amendment said, and you don't either. We
9 are stuck with what Congress said and so is the agency.

10 Now, maybe in a very close case where the -- the wording
11 is ambiguous, you defer to the expertise of the agency,
12 something like that. But the agency can't just mash together
13 all these amendments and start putting in new definitions or
14 definitions that they would prefer motivated by political
15 considerations. The agency is stuck with what Congress said.

16 Now, it can interpret those. I mean, every agency is
17 going to have to interpret. What's wrong with that?

18 When I practiced for 25 years before I got this job, I
19 occasionally had some Comptroller of the Currency regulation.
20 They were all interpretive regs. They were all interpretive
21 regs. And the Courts sometime went along with it, sometimes
22 they didn't go along with it. But they were all just
23 interpretations right there in the C.F.R. Everyone understood
24 that. They weren't legislative regs.

25 And that's the same with these. These are interpretive

1 regulations telling the world how the agency intends to try to
2 enforce these amendments. And as long as they don't add to or
3 subtract from what's actually there in the amendments, I don't
4 see what's wrong with that.

5 Okay. So I'm going to -- your time has not been taken. I
6 have been pontificating, so I'm going to try to not take away
7 from your time.

8 Okay. Please, your name is what?

9 **MS. HULING DELAYE:** Jaime Huling Delaye.

10 **THE COURT:** All right. Please go ahead.

11 **MS. HULING DELAYE:** Your Honor, we agree with
12 everything that you've said. And the problem is that the
13 definitions that have been adopted by HHS here reach far beyond
14 what the conscience statutes say and what --

15 **THE COURT:** Give me some examples of that. I have
16 been struggling to find those examples. Maybe there are a
17 couple of them, but give me a good example of something that
18 goes far beyond what they actually say.

19 **MS. HULING DELAYE:** So "assist in the performance"
20 extends to anyone who takes an action that has specific
21 reasonable and articulable connection to furthering a
22 procedure. And HHS's definition makes clear that that
23 includes, quote, making arrangements for the procedure.

24 But this is directly contrary to the legislative history
25 of the Church amendment in which Senator Church himself said:

1 "The amendment is meant to give protection to the
2 physicians, to the nurses, to the hospitals themselves
3 if they are religious, but there is no intention here
4 to permit a frivolous objection from someone
5 unconnected with the procedure."

6 There were comments that were given to the agency that
7 said: We're concerned that this definition is so broad that it
8 would apply to people who schedule a procedure or prepare a
9 room or sterilize instruments for an abortion. And the agency
10 clarified in the rule that it is -- that this definition is
11 intended to reach those people.

12 **THE COURT:** Okay. Let's take that -- that's very
13 helpful for you to give me that example. Let's go through that
14 for a second.

15 I read that legislative history, the floor debates. Do
16 you know who he was responding to?

17 **MS. HULING DELAYE:** Off the top of my head I don't
18 recall.

19 **THE COURT:** Senator Long, I believe it's Russell
20 Long, raised that very question, and then Senator Church gave
21 the answer that you just read.

22 So that's a good point in your favor. But where in the
23 reg does it -- and you know how they got all the comments?
24 They say: We got this comment. Here is our response. We got
25 this comment. That goes on ad infinitum.

1 So help me find in this small print where -- where the
2 agency said it would pick up schedulers.

3 **MS. HULING DELAYE:** Your Honor, the quote is from 84
4 Federal Register Page 23186.

5 **THE COURT:** 23186. I'm on that page. There are
6 three columns. Where would I look?

7 **MS. HULING DELAYE:** At the bottom of the right-hand
8 column the comment is:

9 "The Department received comments stating that
10 the proposed, quote, articulable connection standard
11 is too broad and would permit objection" --

12 **THE COURT:** Wait, wait, wait. 23180- --

13 **MS. HULING DELAYE:** -6.

14 **THE COURT:** -6.

15 At which column?

16 **MS. HULING DELAYE:** The right-hand column, the bottom
17 of the page.

18 **THE COURT:** Mine doesn't say that. It says:

19 "The Department believes" --

20 Oh, no I see. Up there under "Comment." Oh, that's where
21 you're reading. All right. Yes. You're right.

22 "The Department received comments stating that
23 the proposed articulable connection standard is too
24 broad and would permit objections by persons whom
25 certain commenters contend have only a tangential

1 connection to the objected-to procedure or health
2 services program or research activity."

3 By the way, that sounds kind of like what Russell Long was
4 saying.

5 "Some commenters included examples such as a
6 person preparing a room for an abortion or scheduling
7 an abortion."

8 Then here is the response:

9 "The Department believes that the proffered
10 examples are properly considered as within the scope
11 of protections enacted by Congress for those who
12 choose to assist and those who choose not to assist in
13 the performance of an abortion. Scheduling an
14 abortion or preparing a room and the instruments for
15 an abortion are necessary parts of the process of
16 providing an abortion, and it is reasonable to
17 consider performing these actions as constituting
18 assisting."

19 Okay. So what you told me is exactly right. It's right
20 there in the -- so whenever it's your turn over there on the
21 government's side, I'm going to ask you how you can square this
22 with what Senator Church himself said in response to Russell
23 Long. Because I think he said that you would be -- that
24 wouldn't go that far.

25 Okay. All right. So that's Page 186.

1 All right. See, that's helpful to me to have these
2 specific examples.

3 Give me another specific example.

4 **MS. HULING DELAYE:** Another specific -- well, another
5 example, another reason that "assist in the performance" is too
6 broad is because it should be construed as a term of art as
7 used in the medical field. Whereas, the department has argued
8 that it can take dictionary definitions of "assist" and
9 "perform" and string them together to create this broad
10 articulable connection definition.

11 The proper way to understand terms of art, as indicated by
12 the United States Supreme Court in *Louisiana Public Service*
13 *Commission versus FCC* is to be interpreted by reference to the
14 industry in which they apply.

15 And here "assist in the performance" is a term of art in
16 the medical field, and we have proffered declarations to that
17 effect.

18 The Chen declaration at Paragraphs 14 through 16, and the
19 Zevin declaration at Paragraphs 8 through 10 that indicate that
20 the Department's understanding of the meaning of "assist in the
21 performance" to extend to the examples that we just read from
22 the Federal Register does not comport with the use of the term
23 "assist in the performance" in the medical field.

24 And the broad definition of "assist in the performance"
25 would sweep the additional types of refusals that were never

1 contemplated, let alone authorized by Congress.

2 So, for example, HHS recently conceded in a case brought
3 by the State of New York challenging this exact same regulation
4 that:

5 "The rule protects an ambulance driver's ability
6 not to assist in the performance of a procedure to
7 which the driver has an objection."

8 And that's a quote from HHS's lawyer.

9 **THE COURT:** Where was that quote from?

10 **MS. HULING DELAYE:** That quote was from the
11 transcript of the hearing in front of Judge Engelmayer in the
12 Southern District of New York on October 18th, and yesterday
13 plaintiffs filed a request for leave to file a Request for
14 Judicial Notice of that transcript.

15 **THE COURT:** All right. Is that ambulance driver
16 point somewhere in the fine print of the Federal Register?

17 **MS. HULING DELAYE:** Yes, Your Honor, it is. And it
18 was cited to in our reply brief as well. It's on Page 21188 of
19 the Federal Register.

20 **THE COURT:** What I have doesn't go back that early.
21 Mine starts at 23170.

22 **MS. HULING DELAYE:** I'm sorry. 23188.

23 **THE COURT:** 23188?

24 **MS. HULING DELAYE:** Yes.

25 **THE COURT:** All right. Then I do have that. What

1 column, please?

2 **MS. HULING DELAYE:** It begins on the far left column.

3 **THE COURT:** Okay. I see it:

4 "The Department received comments expressing
5 concern that the definition of 'assist in the
6 performance' would cover ambulance drivers.

7 "Response. EMTs and paramedics are treated like
8 other healthcare professionals under this definition.
9 Federal Conscience and Anti-Discrimination Laws would
10 apply to them or not based on whether the elements of
11 the law and this final rule are satisfied in a
12 particular circumstance."

13 That's kind of wishy-washy.

14 "To the extent the commenters contend that the
15 kinds of actions the ambulance crews perform never
16 count as assisting in the performance of a procedure
17 encompassed by a Federal Conscience or
18 Anti-Discrimination Law, the Department declines to
19 take a categorical approach."

20 All right. It goes on and on and on, but I'll stop there.

21 So that is not categorical. What did the Government say?

22 Read to me what the Government said in the New York case.

23 **MS. HULING DELAYE:** Your Honor, if I may just
24 highlight a few other portions from the Department's long
25 response?

1 **THE COURT:** Yes, please.

2 **MS. HULING DELAYE:** They say, quote:

3 "EMTs and paramedics are trained medical
4 professionals, not mere drivers."

5 And then near the top of the center column:

6 "To the extent commenters are referring to
7 emergency transportation of persons with conditions
8 such as an ectopic pregnancy, where the potential
9 procedures performed at the hospital may include
10 abortion, the question of whether such transportation
11 falls under the definition of "assist in the
12 performance" would depend on the facts and
13 circumstances."

14 And to the extent that the Department believes that it
15 depends on the particular facts of the case, that indicates
16 that there are some situations in which a woman who is
17 suffering from a potentially life-threatening emergency ectopic
18 pregnancy could have an ambulance driver refuse to transport
19 her to the hospital while she bleeds internally. And that is
20 exactly the example that was given by judge Engelmayer in the
21 New York case.

22 And if you turn to Page 117 of the Southern District
23 transcript, which I have a copy for you, if you would like to
24 see it?

25 **THE COURT:** I don't have it here, but just read it

1 exactly to me.

2 **MS. HULING DELAYE:** So the judge says -- so the judge
3 is talking about whether an ambulance driver can literally drop
4 a woman off in the middle of Central Park in New York on her
5 way to Mount Sinai and leave her by the side of the road.

6 And the Court says:

7 "Right. It's certainly not a best practice, but
8 the issue is is the conduct of the ambulance driver in
9 refusing to drive any further because of the ambulance
10 driver's sincere religious objection to the procedure,
11 is that protected by the rule?"

12 And DOJ responds:

13 "The rule protects an ambulance driver's ability
14 not to assist in the performance of a procedure to
15 which this driver has an objection."

16 And then colloquy continues with the Court raising the
17 question of EMTALA, and the -- and says basically that -- the
18 DOJ essentially says if one ambulance driver isn't willing to
19 transport someone with an ectopic pregnancy, that's something
20 the employer should have planned for in advance.

21 But that is not a situation that the plaintiff healthcare
22 providers can plan for in advance and that is made clear by the
23 declaration of the Santa Clara EMT department director, who
24 states that EMTs are dispatched in teams of two, one to
25 transport and one to treat; that they do not know who they are

1 going to be receiving for treatment when they are dispatched.
2 There is no way to know in advance whether they have an
3 objection to the care that the individual needs in that
4 emergency, and that it would be a violation -- a cause for
5 discipline under state law for any EMT to refuse to provide
6 care.

7 And that's in the Miller declaration at page -- Paragraphs
8 6 and 7.

9 So that is a very serious concern, Your Honor, that people
10 could be in emergency situation where they need urgent care and
11 there is no exception in this rule for emergencies. And for
12 that reason the rule violates EMTALA, the Emergency Medical
13 Treatment and Active Labor Act, which requires all medical
14 professionals to provide stabilizing treatment; and if not
15 available at that facility, stabilizing treatment, transfer to
16 another facility where the individual can get the care that
17 they need.

18 And we know that Senator Church was not considering
19 allowing emergency -- refusals in emergency situations. If you
20 look at Congressional -- 119 Congressional Record Page S9601,
21 Senator Church says:

22 "In an emergency situation, life or death type,
23 no hospital, religious or not, would deny such
24 services."

25 **THE COURT:** The floor debate? What page?

1 **MS. HULING DELAYE:** 119, Congressional Record S9601.

2 **THE COURT:** I have the floor debate. I don't have
3 that page.

4 **MS. HULING DELAYE:** Your Honor, I apologize.

5 **THE COURT:** Is that in a Senate report? What is that
6 you're reading from?

7 **MS. HULING DELAYE:** It's in the Congressional Record.
8 I believe it's in the Senate report. I believe it immediately
9 follows the pages that we were discussing a few moments ago.

10 **THE COURT:** All right. Read it again, please.

11 **MS. HULING DELAYE:** (As read:)

12 "In an emergency situation, life or death type,
13 no hospital, religious or not, would deny such
14 services."

15 So we have two problems here. One, Senator Church did not
16 intend for the Church amendments to reach care not provided by
17 doctors or nurses. It was performed by perhaps orderlies,
18 receptionists, ambulance drivers.

19 And Senator Church intended that even the doctors, nurses
20 and hospitals he intended to cover through this amendment
21 would, of course, make an exception for an emergency to care
22 for someone's life. And HHS has not made either consideration.

23 And that is similar to how the Weldon amendment should be
24 interpreted. The Weldon amendment says -- does not include the
25 term "assist in the performance," but it was intended to also

1 have an emergency exception.

2 At 151 Congressional Record H176, Representative Weldon
3 says:

4 "It simply prohibits coercion in non-life
5 threatening situations. It ensures that in situations
6 where a mother's life is in danger, a healthcare
7 provider must act to protect the mother's life. In
8 fact, Congress passed the Federal Emergency Medical
9 Treatment and Active Labor Act, EMTALA, forbidding
10 critical care health facilities to abandon patients in
11 medical emergencies and requires them to provide
12 treatment to stabilize the medical condition of such
13 patients, particularly pregnant women."

14 And, yet, HHS says that this rule would allow an ambulance
15 driver -- so it never intended to be covered by this rule -- to
16 leave a woman bleeding internally, at risk of losing her life,
17 by the side of the road in the middle of an emergency.

18 **THE COURT:** Show me -- what I have on the Church
19 amendment doesn't have what you have. So I have -- hand up to
20 me the page that you read from about the emergency.

21 **MS. HULING DELAYE:** Your Honor, I simply have my
22 notes, but I'm happy to share them.

23 **THE COURT:** Okay.

24 **MS. HULING DELAYE:** On the third column over under
25 "Legislative History."

1 **THE COURT:** This one over here says "enabling
2 statute." This refers to Weldon.

3 **MS. HULING DELAYE:** Yes. I'm reading from the
4 legislative history of Weldon, which is in the third column of
5 that table.

6 **THE COURT:** I thought we were talking about the
7 Church amendment. You said "Senator Church says."

8 **MS. HULING DELAYE:** Senator Church said that was on
9 the first page of that document, and also Senator Weldon
10 indicated the same objection.

11 Oh, Your Honor, I have the --

12 **THE COURT:** I just want to focus on Church for a
13 minute.

14 **MS. HULING DELAYE:** Okay.

15 **THE COURT:** Where is the part the -- here it is.
16 11998 -- 11998 Congressional Record.

17 **MS. HULING DELAYE:** In the -- so, Your Honor --

18 **THE COURT:** S9601 --

19 **MS. HULING DELAYE:** -- S9601 is the citation.

20 It's in the second RJN that was provided by plaintiffs in
21 conjunction with our reply brief.

22 **THE COURT:** Well, all right. I'm sure it's here
23 somewhere.

24 All right. Ambulance drivers. Give me one more example
25 that you feel is concrete and beyond the scope of the statutes

1 themselves.

2 **MS. HULING DELAYE:** With respect to "assist in the
3 performance" at Page 23187:

4 "Nursing staff refusing to provide routine, pre
5 and post operative support in connection with abortion
6 or sterilization procedures."

7 **THE COURT:** What column was that now? I'm 23187.
8 Three columns. So which one do I look at?

9 **MS. HULING DELAYE:** Your Honor, I'm -- sorry. I'm
10 trying to find it myself at this moment.

11 (Brief pause.)

12 **MS. HULING DELAYE:** It is in the discussion of the
13 *Danquah* lawsuit, which is in the center column. And in the
14 center of that column:

15 "Nurses contended they were required to assist
16 abortion cases in violation of the Church amendment.
17 A public hospital receiving Public Health Service Act
18 funds filed a brief in federal court stating that to
19 administer routine pre and post operative care to
20 abortion patients does not constitute assisting in the
21 performance of an abortion under the Church amendment.
22 Without taking a position on the facts of that case,
23 the Department disagrees with a narrow interpretation
24 of "assisting in the performance" that excludes pre
25 and post operative support to a scheduled abortion

1 procedure."

2 **THE COURT:** Well, all right. I see your point, but
3 it doesn't say categorically. It says they disagree with the
4 categorical statement in that lawsuit.

5 **MS. HULING DELAYE:** I believe it says:

6 "The Department disagrees with an interpretation
7 of "assisting in the performance" that excludes pre
8 and post operative support."

9 **THE COURT:** Right.

10 **MS. HULING DELAYE:** And so that, to me, I read as the
11 Department saying that it extends the definition of "assist in
12 the performance" to include pre and post operative support,
13 which means that not only would a hospital need to arrange for
14 additional nursing support if there were a nurse who refused to
15 scrub in on an abortion procedure.

16 The hospital would also need to make sure that to the
17 extent that the patient needed to be prepped for surgery, or
18 needed care after surgery, or perhaps returned to the hospital
19 with complications from surgery, such as a post-operative
20 infection, they would need to have -- a nurse would be allowed
21 to object in that scenario and the hospital would need to
22 provide alternative care to ensure that the patient was
23 properly treated.

24 So on day one of this regulation going into effect,
25 plaintiff healthcare providers would need to conform with that

1 understanding of the rule.

2 **THE COURT:** Okay. That brings me to a different
3 point.

4 Why is that? This is just an interpretation. If the
5 hospital feels that this interpretation is wrong, the hospital
6 can complain with OCR, get a ruling from OCR, and then go take
7 judicial review and -- under the APA and get it adjudicated on
8 a very specific set of facts.

9 There is a ripeness problem that I see here. There are --
10 there are probably a thousand scenarios we can come up with
11 that haven't yet happened, and you're asking me to rule in
12 advance on a thousand scenarios.

13 I'm not a medical professional. I don't feel comfortable
14 doing that. Maybe I could rule on a few that are clear cut,
15 but there are so many -- this is not a legislative rule. I've
16 got to get that clear. This is -- this does not have the
17 effect of law. It has no more effect of law than the
18 amendments itself. It's just their interpretation.

19 You have a -- a judge is eventually going to decide on a
20 case-by-case basis.

21 I want to turn now to the -- to something that troubles me
22 about your lawsuit, which is: Is this even ripe for me to
23 decide or the judge in New York to decide when all of these
24 issues, many of them will never come up. Many of them will
25 never come up. But they might. And then they could be

1 adjudicated on a case-by-case with the real facts instead of
2 hypothetical facts.

3 **MS. HULING DELAYE:** Your Honor --

4 **THE COURT:** Help me on the -- help me -- maybe an
5 ambulance driver would do what you said in Central Park. I
6 kind of doubt that would he ever happen, but it might. But
7 that's an emergency situation. I'm more sympathetic to saying
8 something on that.

9 But the one that you gave me about the post op, hospitals
10 can reassign people. It may not even ever come up. So why
11 should I get into that?

12 **MS. HULING DELAYE:** Well, your Honor, so a few
13 points.

14 First, we're not asking you to rule on every hypothetical
15 fact scenario that may come up. We're asking you to rule as a
16 matter of law that the legal definitions that have been adopted
17 by HHS in promulgating this law conflict with the Congressional
18 statutes and that they are in violation of the Congressional
19 intent and should be stricken and vacated under the APA.

20 **THE COURT:** Wouldn't it be sufficient for the judge
21 to say, one paragraph: The agency cannot go beyond the wording
22 of the amendments themselves. The agency has no power to add
23 or subtract from what the law already said. And to the extent
24 those definitions go beyond that, they are invalid.

25 I'm not going to get into -- you are asking me to get into

1 one multiplicity of scenarios, otherwise -- I mean, that much I
2 could do.

3 But what I can't do, I feel, is to go through dozens --
4 let's say even a dozen hypothetical situations and say: Okay,
5 I'm going to imagine this could occur. Would that be okay
6 under this statute?

7 **MS. HULING DELAYE:** Your Honor --

8 **THE COURT:** See, your whole argument is trying -- is
9 built on the false premise that this is a legislative rule. It
10 is not. I'm willing to say that.

11 This is an interpretive only and they have no authority to
12 expand on what the law says. That's quite clear to me.

13 And -- but beyond that, why do I need to say anything
14 more?

15 **MS. HULING DELAYE:** Your Honor, you are empowered to
16 say more. The case of *Morton v Ruiz*, the Supreme Court found
17 that there was an interpretive rule promulgated by the BIA that
18 it was in conflict with the Congressional intent and that it
19 should be stricken. There are multiple examples of that, even
20 recently, in this district.

21 **THE COURT:** Just give me appellate, just appellate
22 ones. There are too many District Court decisions going all
23 different ways. So stick with the one in the Supreme Court.
24 What happened there?

25 **MS. HULING DELAYE:** Yes. *Morton v Ruiz* is 415 U.S.

1 199, 1974. Very recently the Ninth Circuit found that in
2 *California versus HHS*, which just came out last week, the Ninth
3 Circuit found that it was appropriate to look to legislative
4 history even outside of the *Chevron* framework and to strike
5 down an agency action. And that has not yet been published,
6 but it's a Ninth Circuit decision by Judge Wallace. It's 2019
7 Westlaw 538,2250.

8 **THE COURT:** What were the facts in the Morton case?

9 **MS. HULING DELAYE:** In *Morton v Ruiz* the BIA was
10 responsible for distributing Indian assistance, is what it was
11 called. It was essentially financial assistance to Native
12 Americans who needed financial support. And even though the
13 BIA had in that case explicit authority to promulgate
14 regulations, because they had not followed the APA procedure
15 the Court held that there was no *Chevron* deference and looked
16 at the rule as if it were simply an interpretive rule as
17 opposed to a legislative rule.

18 And it looked very closely at the Congressional history to
19 determine whether the assistance that the BIA was supposed to
20 administer was supposed to go only to Native Americans living
21 on a reservation or whether it was intended by Congress to go
22 to Native Americans living on or near a reservation.

23 And the BIA -- the case came about because the BIA had
24 denied financial assistance under that act to Mr. Ruiz, who was
25 living near the reservation of the tribe that he was a member

1 of.

2 And there the Court said that the BIA could not adopt an
3 interpretation that was in conflict with the Congressional
4 intent to give that assistance to Native Americans on or near
5 reservations.

6 **THE COURT:** Well, but that sounds like a case where
7 the victim, Mr. Ruiz, brought a lawsuit to say: I'm entitled
8 to my money. And he won. And the Supreme Court affirmed on
9 the ground -- ruled for him on the ground that the
10 interpretation by BIA was incorrect. Of course, that's right.

11 But you said --

12 **MS. HULING DELAYE:** And, Your Honor --

13 **THE COURT:** You said it stood for the proposition
14 that a judge can reach out and strike an entire interpretation
15 by an agency without a concrete setting. That's not quite what
16 you -- that's not the fact.

17 **MS. HULING DELAYE:** No, Your Honor. I meant that the
18 Court that -- I was intending to cite it for the proposition
19 that the Court can strike an agency's interpretation even if
20 it's not considered by the Court to be a legislative rule.

21 **THE COURT:** Of course. That's -- I mean, in a
22 concrete case. Let's take the -- let's say that in our
23 situation that the government, HHS, cut off federal funds to
24 San Francisco General because of -- it wouldn't extend
25 protection to ambulance drivers. Let's say that.

1 And then you came to court and said: They've cut off our
2 money. We want our money. Just like Mr. Ruiz said: I want my
3 money.

4 And then a judge would say: You can or cannot, whatever
5 the interpretation would be under these amendments. The
6 amendments do not authorize you to cut off the money on -- the
7 protection doesn't extend to ambulance drivers, or they might
8 rule the other way.

9 So that would be a concrete case. And, of course, you
10 would have to say that the interpretation is either correct or
11 incorrect.

12 **MS. HULING DELAYE:** Your Honor --

13 **THE COURT:** So I -- but here we don't have a concrete
14 case yet.

15 **MS. HULING DELAYE:** This case is ripe because on the
16 day that this rule goes into effect, all of the plaintiff --
17 the rule requires that all plaintiff recipients who receive
18 federal funds, which is all of us, must act in all instances as
19 if we are covered by the rule because we need to make
20 assurances and certifications, which are required under the
21 rule, in order to continue to receive our funds.

22 And not only that, but we have put in the record examples
23 of policies that we have in place, pursuant to city policy in
24 the case of San Francisco, incorporated in labor agreements
25 with our unions that are facially in conflict with this agency

1 interpretation.

2 So we will need to change our policies on day one, because
3 we will need to sign that we are in compliance with the rule in
4 order to keep receiving the federal funds that we receive.

5 These --

6 **THE COURT:** Whose declaration is that?

7 **MS. HULING DELAYE:** Your Honor, there are -- the
8 assurance and certification is in the rule itself. And the
9 declarations from San Francisco are numerous. I believe one is
10 from Mr. Wagner. There is -- I'm sorry, let me just turn to...

11 The Chen declaration from the head of Zuckerberg San
12 Francisco General Hospital. Exhibit A to that declaration is
13 our Administrative Policy 5.15, which requires even individuals
14 with a religious objection to performing care to continue
15 providing that care until a substitute provider can be provided
16 in order to ensure continuity of care and ensure that life is
17 preserved.

18 And, Your Honor, in this case 40 percent of the funds that
19 Zuckerberg San Francisco General receives are from HHS. And
20 this rule would allow HHS to completely cut off all of those
21 funds if they believe -- if there is a violation or, quote,
22 threatened violation even while voluntary compliance efforts
23 continue.

24 So there does not need to be notice and a hearing and a
25 finding and due process under this rule before HHS can cut off

1 all funds. Not even just San Francisco General's funds, but
2 all of San Francisco's funds, all of California's funds.

3 **THE COURT:** All right. Well, so let me -- let's say
4 you're right for a moment, and let's say that I --
5 hypothetically that I would rule for you on the points that you
6 brought up so far about the ambulance driver and the post op
7 and preop.

8 Nevertheless, this regulation is very long and that's only
9 a small part of it. So if I would declare those to be invalid
10 and beyond the scope of the amendments, there would be other
11 parts still in play. And then you would have the same
12 argument: Well, Judge, 40 percent. They are going to cut off
13 our money.

14 You've got to go through here and fly spec this with every
15 little objection we've got.

16 **MS. HULING DELAYE:** Well, Your Honor --

17 **THE COURT:** I can't do that. This is impossible.
18 You're asking an impossible thing of the poor judge.

19 How many things -- let's say I give you three things to
20 object to. Then I rule on those. You're not going to be
21 satisfied with three. You want to go through and have dozens
22 of scenarios adjudicated in advance.

23 **MS. HULING DELAYE:** We believe that the -- a proper
24 remedy under the APA is vacatur of the rule because it was
25 adopted in a procedurally impermissible way. It was adopted

1 without statutory authority.

2 There is no authority. There is no authority for HHS to
3 interpret these rules, these statutes at all.

4 **THE COURT:** Well, wait. How can that be? Doesn't
5 the Office of Civil Rights -- is that what's it's called, OCR?
6 Doesn't OCR from even back in the Obama administration
7 administer these very statutes? No?

8 **MS. HULING DELAYE:** The only thing that the previous
9 2011 regulations did was identify OCR as the agency to accept
10 complaints. It did not authorize them. And there is no
11 Congressional authority for OCR or HHS to promulgate these --
12 interpretations that impose substantive obligations on
13 regulated parties.

14 So here what they are doing is they are saying: You need
15 to sign this notice of compliance. You need to sign these
16 assurances. You need -- the enforcement provisions are
17 incredibly broad and they mirror enforcement provisions in
18 Title VI, which HHS had Congressional authority.

19 **THE COURT:** You're saying before the present
20 administration in Washington, San Francisco General never had
21 to certify anything to HHS?

22 **MS. HULING DELAYE:** Not with respect to any of these
23 conscience statutes, that is correct. This is --

24 **THE COURT:** Then how did Congress have these -- let's
25 say -- let's take it under the Obama administration. Take

1 politics out of it for a minute.

2 How did Congress -- what was the Congressional scheme for
3 seeing that these conscience statutes were complied with?

4 **MS. HULING DELAYE:** After the 2011 regulations, a
5 complaint would go to HHS. And HHS had no written
6 interpretation saying that they had the right to certain
7 enforcement mechanisms. And so what they would use is the UAR.

8 The UAR is a regulation that we do not challenge. It's
9 the Uniform Administrative Requirements, and they have adopted
10 that, we believe correctly, pursuant to their housekeeping
11 authority under 5 U.S.C. Section 301. That allows an agency to
12 promulgate regulations governing their own procedures and
13 conduct, not the conduct of regulated parties. And that's the
14 key difference here.

15 So under the UAR what they would do is they would follow
16 those procedures. They would say: We need, perhaps, to reach
17 out and discuss this issue with an entity receiving funds. We
18 need to make sure that they are in compliance with federal law
19 when they receive federal grants. And they might impose
20 additional program requirements or impose additional
21 monitoring.

22 But under the UAR they are not allowed to take any money.
23 Not a dollar --

24 **THE COURT:** But wait, wait. Some of these amendments
25 specifically --

1 **MS. HULING DELAYE:** Your Honor, I just want to
2 clarify. Not a dollar until the procedure has been completed.

3 **THE COURT:** Look. Again, I want to understand how
4 Congress intended for this to act.

5 I don't remember if it's Weldon or Coats-Snowe or Church,
6 but one of the amendments said that no federal money could go
7 to a state agency or other entity that discriminates against
8 people who won't do abortions.

9 **MS. HULING DELAYE:** Uh-huh.

10 **THE COURT:** So let's say there is some hospital that,
11 in fact, does discriminate and, nevertheless, somehow is
12 getting federal money. You're telling me that HHS has no
13 authority to stop the flow of funds?

14 **MS. HULING DELAYE:** HHS has authority under the UAR
15 to terminate only the specific funding stream indicated by the
16 particular violation and only after all voluntary compliance
17 measures have completed and failed, there has been notice and a
18 hearing and a finding. And that is not the case with these
19 enforcement provisions.

20 These enforcement provisions allow HHS to take away all
21 funds that HHS administers. And even they contend potentially
22 all funds covered in the Weldon amendment, which includes
23 Department of Education funds, Department of Labor funds, even
24 while voluntary compliance measures are still ongoing and even
25 where there has not been a finding of a violation.

1 And, Your Honor, I would like to direct you to two cases
2 that, I apologize, are not in the briefs. But the Weldon
3 amendment is not specifically directed to HHS. It's part of
4 the Department of Defense, and Labor, Health and Human Services
5 and Education Appropriations Act. It is directed to government
6 entity recipients of funds from DOD, DOL, DOE and HHS.

7 Similarly, the Coats-Snowe amendment is directed to the
8 federal government and any state or local Government that
9 receives federal financial assistance.

10 And there is case law out of the D.C. Circuit from then
11 Judge Cavanaugh in *U.S. Department of Navy versus Federal Labor*
12 *Relations Agency* at 665 F.3d 1339-1348 saying that:

13 "Deference is denied to appropriations riders" --
14 for example the Weldon's amendment -- "because a
15 federal appropriations statute is not within the
16 agency's area of expertise."

17 And there the Court denied -- refused to adopt and denied
18 any deference to the Federal Labor Relations Authority's
19 interpretation of a similar federal appropriations provision.

20 In that case the FLRA had ruled in the context of a labor
21 dispute about whether people -- federal employees stationed at
22 a particular location were allowed to get bottled water when
23 tap water was available. And there was a -- an appropriations
24 provision that said the federal government cannot pay for any
25 kind of personal items for employees. And FLRA had ruled that

1 the bottled water was not a personal item, and so the facility
2 could pay for the bottled water.

3 And the Court said it doesn't matter what the FLRA thinks
4 about this appropriations statute. It was not directed to
5 them. Congress did not give them the authority to interpret
6 it. We are going to look at what we think the plain language
7 says, at what we think the Congressional intent was, and we
8 will not adopt the FLRA's interpretation.

9 **THE COURT:** Well, I've got to give the other side an
10 opportunity to respond, and then you can have more time. But
11 I -- I'm confused over this.

12 When Congress put these riders in, Church and Snowe and so
13 forth, who -- which agency did Congress think was going to
14 police the system? Was it -- I would have thought it was --
15 they thought it was HHS, but -- but who did Congress think
16 would police the system to make sure that federal money was
17 being spent in accordance with these amendments?

18 **MS. HULING DELAYE:** Well, your Honor, the fact that
19 HHS has grant making authority and can administer grants
20 pursuant to the UAR does not mean that Congress intended to
21 give it any interpretive authority to promulgate rules and
22 regulations.

23 And I understand that Your Honor has recognized that they
24 don't have the authority to promulgate legislative regulations,
25 but in the New York case they conceded that these are

1 substantive regulations that substantively interpret the scope
2 of the --

3 **THE COURT:** They are just wrong about that. They are
4 just wrong about --

5 **MS. HULING DELAYE:** Yes.

6 **THE COURT:** I have no authority whatsoever to issue a
7 substantive regulation.

8 So, I'm sorry. I'm not -- don't give me that. You're not
9 answering my question. Who did Congress think -- what agency
10 did Congress think would police the system?

11 **MS. HULING DELAYE:** Your Honor, there is not a remedy
12 for every one. And it is entirely possible --

13 **THE COURT:** You won't even answer my question.

14 **MS. HULING DELAYE:** Your Honor, what I'm saying is --

15 **THE COURT:** It has to be HHS or some agency --

16 **MS. HULING DELAYE:** HHS can do so through the UAR.
17 They have for 40 years done so through the UAR. And now for
18 the first time ever -- these rules were passed in the beginning
19 of 70's. For the first time ever they are saying that they can
20 create a new procedural framework that imposes substantive
21 obligations. They can define definitions in a manner that's --
22 that's contrary to Congress's expressed intent. And they do
23 not have the authority to do so.

24 And the proper remedy under the APA, when an agency acts
25 in excess of its statutory jurisdiction or authority, is to

1 vacate the rule. You don't need to parse this rule. It can be
2 vacated.

3 **THE COURT:** Listen. I practiced in the U.S. Justice
4 Department, before the Supreme Court and the Solicitor
5 General's Office, and I am positive that I could dig up many
6 instances where the Justice Department defended, or it was just
7 a background fact that many agencies issue interpretive
8 regulations with zero authority to do so, because it's just their
9 interpretation. It tells the public how they are going to
10 interpret it. And usually the public wants to know how it's
11 going to get interpreted, but it does not have the force of
12 law. It's just an interpretation.

13 So to my mind you don't need any legislation saying you
14 can -- you have the authority to issue an interpretive
15 regulation.

16 What Supreme Court decision ever held that an agency can't
17 issue an interpretive regulation unless the statute expressly
18 so says?

19 **MS. HULING DELAYE:** What they say is that then if
20 it's a guideline, it only receives our deference or it receives
21 no deference at all if there is no statutory authority; and
22 that if the Court looks at the interpretation -- the Court then
23 has the obligation to look at how substantively the agency has
24 interpreted the rule and if it is in conflict with the
25 Congressional statute, the plain language, and the

1 Congressional intent, it should strike and not adopt that
2 interpretation.

3 **THE COURT:** All right. You're not answering my
4 question. Thank you. Please have a seat.

5 I'm going to let the other side start. I'll come back to
6 the plaintiffs later in the morning.

7 All right.

8 **MS. HULING DELAYE:** Thank you, Your Honor.

9 **THE COURT:** Your name is what?

10 **MR. TAKEMOTO:** Benjamin Takemoto.

11 **THE COURT:** All right. Mr. Takemoto, I'm going to
12 tell you, this is an interpretive regulation at most. It's not
13 a legislative history rule. It has no substantive effect. Do
14 you disagree with that?

15 **MR. TAKEMOTO:** Yes, Your Honor.

16 **THE COURT:** All right. Tell me why. Because I think
17 you're totally wrong, and I can't believe the U.S. Justice
18 Department would take such a position.

19 However, you know, go ahead. Explain to me why this is
20 anything more than just an interpretation. If it is, then you
21 may be in a lot of trouble with me.

22 All right. Go ahead.

23 **MR. TAKEMOTO:** Your Honor, to begin -- and I will
24 answer your question. I just want to say that in the
25 alternative, we do have arguments if the Court finds that this

1 is an interpretive rule in --

2 **THE COURT:** Where is the authority under any statute
3 for you to issue a -- this agency to issue a legislative
4 history rule? Here. Maybe you could find it. I just missed
5 it. But where is it?

6 **MR. TAKAMOTO:** The rule points to three sources of
7 authority for the rule. The first is explicit authorities for
8 the rule. And it's important to note --

9 **THE COURT:** Where is that? Maybe I missed it. I've
10 got the rule right here.

11 **MR. TAKEMOTO:** One moment.

12 **THE COURT:** We're going to look at each one of these
13 statutes, because I don't believe that you have any authority
14 to issue something that enlarges on the Church amendment, Snowe
15 amendment or the Weldon amendment.

16 **MR. TAKEMOTO:** No, Your Honor. With respect to those
17 statutes, the Department relied on the implicit authority in
18 those statutes.

19 **THE COURT:** Oh, yeah.

20 **MR. TAKEMOTO:** And it's worth pointing out --

21 **THE COURT:** Where is the implicit -- what do you
22 mean? There is no such thing.

23 The Church amendment has zero words that gives you the
24 authority to issue a legislative rule. Let's just stick with
25 that one. I read it several times.

1 Where is the authority there for you, your agency, to
2 issue a legislative rule?

3 **MR. TAKEMOTO:** Your Honor is absolutely correct, that
4 there is no language in the statute itself that explicitly
5 delegates authority.

6 **THE COURT:** Right. Then it has to be an interpretive
7 rule; right?

8 **MR. TAKEMOTO:** No, your Honor. The Supreme Court has
9 said on numerous occasions and we -- in *Chevron* itself, that
10 agencies can have implicit authority, and the Court looks to --

11 **THE COURT:** Implicit authority to do what?

12 **MR. TAKEMOTO:** To make rules.

13 **THE COURT:** Yes. Interpretive rules.

14 **MR. TAKEMOTO:** To make legislative rules as well.

15 **THE COURT:** Oh, hand up -- give me your best
16 authority on that. I would like to read that.

17 **MR. TAKEMOTO:** Your Honor, the best authority would
18 be *Chevron* itself where the Court said:

19 "Sometimes the legislative delegation to an
20 agency on a particular question is implicit rather
21 than explicit. In such a case the Court may not
22 substitute its own construction of a statutory
23 provision for a reasonable interpretation made by the
24 administer of an agency."

25 The Court said the same thing in *Meade* --

1 **THE COURT:** Wait, wait. Let's stick with that one.
2 What was the implicit -- the implicit example they gave there
3 of a statute that did that?

4 **MR. TAKEMOTO:** Your Honor, in *Chevron* it involved an
5 explicit delegation of authority. The Court said this as a way
6 of notifying that delegations can be --

7 **THE COURT:** Well, then give me a Supreme Court
8 decision then where there was implicit authority found in a
9 statute to issue a legislative rule.

10 **MR. TAKEMOTO:** I don't have a specific case from the
11 Supreme Court.

12 **THE COURT:** There never has been one.

13 **MR. TAKEMOTO:** Not to my knowledge.

14 **THE COURT:** So that is a -- that is a dictum of all
15 dictums. And I don't -- you know, I don't believe that's what
16 the vast majority of Supreme Court law -- in fact, I know of
17 nothing to the contrary. That is a -- that statement is not
18 very clear-cut to support the idea that you can issue
19 legislative rules that add to or subtract from those three
20 amendments.

21 **MR. TAKAMOTO:** Your Honor, I would also point you to
22 the Supreme Court's decision in *Barnhart versus Walton*, 535
23 United States Reporter at 222.

24 **THE COURT:** Wait a minute. Wait a minute.

25 **MR. TAKEMOTO:** 535 United States Reporter.

1 **THE COURT:** What was the name of the decision?

2 **MR. TAKEMOTO:** *Barnhart versus Walton*.

3 **THE COURT:** *Barnhart*. And give me the cite again,
4 please.

5 **MR. TAKEMOTO:** 535 United States Reporter Page 222.

6 **THE COURT:** All right. What happened there?

7 **MR. TAKEMOTO:** In that case the Supreme Court -- if
8 your Honor is holding that that section of *Chevron* is dictum,
9 this is also dictum.

10 But I do want to say that the Court pointed out several
11 factors that the Court -- that Courts ought to look to to
12 determine whether there is implicit authority.

13 **THE COURT:** Read to me exactly what the Supreme Court
14 said.

15 **MR. TAKEMOTO:** Yes. Your Honor, the Supreme Court
16 said:

17 "Courts look to the interstitial nature of the
18 question, the related expertise of the agency, the
19 importance of the question to the administration of
20 the statute, the complexity of that administration,
21 and the careful consideration the agency has given the
22 question over a long period of time, and all of those
23 indicate that *Chevron* provides the appropriate legal
24 lengths through which to view the legality of the
25 agency interpretation here at issue."

1 So all of those factors --

2 **THE COURT:** That's talking about deference to an
3 interpretation. It's not talking about deference -- I'm sorry,
4 the authority to issue a legislative rule. At least as you
5 read it, it didn't.

6 **MR. TAKEMOTO:** Your Honor, I don't know if the Court
7 actually made a distinction between interpretive rules and
8 legislative rules here.

9 **THE COURT:** The Supreme Court has in the past. It
10 used to be quite clear that -- you know, here is what a
11 legislative rule is.

12 There often are times where Congress will say: We hereby
13 give authority to the Consumer Protection Board to issue rules
14 and regulations with respect to home foreclosures. And then
15 the agency will go through notice and rule making and give
16 people a chance to comment and then will issue rules,
17 substantive rules that have -- the same effect as a statute.
18 And that's because Congress delegated that to them.

19 But in the absence of such a delegation, it can only --
20 the last word is what Congress said, and all you get to do is
21 help interpret it. Well, and that's worth something, but it's
22 still just an interpretation of what Congress intended.

23 So I -- that's the way I see it. I'm an old guy. I'm not
24 going to change my ways on this. That one you're going to have
25 to get the Court of Appeals to reverse me on.

1 But this is so clearly an interpretive rule, I can't
2 imagine that the law has changed so much in ten or 15 years.

3 So let's stick with the idea that it's an interpretation.
4 I'm going to go look at these things you cited, but help me on
5 -- why -- if this is an interpretation, then is it really true
6 that you think an ambulance driver could go through Central
7 Park and find out that the passenger is on the way for an
8 emergency procedure at the hospital connected with an abortion
9 and say: Sorry, get out of my ambulance.

10 **MR. TAKEMOTO:** Your Honor, I have two responses to
11 that question.

12 **THE COURT:** That's a pretty bad situation.

13 Go ahead. What are your responses?

14 **MR. TAKEMOTO:** First response is that this is a
15 facial challenge to the rule. And as Your Honor has pointed
16 out on numerous occasions, in order to invalidate the rule
17 plaintiffs have an obligation to show that it's invalid in all
18 circumstances.

19 So to the extent that they can point to some speculative
20 example that's not in the record, that's not sufficient under
21 the Administrative Procedure Act to invalidate the rule.

22 The second --

23 **THE COURT:** What is the remedy, though, there? What
24 does -- I'll just tell you. I can't imagine that that's what
25 Congress intended. None of these statutes, to my mind, would

1 go that far.

2 So I would rule against you if that case came before me,
3 and it was an ambulance driver who did that, and I would say:
4 The hospital was totally right to fire that person and make
5 sure they never got a job in the industry again for endangering
6 the life of somebody like that.

7 So that would be, to me, topsy-turvy to even think for a
8 second that anybody in Congress intended that.

9 So now that's the way I feel. However, you say: Oh,
10 well, the issue hasn't come up yet and it may never come up and
11 so don't decide that now. In any event, it's just one
12 scenario. We've got a thousand scenarios. So how can you
13 invalidate the whole thing over one hypothetical?

14 Well, that part, that last point I -- I may be sympathetic
15 to your position on.

16 All right. Help me on the -- give me cases on point that
17 help me understand the framework here of what -- what do you do
18 for an interpretive rule when one interpretation or two
19 interpretations are not in accordance with the statute? Does
20 the judge just throw those out? Does the judge invalidate the
21 whole thing?

22 **MR. TAKEMOTO:** Yes, Your Honor.

23 **THE COURT:** What is the right answer here?

24 **MR. TAKEMOTO:** The right answer is if this Court
25 determines that this is an interpretive rule, then the Court,

1 of course, has *de novo* review and actually looks at the statute
2 itself, sees if the regulation comports with the statute, and
3 then determines whether to uphold or invalidate the rule.

4 **THE COURT:** But can two examples undo the entire
5 interpretation?

6 **MR. TAKEMOTO:** Not at all, Your Honor. And I would
7 point the Court to the Supreme Court's decision in *Reno versus*
8 *Flores*.

9 **THE COURT:** *Reno* what?

10 **MR. TAKEMOTO:** *Versus Flores*. I can give you the
11 Reporter cite if you would like.

12 **THE COURT:** Give me the cite, please.

13 **MR. TAKEMOTO:** 507 United States Reporter 292 at
14 Page 309 is the relevant portion of this case.

15 So in that case the plaintiff was an undocumented minor
16 who was in the administrative immigration judge system, and
17 there was a provision that permitted the waiver of the right to
18 an immigration judge.

19 And the Supreme Court held that although there might be
20 some circumstances where an underage undocumented individual
21 may not be able to constitutionally or lawfully waive their
22 right to an immigration judge, that it was the plaintiff's
23 burden in that case to show that that regulation was unlawful
24 in all applications. And, therefore, it did not allow that
25 one, albeit serious hypothetical, to invalidate the entire

1 thing.

2 **THE COURT:** Okay. Thank you. That's worth looking
3 at.

4 Help me understand why you think an ambulance driver would
5 be covered by any of these three amendments or -- you know,
6 these days it's more than a driver. There is an EMT person
7 sitting in there. So it's not driving at all. I understand
8 that.

9 So, but their purpose is to stabilize the passenger until
10 they can get to the hospital. They don't actually do an
11 abortion in the ambulance. Their role is to keep the passenger
12 stabilized as best they can until the hospital can perform the
13 abortion, let's say, in an emergency.

14 So why -- how does that even come close to what Frank
15 Church had in mind?

16 **MR. TAKEMOTO:** Your Honor, of course, the Court turns
17 first to the language of the statute. And the Weldon,
18 Coats-Snowe and Affordable Care Act use the term "healthcare
19 entity" and they provide definitions of that term through
20 non-exhaustive lists.

21 And when HHS developed the definitions of healthcare
22 entity in this case, it looked to those terms. It looked to
23 the dictionary definition and that's how it developed the
24 definitions that it did.

25 I will say, Your Honor, that -- Your Honor, I would also

1 point to Page 23188 of the regulation, which explains HHS's
2 response to this particular question; that EMTs and paramedics
3 are just like any other healthcare entity that's listed in that
4 statute. In other words, they provide healthcare in some
5 circumstances.

6 I will note at the bottom of the first column on that page
7 HHS made perfectly clear that it's not saying that all
8 ambulance drivers or all EMTs are healthcare entities under the
9 rule. It said explicitly that the Department believes it would
10 depend on the facts and circumstances of each case.

11 So the rule doesn't go as far as plaintiffs say here.

12 **THE COURT:** That's true, but why should it ever cover
13 any ambulance driver or EMT aboard an ambulance? I have
14 trouble thinking of any -- there could be any scenario where we
15 would let an ambulance driver or EMT refuse service in an
16 emergency, period.

17 And I just can't believe that Coats-Snowe or anybody
18 else -- show me the language in Coats-Snowe. None of them
19 refer to ambulance driver, by the way. I bet that's something
20 that your agency came up with. But show me the language that
21 gets as close as possible to that concept.

22 I think there is something about a technician; right? Is
23 that what you mean?

24 **MR. TAKEMOTO:** I mean, I refer the Court to the
25 Coats-Snowe amendment Subsection (c) where it defines the term

1 "healthcare entity."

2 **THE COURT:** All right. I've got it right here.

3 "The term healthcare entity includes" --

4 **MR. TAKEMOTO:** "Includes."

5 **THE COURT:** Yeah, "includes."

6 "...includes an individual physician, a
7 post-graduate physician training program and a
8 participant in a program of training in the health
9 profession."

10 That's it; right? So there is nothing there that comes
11 close to ambulance driver.

12 **MR. TAKEMOTO:** Your Honor, it may be that under the
13 explicit terms of the statute, that an EMT is a participant in
14 a program of training in the health provision. They, of
15 course, undergo training.

16 **THE COURT:** Well, "a participant in a program of
17 training in the health profession."

18 See, this whole thing is -- this particular amendment was
19 directed at training. Really, isn't that it? Training.

20 **MR. TAKEMOTO:** Yes.

21 **THE COURT:** So this is like education; true? It's
22 like med schools.

23 **MR. TAKEMOTO:** Yes.

24 **THE COURT:** So if you're in the medical school as a
25 student and you don't want to be taught how to do an abortion

1 because you find it offensive, then this amendment protects you
2 and says: Okay, you have the right, as a student, not to learn
3 how to do an abortion.

4 So I get that. That's what the -- but the -- how does
5 that kind of training relate to an EMT who is actually on the
6 job in the ambulance and suddenly decides that he or she
7 doesn't want to stabilize a woman on the way to get abortion?

8 **MR. TAKAMOTO:** Your Honor, that -- that may be the
9 case with respect to Coats-Snowe. The rule nowhere says in
10 this particular section that it's referring to Coats-Snowe.

11 I would also point Your Honor to --

12 **THE COURT:** I want to stick with these statutes. All
13 right? So Coats-Snowe is out.

14 So how about Weldon? How does Weldon fit into the
15 ambulance driver and the EMT?

16 **MR. TAKEMOTO:** Well, just with one respect to
17 Coats-Snowe. I don't agree that it's out, as I said.

18 **THE COURT:** You use the word "include."

19 **MR. TAKEMOTO:** Yes, exactly.

20 **THE COURT:** Well, that could include -- that could
21 include anybody under your definition. Maybe it's a taxi
22 driver who is -- so the word "include" opens up the possibility
23 that it has -- there is more people in there than just the ones
24 that are mentioned there.

25 But, all right. With that possibility, that's all you've

1 got going for you on Coats-Snowe is the word "include;" right?
2 There is nothing else. This whole thing is about training.

3 **MR. TAKEMOTO:** Exactly.

4 **THE COURT:** Med schools.

5 **MR. TAKEMOTO:** It does not say medical schools. It
6 says --

7 **THE COURT:** Training.

8 **MR. TAKEMOTO:** (As read)

9 "The federal government may not subject any
10 healthcare entity to discrimination on the basis that
11 that entity refuses to undergo training in the
12 performance of induced abortions..."

13 And it goes on and on.

14 **THE COURT:** All right. You're right. It's about
15 training, learning how to do abortions.

16 **MR. TAKEMOTO:** Yes. And without stepping in front of
17 OCR in any particular adjudication, I think it's a fair reading
18 of the statute to say that an EMT might fall under the statute,
19 might be protected by Coats-Snowe.

20 **THE COURT:** Let's say somebody who is an EMT, who is
21 learning how to be an EMT, and you get to the course on
22 abortions they say: I don't want to do that one. Okay. Let's
23 say they are protected in that.

24 That's a far cry from once they become an EMT, that they
25 will not assist -- they will not stabilize a patient who is on

1 the way to get an abortion in the ambulance.

2 To me, they are worlds apart. I just can't see how you
3 can shoehorn that.

4 All right. So that's Coats-Snowe.

5 Let's go to Weldon now.

6 **MR. TAKEMOTO:** Yes.

7 **THE COURT:** How would Weldon cover ambulance drivers
8 or EMTs aboard an ambulance?

9 **MR. TAKEMOTO:** So Weldon, Subsection (d)(2) defines
10 the term "healthcare entity," and it --

11 **THE COURT:** (d)(2), as in delta.

12 **MR. TAKEMOTO:** Delta, yes. And it says it includes.
13 Once again, we have that term "includes."

14 **THE COURT:** Right.

15 **MR. TAKEMOTO:** (As read)

16 "...an individual physician or other healthcare
17 professional."

18 "Other healthcare professional." And it's HHS's's view
19 that that term, "other healthcare professional "may include,
20 depending on the circumstances, an EMT.

21 **THE COURT:** Let's say it does. Let's say "other
22 healthcare professional" includes an EMT. Let's assume that
23 for a second.

24 **MR. TAKEMOTO:** Okay.

25 **THE COURT:** But still, there is a specific purpose

1 for Weldon; right?

2 **MR. TAKEMOTO:** Yes.

3 **THE COURT:** So in what -- what was that specific
4 purpose?

5 **MR. TAKEMOTO:** Well, I would turn the Court to
6 (d) (1), which is the actual effective provision of Weldon.

7 It says:

8 "None of the funds made available in this Act may
9 be available to any federal agency or program or to a
10 state or local government if such agency, program or
11 government subjects any institutional or individual
12 healthcare entity to discrimination on the basis that
13 the healthcare entity does not provide, pay for,
14 provide coverage of or refer for abortions."

15 **THE COURT:** So how does an EMT in the ambulance who
16 is supposed to be stabilizing the patient, they are not
17 providing, paying for or providing coverage or referring for
18 abortions. They are not doing any abortions. They are not
19 performing abortions. They are stabilizing the patient.

20 **MR. TAKEMOTO:** With respect to that particular
21 example, Your Honor, that very well may be the case. And as
22 HHS has said in the rule, it intends to also affect EMTALA,
23 which requires the provision of emergency care in
24 circumstances.

25 So that particular example that Your Honor is referring

1 to, it may be the case that the ambulance driver or EMT is
2 required to provide care, but as the --

3 **THE COURT:** So show -- well, give me a scenario why
4 you think an EMT in an ambulance taking a woman to the hospital
5 for an abortion, where that EMT person would have some coverage
6 and conscience protection? What scenario could there be?

7 **MR. TAKEMOTO:** Your Honor, I would point the Court --
8 HHS actually gave an example of this.

9 **THE COURT:** All right.

10 **MR. TAKEMOTO:** In that same page, the same column,
11 23188 bottom of the first column.

12 **THE COURT:** Wait a minute.

13 **MR. TAKEMOTO:** Okay.

14 **THE COURT:** I've got to go back there. 23-?

15 **MR. TAKEMOTO:** -188.

16 **THE COURT:** Okay. First column.

17 **MR. TAKEMOTO:** Bottom of the first column the
18 Department says:

19 "For example, driving a person to a hospital or
20 clinic for a scheduled abortion could constitute
21 assisting in the performance of an abortion, as would
22 physically delivering drugs for inducing abortion."

23 **THE COURT:** Well, this is talking about the driver, I
24 guess. Well, I see the word "EMT" is in here, too.

25 Let me read more of it here.

1 **MR. TAKEMOTO:** Sure.

2 **THE COURT:** It says -- I'll go up to:

3 "As discussed earlier where EMTALA might apply in
4 a particular case, the Department would apply both
5 EMTALA and the relevant law under this rule
6 harmoniously. To the extent possible EMTs and
7 paramedics are trained medical professionals, not mere
8 drivers. If commenters contend that driving a patient
9 to a procedure should never be construed to be
10 assisting in the performance of a procedure, the
11 Department disagrees and believes it would depend on
12 the facts and circumstances of each case. For
13 example, the Department believes driving a person to a
14 hospital or clinic for a scheduled abortion could
15 constitute assisting in the performance of an
16 abortion, as would physically delivering drugs for
17 inducing abortion."

18 Those are two different scenarios there.

19 **MR. TAKEMOTO:** Yes.

20 **THE COURT:** So you're saying -- the Department says:

21 "...believes driving a person to a hospital for a
22 scheduled abortion could constitute assisting in the
23 performance."

24 So, to me, that is saying that the driver alone is
25 assisting in the performance of an abortion, merely because

1 they are driving the patient in the ambulance to the hospital.

2 **MR. TAKEMOTO:** I would emphasize the word "could" in
3 that sentence.

4 **THE COURT:** Yeah, could. It could.

5 **MR. TAKEMOTO:** In other words, it could not also.

6 **THE COURT:** But if the judge thinks that it could
7 never qualify, then maybe that's a clear-cut example where at
8 least, if I felt that way, I would say: This can't be --

9 **MR. TAKEMOTO:** This is --

10 **THE COURT:** -- under these statutes.

11 It seems to me that this is -- all right. So -- now, but
12 the other one, though, is a little different. It says:

13 "...as would physically delivering drugs for
14 inducing abortion."

15 That would be the EMT, not the driver, I guess. What does
16 that mean, "as would physically delivering the drugs for
17 inducing abortion"? What is that referring to?

18 **MR. TAKEMOTO:** Your Honor, it appears from the
19 sentence that that is just -- is not necessarily referring to
20 an EMT, although I am not entirely sure what that last --

21 **THE COURT:** It occurred to me maybe that's referring
22 to the pharmacist, because there's a whole different issue on
23 the pharmacist delivering drugs for inducing abortion.

24 So I don't know what that means. That's a strange phrase.
25 Just kind of stuck on there. I don't know.

1 I don't see anything in those three statutes that could
2 possibly justify an ambulance driver ever to do that.
3 Honestly. I've read these back and forth. I don't see how you
4 get there. Maybe that's just one example. Maybe parts of this
5 are perfectly okay, but that one bothers me a lot.

6 **MR. TAKEMOTO:** Your Honor, the rule doesn't get
7 there, is the short of it. The rule doesn't say that, you
8 know, an EMT or ambulance driver providing emergency care to a
9 person.

10 And, again, this is a very, very speculative situation,
11 but it simply doesn't say that they must refuse care in that
12 situation.

13 There is also this other statute EMTALA, which the
14 Department says it will also --

15 **THE COURT:** Tell me what you think EMTALA requires.

16 **MR. TAKEMOTO:** In general, Your Honor, EMTALA
17 requires the provision of emergency care by certain healthcare
18 entities, such as an emergency department.

19 **THE COURT:** Regardless of what? Regardless of
20 conscientious beliefs?

21 **MR. TAKEMOTO:** Well, your Honor, the statutes must be
22 read harmoniously. But there may be situations where one has
23 to -- does have to provide emergency care.

24 **THE COURT:** Let's say you have you a Catholic
25 hospital and there is -- a woman comes in with an emergency

1 situation needing an abortion. Her life is in danger. She
2 goes through the emergency room of a Catholic hospital. What
3 does EMTALA require?

4 **MR. TAKEMOTO:** Your Honor, this -- this sort of
5 situation is not really captured by the rule at all. The rule
6 doesn't opine on that situation. So I don't --

7 **THE COURT:** I'm asking what EMTALA would require. If
8 you don't want to answer, then I guess you don't have to.

9 I'm curious to know how these -- how we could harmoniously
10 do what the regulation says you would do.

11 **MR. TAKEMOTO:** Yes, Your Honor. The reason why I say
12 that is, again, this is a facial challenge. So they would need
13 to show that they are always in conflict with one another, but
14 they can only point to these speculative examples.

15 And so I'm afraid that I can't give you specifics on how
16 EMTALA might be applied in a particular situation.

17 **THE COURT:** I want to change the subject a second.
18 This is something I think I disagree with the plaintiffs on,
19 but I'm talking out loud here. I haven't made up a final
20 decision.

21 My understanding, before I met you more excellent lawyers,
22 was that -- that any federal agency who administers a statute
23 can issue interpretations to explain how it plans to carry out
24 its part of the statutory scheme.

25 This is even where there is another legislative authority

1 by the agency. Like, the Comptroller of the Currency. The
2 1864 National Bank Act established the Comptroller of the
3 Currency. And for many, many decades, a century I would say
4 almost, the Comptroller has issued interpretive regulations,
5 and they look just like any other -- they look like legislative
6 regulations. They are in the C.F.R. But they are
7 interpretive. They are not legislative. I could give you
8 other examples, too.

9 But it never occurred to me that the agency had to have
10 statutory authority to issue interpretive regulations. That's
11 what plaintiffs say, I think. But I thought it was just
12 inherent that any agency who has the duty to administer part of
13 the statute can tell the public through an administrative,
14 interpretive rule this is how we plan to do it.

15 All right. The other side spent some time on this. I
16 want to give you a chance to tell me what the government's view
17 is on that point.

18 **MR. TAKEMOTO:** Yes, Your Honor.

19 The first point that I would make is -- and I will be very
20 brief on this, is simply to reiterate all of our statutory
21 authority arguments. So for all those reasons, we think that
22 the agency does has authority.

23 **THE COURT:** You were going to show me that. Show me
24 in the reg where all that statutory authority is listed.

25 **MR. TAKEMOTO:** Yes. One moment, Your Honor.

1 (Brief pause.)

2 **MR. TAKEMOTO:** It begins at Page 23183 and continues
3 on for four pages.

4 **THE COURT:** 23183?

5 **MR. TAKEMOTO:** Yes.

6 **THE COURT:** That can't be because this is just...
7 This is comments and responses.

8 **MR. TAKEMOTO:** Yes. A commenter -- several
9 commenters questioned the Department's statutory authority for
10 the rule and the Department responded by explaining in detail
11 what those authorities are.

12 In more summary fashion, as is the case with all rules,
13 the complete list of authorities is at Page 23263, at the very
14 beginning of the text of the rule.

15 But, your Honor, there are certain specific statutes that
16 grant explicit authority to rule make in the area of Medicare,
17 Medicaid and the Affordable Care Act.

18 And it's HHS's view that because it has been instructed by
19 Congress to issue funds with certain conditions under the
20 Church amendment, under the Weldon amendment, under the
21 Affordable Care Act and others, that in order to disburse funds
22 under those programs, it must comply with Congress's
23 instruction. And so that's the essential -- that's the nut of
24 the statutory authority argument.

25 Basically, how else is this supposed to work? Courts have

1 also held, it's worth noting, that individual plaintiffs lack a
2 private right of action under these conscience statutes. So if
3 plaintiffs are right, that HHS doesn't have the authority to
4 issue even an interpretive rule in this area, how else are
5 these statutes ever going to be enforced?

6 **THE COURT:** Help me on this. The Church amendment,
7 does it even mention HHS? I don't see it. But maybe I'm...

8 **MR. TAKEMOTO:** No, Your Honor. Although it mentions
9 statutes that HHS administers, such as the Public Health
10 Service Act. And as Your Honor pointed out, all of these
11 statutes, of course, concern the field of healthcare. And so
12 HHS is the primary agency --

13 **THE COURT:** Who gives the money away to the
14 hospitals? Is it HHS?

15 **MR. TAKEMOTO:** It depends on the funding stream, Your
16 Honor. But, yes, it is HHS or a funding component within HHS.

17 **THE COURT:** And how far back does it go that HHS has
18 been, I suppose, monitoring hospitals to see if they comply; is
19 that right? I don't know. I'm asking. How far back in time
20 does that go?

21 **MR. TAKEMOTO:** I don't have an exact date as far as
22 back as it goes. I mean, of course, like -- you know, HHS has
23 issued specific rules for these conscience statutes since 2008.
24 Under the Bush administration that was the first regulation.

25 **THE COURT:** I understand. That happened in 2008. I

1 read that part.

2 **MR. TAKEMOTO:** Yeah.

3 **THE COURT:** And then the next administration
4 rescinded most of it. Then it got reinstated, in stronger
5 terms.

6 But let's go all the way back to the 70's, 80's and 90's.
7 Did HHS then administer the funds that were passed for
8 hospitals?

9 **MR. TAKEMOTO:** Yes. Under the -- as my colleague on
10 the other side mentioned, the Uniform Acquisition Regulation,
11 otherwise known as the UAR, permits HHS to develop its own set
12 of regulations, which HHS has done through the HHSAR,
13 H-H-S-A-R. And in those -- they are quite lengthy regulations,
14 but the essential points of those regulations are that
15 recipients of federal funds must comply with federal law.

16 And I would point Your Honor to 45 C.F.R. -- this is the
17 provision of the HHSAR that allows HHS to withdraw funds for
18 failure to comply with federal law. 45 C.F.R. 75.371 permits
19 HHS, in certain circumstances, to withdraw all federal funds in
20 a particular instance if the recipient fails to comply with
21 federal law.

22 These regulations, I don't know the precise date when they
23 were promulgated. They do preexist these regulations and they
24 still exist today. So HHS is still bound by those regulations.

25 **THE COURT:** Did that come through the UAR?

1 **MR. TAKEMOTO:** Yes.

2 **THE COURT:** All right. So is this developed in your
3 brief somewhere?

4 **MR. TAKEMOTO:** Yes.

5 **THE COURT:** All right.

6 **MR. TAKEMOTO:** In the statutory authority section of
7 the briefs.

8 **THE COURT:** I asked the other side why we shouldn't
9 just wait and see what develops. Maybe there never will be an
10 ambulance driver to do that, and maybe we never will have that
11 scenario occur.

12 And the answer to that was, well, the hospitals have to
13 file a certification that the hospitals are in compliance,
14 which means that they go to their ambulance drivers and they
15 find out, I guess, that they -- that they would make -- I don't
16 know what they would have to do, but they would have to somehow
17 make sure they are in compliance with respect to their
18 ambulance drivers, which heretofore they had never thought they
19 had to. And so that's a concrete burden that is being placed
20 on them now. Otherwise if they don't certify, they will lose
21 their federal money.

22 I won't even get to the part about the labor union, but
23 the certification process is something the hospitals have to go
24 through right now as soon as this reg takes effect.

25 So that they do have a live controversy is the argument;

1 that they do have a need to know where they stand and whether
2 they have to certify with respect to this entire regulation.

3 So what is your answer to that?

4 **MR. TAKEMOTO:** Your Honor, I would point -- once
5 again, in the briefs we go into this in a little detail, where
6 there are sections actually of the UAR, to answer Your Honor's
7 previous question, that already require -- that already have
8 auditing requirements and certification requirements.

9 So that's where -- that's where these requirements come up
10 in the pre-existing regime. And so that -- I mean, this is
11 essentially no different than the UAR in that respect.

12 **THE COURT:** Yes, but my -- okay. I didn't make it
13 clear.

14 The plaintiffs say the hospital needs to know now whether
15 these regs are valid or not and we don't have the luxury of
16 waiting to see if somewhere down the road a -- and then
17 litigating it at that point, which might be three or four years
18 from now, because the -- because the hospital needs to make
19 this certification pronto. And if it's not in compliance with
20 the ambulance driver point, it's not going to be able to
21 certify. And so it needs to know whether this ambulance driver
22 rule is good from the get-go or not. So what -- that's the
23 point.

24 It's the ripeness point I'm getting at now. What do
25 you -- what to you say to that point?

1 **MR. TAKEMOTO:** Your Honor, my -- my basic argument on
2 that point is that the existing certification requirements
3 under the UAR continue to apply. And so in that sense there is
4 no different obligation -- recipients of federal funds already
5 have to certify that they are complying with federal law, which
6 includes the conscience statutes.

7 So this doesn't add any existing requirement that creates
8 a new injury for plaintiffs. It's basically a reiteration of
9 their -- of their disagreement with the definitions here.

10 I mean, they know HHS's interpretation of these
11 definitions at this point. Whenever they file a certification
12 under the UAR, I don't see how that would be any different than
13 this.

14 **THE COURT:** Well, do they have to certify that they
15 are in compliance with the law, the statutes enacted by
16 Congress, or do they have to certify that they are in
17 compliance with the rule?

18 **MR. TAKEMOTO:** With the law. With federal law. It's
19 Section 75.300(a) of the UAR, which requires compliance with,
20 quote, U.S. statutory and public policy requirements.

21 So it's not --

22 **THE COURT:** Read that to me. Statutory and what?

23 **MR. TAKEMOTO:** Public policy requirements.

24 **THE COURT:** So does that pick up the rule or not?

25 **MR. TAKEMOTO:** Yes, Your Honor, because these are --

1 the rule is implementing the -- and interpreting the conscience
2 statutes, and they contain statutory --

3 **THE COURT:** So the plaintiffs are correct to that
4 extent; that the hospital has to certify that they comply with
5 your rule.

6 **MR. TAKEMOTO:** They already have to certify that they
7 are complying with the conscience statutes.

8 **THE COURT:** That part is true.

9 **MR. TAKEMOTO:** Yes.

10 **THE COURT:** But the statutes are not the rule. I'm
11 telling you now, I think some parts of this rule are --
12 don't -- can't be justified under the statute.

13 So I'm just -- one opinion, but -- but the -- you have no
14 authority to enact substantive law. You only have the
15 authority to interpret. And your interpretation cannot add or
16 subtract from what our Congress of the United States has told
17 us is the law.

18 So if they want to say: We're in compliance with the
19 statutes, and they have a good faith basis for it, they may be
20 thinking in their mind, look, I don't care about that rule.
21 I'm just going to certify the statute.

22 But if you're telling them that they -- if there is
23 something in writing that says they have to certify that they
24 are in compliance with your rule, that's a problem. Maybe it
25 is ripe for us to determine.

1 So read me what is it -- what is it the certification is
2 actually going to have to say?

3 **MR. TAKEMOTO:** Yes. So this is at Page 23270 of the
4 rule.

5 **THE COURT:** 23-?

6 **MR. TAKEMOTO:** -270.

7 **THE COURT:** Wait, wait. 23270?

8 **MR. TAKEMOTO:** Yes. And this is actually worth
9 looking at because it says --

10 **THE COURT:** Wait a minute. I've got to get there.

11 **MR. TAKEMOTO:** Sure.

12 **THE COURT:** This is so along.

13 You know, when I was your age, the whole C.F.R. and
14 everything else was about one-third as long as it is now.

15 23270. All right. I'm at that page. What should I look
16 at?

17 **MR. TAKEMOTO:** The top of the third column,
18 Subsection (a). And this explains what recipients of HHS funds
19 must certify; that the Department -- I'm sorry.

20 "Ensure that it is in compliance with Federal
21 Conscience and Anti-Discrimination laws."

22 **THE COURT:** Well, I'm looking for the certification
23 language.

24 **MR. TAKEMOTO:** My apologies, Your Honor. It's
25 actually on Page 23269. It's the previous page.

1 **THE COURT:** All right. Wait a minute. 269, all
2 right.

3 **MR. TAKEMOTO:** At the bottom of the middle column is
4 where HHS explains the certification requirement.

5 **THE COURT:** All right. Here is what it says:

6 "A certification that the applicant or recipient
7 will comply with applicable Federal Conscience and
8 Anti-Discrimination Laws and this part."

9 So this part is the rule; correct?

10 **MR. TAKEMOTO:** Sorry, Your Honor. Which subsection
11 are you reading from?

12 **THE COURT:** I'm reading from where you told me to.
13 It's the middle column at the bottom called "Certification."
14 It begins:

15 "Except for an application of recipient, to which
16 Paragraph C of this section applies, every application
17 for federal financial assistance or federal funds from
18 the Department, to which 88.3 of this part applies,
19 shall as a condition of the approval, renewal or
20 extension of any federal financial assistance or
21 federal funds from the Department, pursuant to the
22 application, provide, contain or be accompanied by a
23 certification that the applicant or recipient will
24 comply with the applicable Federal Conscience and
25 Anti-Discrimination Laws and this part."

1 **MR. TAKEMOTO:** Yes. And that includes the rule.

2 **THE COURT:** And this part is the rule.

3 **MR. TAKEMOTO:** Yes.

4 **THE COURT:** So how are they going to -- if they give
5 that certification, they've got to roll over and they can't --
6 if they don't think that rule is valid, they've got to -- what
7 is the remedy?

8 **MR. TAKEMOTO:** Your Honor, were the Courts to find
9 that this was, as we discussed earlier, an inappropriate
10 interpretation of the statutes, and that HHS exceeded its
11 enforcement authority, and this part -- portion of the rule
12 required recipients to comply with those invalid portions, the
13 proper remedy would be, as the rule sets out, to be codified,
14 Section 88.10, to sever the invalid portion of the rule.

15 **THE COURT:** Wait a minute. Okay. 8810. Very last
16 page.

17 **MR. TAKEMOTO:** Yes.

18 **THE COURT:** Ha, ha, ha.

19 **MR. TAKEMOTO:** Best for last.

20 **THE COURT:** All right.

21 "Any provision of this part held to be invalid or
22 unenforceable either by its terms or... shall be
23 construed as to continue to give maximum effect to the
24 provision permitted by law, unless such holding shall
25 be one of utter invalidity or unenforceability, in

1 which event such provision shall be severable from
2 this part."

3 Okay. So it's a -- so you say just sever -- whatever
4 parts are invalid, you sever that. So if the ambulance part
5 goes out, then the rest is okay. That's your view.

6 **MR. TAKEMOTO:** Yes, Your Honor. Although I would say
7 that the ambulance example is different from this certification
8 requirement in the sense that it is one example that, you know,
9 cannot -- it's not as though that's like a portion of the rule.
10 It's an example that would not invalidate it for facial
11 reasons. Whereas, this provision, we're talking about it
12 building invalid in toto.

13 **THE COURT:** Which provision?

14 **MR. TAKEMOTO:** Sorry. The certification provision.

15 **THE COURT:** Is that part of what's being briefed
16 here, is that you want me to knock out the certification
17 provision?

18 **MR. TAKEMOTO:** Yes. It's in the briefing.

19 **THE COURT:** So what if I were to say all you've got
20 to do is certify that you're in compliance with the statutes.
21 You don't have to certify that you're in compliance. This is
22 just an interpretation. And then it would be up to you and
23 your audit teams to go pour over the records and wait for a
24 complaint and then maybe bring some enforcement action.

25 **MR. TAKEMOTO:** Yes, Your Honor.

1 **THE COURT:** I didn't realize that the certification
2 provision was also in play.

3 There is a lot I don't understand about this. I've
4 studied it a lot, believe me. Including reading legislative
5 history.

6 But, you know, you all have had months. I want you to
7 know how unfair your briefing schedule was. You had years to
8 come up with the regulation. You had months on -- and all
9 those lawyers to sit around thinking up your arguments.

10 And you, too.

11 And then you want me in a matter of days to decide this.
12 And I've got one Law Clerk working with me on this. It's
13 very -- it's topsy-turvy.

14 So, I mean, I'll get a decision out before this goes into
15 effect. And don't ask me for TROs. I don't have time to do
16 that either. I've got a lot of cases. Hundreds. So you
17 should have given me more time on the briefs.

18 All right. I'm just complaining. We are about halfway
19 through, and we're going to take a break for the court
20 reporter. We'll come back in 15 minutes and then we'll come
21 back to the other side.

22 And if you want somebody else over there to argue, that's
23 fine. We will try to give as many as people as we can a chance
24 to be heard. And then we're going to give you another chance
25 to be heard.

1 So, thank you.

2 (Whereupon there was a recess in the proceedings
3 from 9:50 a.m. until 10:09 a.m.)

4 **THE CLERK:** All rise. Court is back in session.

5 **THE COURT:** All right. Let's get back to work.

6 (Brief pause.)

7 **MS. PALMA:** My apologies, Your Honor, for not being
8 in the courtroom.

9 **THE COURT:** That's okay. What's your name, please.

10 **MS. PALMA:** Neli Palma for the State of California.

11 Your Honor, if I may, I want to pull back a little bit. I
12 agree with Your Honor that there are numerous specific
13 definitions and scenarios in the rule that go far beyond what's
14 contemplated by the Federal Conscience Statutes.

15 **THE COURT:** So far I've only said there's one. I
16 didn't say there were many. I just said there was one.

17 There may be more, but I do think the ambulance thing is
18 off base. That's one criticism of it.

19 But, okay. Go ahead.

20 **MS. PALMA:** And, Your Honor, I will provide for you
21 additional concrete examples so that you --

22 **THE COURT:** I would like to have that. But I
23 interrupted your main point. You were about to make a
24 different point.

25 **MS. PALMA:** Yes. But what I would also like to add,

1 before I provide the Court additional examples, is that there
2 are additional infirmities that require this rule be set aside
3 in its entirety. They are both infirmities that flow from the
4 APA and there are infirmities that flow from the Constitution,
5 and I'll get to that in a moment.

6 But -- but we don't ask for vacatur of this rule very
7 lightly. We think that it poses unworkable scenarios for the
8 entirety of the healthcare industry in this country. And it
9 goes beyond these few examples.

10 But I'll go back to providing the Court some additional
11 concrete examples --

12 **THE COURT:** Don't do that yet.

13 **MS. PALMA:** Okay.

14 **THE COURT:** I'm interested in the point you just
15 made. You said it was unconstitutional, and what was the other
16 thing?

17 **MS. PALMA:** There were --

18 **THE COURT:** In violation of the APA. Let's stick
19 with the APA. What is the APA violation?

20 **MS. PALMA:** Yes, Your Honor. If you give me a
21 moment.

22 So on this note, the -- the case law is very clear that a
23 new administration can't change policies once it comes into
24 office.

25 What the law also states is that if the new administration

1 is going to disregard -- it can't disregard prior factual
2 findings without providing a reasoned explanation. The
3 reasoned explanation requirement is essential for judicial
4 review.

5 And in this case the -- HHS has provided a couple of
6 justifications for changing its policy here. One of them is
7 that greater protections and enforcement tools are required to
8 prevent the exodus of providers.

9 They have also explained in the rule that these additional
10 protections and tools are warranted because of an increase in
11 complaints related to conscience objections.

12 Now, on the issue of exodus of providers, they rely
13 heavily on polling from about a decade ago where they
14 questioned members of a religious medical association about
15 their views about a potential rescission of the 2008 rule.

16 Now, not only is that polling outdated, but HHS in
17 promulgating the 2011 rule already considered that data and
18 comments related to that and disregarded that as a
19 justification for failing to rescind the 2008 rule.

20 In fact, HHS at the time stated that the 2008 rule was not
21 necessary because providers would continue to have protections
22 under the Federal Conscience Statutes that have been in
23 existence for decades.

24 And if you'll give me a moment.

25 (Brief pause.)

1 But in this instance HHS now indicates that there is an
2 increase in conscience complaints and that somehow provides the
3 justification for changing course and promulgating this rule.
4 However, we now know that this assertion, that there has been
5 an increase in complaints, is contrived and is not supported by
6 the evidence in the record.

7 In fact, HHS in its briefing admitted that the vast
8 majority of those complaints, the 343 which they reference,
9 relate to matters outside the scope of the conscience statutes
10 either because, one, they relate to objections to state
11 mandates for vaccination, or they are complaints that are being
12 lodged by patients or parents who also are outside the scope of
13 these protections because they are not providers.

14 In fact, at the October 18th hearing in New York
15 counsel -- the U.S. Department of Justice conceded that only 20
16 of those 343 complaints relate to the underlying conscience
17 statutes.

18 **THE COURT:** Do you have the -- can you read to me
19 from the transcript where that occurred?

20 **MS. PALMA:** Yes, Your Honor. I can do that.

21 "COURT: I appreciate that. So why don't we turn
22 to the record.

23 "MR. BATES: Let's go to what Mr. Colangelo was
24 saying about the number of complaints."

25 And, Your Honor, I am reading from the transcript at

1 Page 93 starting at Line 7.

2 "The record that Mr. Colangelo recites suggests
3 that the number of complaints that were presented to
4 the agency were not nearly the, quote/unquote,
5 significant increase that the agency represented.
6 Factually over the course of your briefs the number
7 has gotten smaller and smaller and smaller. How many
8 complaints does the agency say it received in the
9 ramp-up to this rule?

10 "MR. BATES: So the agency stated in the rule
11 that it received 343 alleging violations.

12 "COURT: That's what it said. But once we strip
13 away things like vaccinations, what are we left with
14 that actually implicate this rule?

15 "MR. BATES: So it is a smaller number, Your
16 Honor. We have recited a number of them in our reply
17 brief. I believe that we cited about ten in the brief
18 and I know that plaintiffs have stated they believe
19 there are 20 or 21. In terms of exact numbers, there
20 are -- we can't cite all the ones in our reply that
21 would fall here, but it would be something probably
22 relatively similar to the number the plaintiffs
23 provided.

24 "THE COURT: So we are not directionally agreeing
25 with -- disagreeing with Mr. Colangelo's numerical

1 representations.

2 "MR. BATES: Not to the extent that plaintiffs
3 have identified that a number of the complaints of
4 those 343 do not allege violations that were relevant
5 to the --

6 "THE COURT: I'm sorry. Let's go back to the
7 343. The agency at the time it proposed the rule
8 presented that there had been a significant increase
9 in the number of complaints that it used the 343 as a
10 measure of that. If I am hearing you right, that 343,
11 once we strip away complaints that deal with
12 extraneous problems like vaccination, we are down to
13 something like 20; correct?"

14 I'm almost done, Your Honor.

15 "MR. BATES: In terms of complaints that would
16 have dealt more directly with rights that were
17 protected under the conscience section.

18 "COURT: I'm going to drill down a little bit
19 more until we get the direct answer. "Yes" or "no."
20 Are we down to about 20 that actually implicate these
21 statutes as opposed to the other problems?

22 "MR. BATES: Yes. In that ballpark, Your Honor."

23 **THE COURT:** You did a pretty good job.

24 (Laughter.)

25 **THE COURT:** All right. But where does 343 number

1 show up in this big long regulation?

2 **MS. PALMA:** Okay. I can provide that for you, Your
3 Honor, if you just give me a moment.

4 (Whereupon document was tendered to counsel.)

5 **MS. PALMA:** Thank you.

6 So the number is on Page 23229. It's in the first column
7 about halfway down that first column. And it states:

8 "OCR received 343 complaints alleging conscience
9 violations."

10 **THE COURT:** 229, first column?

11 **MS. PALMA:** Yes, Your Honor. It would be the -- the
12 paragraph beginning with the word "some commenters."

13 **THE COURT:** Okay.

14 **MS. PALMA:** And it's halfway down that paragraph.

15 **THE COURT:** All right. Let me just read. It says:

16 "Some commenters have suggested that the 34
17 complaints that OCR received between November 2016 and
18 January 2018 that allege coercion, violation of
19 conscience or discrimination do not necessitate this
20 final ruling. These commenters misconstrue the
21 reasons for the rule. The increase in" --

22 Is that a colon or semicolon? I can't quite tell.

23 "The increase in complaints received by OCR is
24 one of the many metrics used to demonstrate the
25 importance of this rule. During fiscal year 2018 the

1 most recently completed fiscal year from which data
2 are available, OCR received 343 complaints alleging
3 conscience violations."

4 So you're telling me that that's the number that actually
5 turned out to be 21?

6 **MS. PALMA:** Yes. And, Your Honor, HHS has stated
7 that, quote, in the rule:

8 "This increase underscores the need for the
9 Department to have proper enforcement tools available
10 to appropriately enforce all Federal Conscience and
11 Anti-Discrimination Laws. This is the justification
12 that they are providing for both the promulgation of
13 the rule with its Draconian enforcement tools."

14 **THE COURT:** But let's -- all right. So let's say
15 it's a mistake. What does the law say when it's a factual
16 error like that in the stated reasons for adopting the rule?

17 **MS. PALMA:** So --

18 **THE COURT:** I'll give you a different example. Let's
19 say that the Highway Safety Board says that we're going to --
20 we've received 343 complaints about some problem on the
21 highways. And it turns out there really was just 21, but they
22 issue the rule anyway.

23 Does that mean the rule is invalid? It can be set aside
24 by a judge because the preamble has the -- or as in this case,
25 the explanation is in error factually.

1 **MS. PALMA:** Yes, Your Honor. Well, first of all, we
2 don't believe it's an error or a mistake. We believe that it's
3 misrepresentation.

4 And on this the Supreme Court stated in *State Farm* that:

5 "It is arbitrary and capricious if there is an
6 explanation for the rule that is contrary to the
7 evidence before the agency."

8 And I think also relevant here is the Ninth Circuit's case
9 in *Organized Village of Kake v USDA*, 795 F.3d 956. And there
10 the Ninth Circuit stated that:

11 "When a new administration reverses a policy, an
12 agency may not, consistent with *State Farm*, simply
13 discard prior factual findings without a reasoned
14 explanation."

15 And I'll explain a little bit why I think that *Organized*
16 *Village of Kake* is relevant.

17 In that case it involved a challenge to an exemption of
18 what was known as the USDA's Roadless Rule, which limited
19 construction of roads and harvest timbering in national
20 forests.

21 In 2001 the USDA had determined that it was necessary to
22 exempt a national park from the Roadless Rule in order to
23 preserve certain areas.

24 Just two years later, in 2003, based on the exact same
25 record, the USDA reversed course and said that that exemption

1 was no longer needed to preserve those exact same areas. In
2 other words, that the existing forest plan was sufficient to
3 preserve them without the roadless rule.

4 The same is true here, where HHS is now reversing its
5 prior finding that the existing conscience protections
6 sufficiently protect providers on the basis of purported
7 increase in conscience complaints.

8 We know that that justification is -- can't stand. And in
9 *Department of Commerce versus New York* the Supreme Court --
10 that's at 133 Supreme Court 2551, the Supreme Court stated
11 that:

12 "A Court need not accept agency justifications
13 that are contrived."

14 As is the case here.

15 The Court went on to state at 2576:

16 "To do so would render the Court's review for the
17 requisite reasoned explanation to support a policy
18 change an empty ritual."

19 **THE COURT:** Which case was that about contrived?

20 **MS. PALMA:** It's the *Department of Commerce versus*
21 *New York*. And that is the -- a census, census -- citizen
22 census.

23 **THE COURT:** Is that Chief Justice Roberts decision?

24 **MS. PALMA:** I believe that is the case, Your Honor.

25 And the same is true here, where the Court need not accept

1 this contrived justification. And in case the Court was
2 curious about the additional justifications that they have
3 suddenly looked at those old comments rescinding the 2008 rule
4 and reconsidered their merit or that there is some additional
5 justification related to a purported increase in litigation,
6 well, the Ninth Circuit in *Organized Village of Kake* also
7 rejected that as a reasoned explanation for a policy change.

8 So that's exactly right, Your Honor. It's not a mistake.
9 It's a misrepresentation. And that provides reason enough to
10 set this rule aside.

11 **THE COURT:** Are these 343 complaints in the
12 administrative record somewhere?

13 **MS. PALMA:** They certainly should be, Your Honor.
14 And I believe that -- yes, Your Honor. And we -- we actually
15 provided a declaration by Randy Chance as part of our original
16 moving papers, and she reviewed those complaints and provided
17 some relevant statistics concerning those complaints.

18 And, for example, she determined that 81 percent of the
19 complaints that were included in the administrative record
20 related to issues like vaccination. She also indicated that
21 about 76 percent of them were from patients or parents. Again,
22 complainants outside the ambit of the rule.

23 In terms of complaints related to abortion, there were
24 only 18 and of those seven of them, for example, related to
25 objections to healthcare plans covering abortion, and only four

1 of them actually related to -- were from providers objecting to
2 assisting in participating in an abortion. So out of all of
3 those --

4 **THE COURT:** What were the circumstances of the four?

5 **MS. PALMA:** Your Honor, I'd have to, you know, pull
6 those up. I'm just quoting from the -- the declaration
7 reviewing these complaints.

8 **THE COURT:** Okay. All right.

9 **MS. PALMA:** Your Honor, if I may, I'd like to move on
10 to the issue of ripeness.

11 **THE COURT:** Okay.

12 **MS. PALMA:** In this case this issue is ripe for
13 judicial review now because starting day one the rule requires
14 the plaintiffs to immediately adjust their conduct to avoid a
15 devastating loss of funding.

16 In this case *Abbott Labs v. Gardener* is directly on point.
17 That's at 387 U.S. 136. In that case there was a -- it
18 involved a challenge to the every-time rule wherein cosmetic
19 companies -- or pharmaceutical companies would be required to
20 include the common name on all advertising and labeling along
21 with the market -- marketing name. And the pharmaceutical
22 companies were put in a difficult position where they either
23 would have to destroy all of their labels and marketing
24 materials to comply with this rule or -- and, also, reprint all
25 of this material at great expense or continue to proceed, as

1 they have, with a good faith belief that they complied with the
2 statute, but not with the rule, but risked sanctions in the
3 form of penalties and reputational losses, as the Court found.

4 The same is true here, where the rules certification and
5 assurance requirements and compliance requirements require
6 recipients and sub-recipients to comply throughout the duration
7 of funding and as a condition of continued funding. And we
8 know that these requirements will begin day one:

9 One, because defendant specifically rejected a comment to
10 delay compliance for one year to provide regulated entities a
11 safe harbor to come into compliance;

12 And, two, their implementation costs demonstrate that
13 there are significantly higher costs starting year one as
14 compared to years two to five, which are in its analysis.

15 Now, what does that mean on the ground in terms of having
16 to comply starting day one if this rule is allowed to take
17 effect?

18 For California, the evidence shows that MediCal,
19 California's Medicaid program, would need to expend somewhere
20 between \$4.5- to \$6.5 million to come into compliance, and this
21 includes coming -- establishing an oversight structure so that
22 MediCal can ensure that all of its sub-recipients, which
23 include all 58 counties, come into compliance with this rule.

24 The California community colleges would need to spend over
25 \$7 million to ensure compliance at its 90 health centers,

1 including centers that are operated by local hospitals.

2 Particularly affected will be the Department of State
3 Hospitals and the California Department of Corrections and
4 Rehabilitation. They must immediately implement policies to
5 ensure that their patients and their inmates receive medically
6 necessary care.

7 And for CDCR that includes its transgender patients. And
8 CDCR is under constitutional requirements and legal
9 requirements, in fact, court orders, to ensure that transgender
10 inmates get medically necessary care.

11 You had a question about that, Your Honor?

12 (No response.)

13 **MS. PALMA:** No?

14 But this won't just fall on the State of California.
15 We've hinted at the fact that Santa Clara and San Francisco
16 will also immediately and adversely have to change their
17 policies, hiring practices, collective bargaining agreements
18 and MOUs to ensure that life-saving care is provided to their
19 patients.

20 This includes the -- for Santa Clara, the Santa Clara
21 Valley Medical Center. We have declarations from Santa Clara's
22 emergency medical services, its behavioral health services and
23 its pharmacy services wherein they are going to have to try to
24 figure out what will happen if pharmacists start denying women
25 emergency contraception.

1 For San Francisco, you have declarations before you, Your
2 Honor, from San Francisco General Hospital's emergency
3 department, its Women's Options Center, and even the MOU with
4 San Francisco General Hospital's nurses where immediate changes
5 must take effect. And these providers cannot, consistent with
6 their legal and ethical duties and their missions, take a
7 wait-and-see approach to decide how to address refusals,
8 particularly in the event of medical emergencies.

9 And I'll just go back to this entire scenario about, you
10 know, whether -- whether -- the rule specifically cites the
11 *Means* case. That's a situation where a woman was suffering
12 from a pregnancy that was failing, and she went to a hospital,
13 and she was turned away because she -- she had an infection
14 that could cause harm and death to her, but she was turned away
15 three times from the hospital because the hospital that she had
16 gone to realized that the treatment might involve termination
17 of that pregnancy to save her life. And she was turned away,
18 as I indicated, three times. And then she sued because much
19 later she found out why she had been turned away, because of
20 the Catholic dictates of the hospital.

21 Well, that case is cited in multiple occasions in the rule
22 as an example of discrimination against healthcare providers.

23 So to the extent that counsel is indicating that these
24 scenarios aren't covered by the rule, that's exactly what's
25 covered by the rule. And we know that by the inclusion of the

1 *Means* case here.

2 I'd like to give the Court an additional example of
3 another place where the rule adds to a statute. And I think
4 here it's important to look at the definition of "healthcare
5 entity."

6 Now, "healthcare entity," as it is defined in Weldon,
7 within the health insurance market, includes only the
8 definition of health insurance plan.

9 By contrast, the rule --

10 **THE COURT:** I'm sorry. Which statute is that?

11 **MS. PALMA:** This is Weldon, Your Honor.

12 **THE COURT:** Okay.

13 "Healthcare entity includes an individual
14 physician or other healthcare professional, hospital,
15 a provider-sponsored organization, a health
16 maintenance organization, a health insurance plan, or
17 any other kind of health care facility organization
18 plan."

19 **MS. PALMA:** Yes, your Honor. And if you look at the
20 rule at Page 23264, that's where the rule's definition of
21 "healthcare entity" is defined for purposes of Weldon.

22 **THE COURT:** Okay.

23 **MS. PALMA:** And that's in the first column all the
24 way down at the bottom.

25 **THE COURT:** I'm sorry. 264?

1 **MS. PALMA:** Yes, Your Honor.

2 (Brief pause.)

3 **THE COURT:** Okay. I see it.

4 **MS. PALMA:** Yes. And now the definition under the
5 rule when compared to the statutory definition includes a
6 health insurance insurer -- health insurance plan, which is
7 original to the statute, a plan sponsor, or a third-party
8 administrator. So they are adding to this rule here.

9 **THE COURT:** I'm sorry. This is for Weldon?

10 **MS. PALMA:** Yes, Your Honor.

11 **THE COURT:** I thought -- but Weldon does call out a
12 provider-sponsored organization, a health maintenance
13 organization, but not health insurance issuer; is that your
14 point?

15 **MS. PALMA:** Yes, a plan sponsor.

16 **THE COURT:** I thought your argument was that it
17 didn't call out pharmacist.

18 **MS. PALMA:** This is, yet, another concrete example
19 where we have the agency expanding statutory terms.

20 **THE COURT:** All right. I agree that those aren't in
21 there, but you left out of your present description pharmacist.
22 The rule does include pharmacist in that very definition, but
23 the statute does not.

24 **MS. PALMA:** Yes. That's yet another concrete example
25 of expansion --

1 **THE COURT:** All right. But the ones you're focusing
2 on are a health insurance issuer; right?

3 **MS. PALMA:** Yes. Just for background, Your Honor, a
4 plan sponsor, that's generally considered an employer. And
5 I'll tell Your Honor why that's relevant.

6 It is relevant because if you look at appendix
7 Exhibit 396, HHS previously made a determination on what
8 "healthcare entity" means within the context of Weldon.

9 And I have a copy of the exhibit, if Your Honor would like
10 to see that.

11 **THE COURT:** Yes, please.

12 (Whereupon document was tendered to the Court.)

13 **THE COURT:** Tell me again what it is.

14 **MS. PALMA:** It is appendix Exhibit 396. And this is
15 part of the administrative record.

16 **THE COURT:** This is, but it used to be what?

17 **MS. PALMA:** So I'll give you a little bit of
18 background, Your Honor.

19 There is mention both in the rule and in the briefing that
20 HHS in promulgating the rule sought to clarify on what they
21 referred to as a high profile closure of a Weldon -- of three
22 Weldon complaints against the State of California. And these
23 were complaints that were lodged by religious employers
24 relating to the non-discriminatory healthcare coverage
25 requirement that California has of its health plans.

1 And in ruling in California's favor in this 2016 letter,
2 HHS looked at the statutory terms and the legislative history
3 of Weldon and determined that Weldon and its definition of
4 "healthcare entity" by its terms, and this is on Page 4 of the
5 exhibit, included only the health plans, but not purchasers
6 of insurance companies.

7 And this is the second paragraph in the findings, Your
8 Honor.

9 **THE COURT:** Page what?

10 **MS. PALMA:** Page 4.

11 **THE COURT:** Okay.

12 "By its plain terms the Weldon amendment's
13 protections..."

14 Is that what you're talking about?

15 **MS. PALMA:** Yes.

16 **THE COURT:** (As read)

17 "...extend only to healthcare entities and not to
18 individuals who are patients of or institutions or
19 individuals that are insured by such entities."

20 I don't know. That's too complicated for me to figure.
21 What is the point here?

22 **MS. PALMA:** The point here, Your Honor, is that HHS
23 made a determination that the statutory definition of
24 "healthcare entity" in Weldon did not encompass the plan
25 sponsors, the religious employers who had filed these

1 complaints against the State of California.

2 **THE COURT:** Okay. That would be interesting. So
3 where does it say that Weldon does not cover a plan sponsor?

4 **MS. PALMA:** So it's in that paragraph, Your Honor,
5 that it is not purchasers of these plans. In the paragraph you
6 just read.

7 **THE COURT:** (As read)

8 "Not to individuals who are patients of or
9 institutions or individuals that are insured by..."

10 I don't see how -- that's referring to individuals. It
11 says:

12 "And not to individuals who are patients of or
13 institutions or individuals that are insured by such
14 entities."

15 **MS. PALMA:** I know it's a little complicated, Your
16 Honor, and I apologize --

17 **THE COURT:** It's a logic problem. I can't understand
18 what they are trying to say.

19 **MS. PALMA:** Yes. If you read it in the context of
20 the entire letter, Your Honor, and also the fact that in the
21 following paragraph they speak to the fact that the insurance
22 companies who receive the letter from HHS -- from the
23 Department of Managed Healthcare, California's regulatory
24 agency, that they already changed their health plans to cover
25 abortion in response to the letter that's being objected to by

1 the Complainants.

2 It's a little convoluted, Your Honor, but basically the
3 gist of this letter is that religious employers aren't covered
4 under the definition of "healthcare entity" in Weldon.

5 **THE COURT:** I don't know. Can you really -- I mean,
6 look at that paragraph. That next paragraph is saying that
7 none of the insurance companies that have medical insurance
8 plans objected to providing coverage for abortions, and that
9 they all voluntarily modified their plan documents to cover
10 abortion, and, quote:

11 "None of them has indicated to OCR that it has a
12 religious or moral objection to abortion or to
13 providing coverage for abortion."

14 So it seems like the last sentence says:

15 "As a result, there is no healthcare entity
16 protected under the statute that has asserted
17 religious or moral objection to abortion and,
18 therefore, there is no covered entity that has been
19 subject to discrimination within the meaning of the
20 Weldon amendment."

21 Help me out here. I don't see how you get out of that
22 that OCR made a determination that health insurance carriers
23 were not covered.

24 What it seems to be saying is health insurance carriers
25 that don't make objections on religious grounds are not

1 covered, but maybe I'm missing something.

2 **MS. PALMA:** Yes, your Honor. And I apologize that it
3 isn't as crystal clear as it could be here.

4 But if you look at the background information at the
5 bottom of Page 1, it describes who filed the complaint and says
6 that it was:

7 "Religious organizations, a church-run school and
8 employees of a religiously affiliated university."

9 So those are the complainants, and those are the ones who
10 were determined by HHS in 2016 not to be covered under Weldon's
11 protections. They determined that it only included the health
12 plans themselves per the language of the statute.

13 Does that clarify it for Your Honor?

14 **THE COURT:** No. But maybe if I thought about it long
15 enough. Let's see. Let me look at that first sentence.

16 (Brief pause.)

17 **THE COURT:** (As read:)

18 "Concluded its investigation into... So-and-so
19 is engaged in discrimination under the Weldon
20 amendment by issuing letters to several health
21 insurers directing them to amend their plan documents
22 to remove coverage, exclusions and limitations
23 regarding elective abortions. OCR received three
24 complaints challenging the CDMHC letter filed on
25 behalf of a religious organization, churches and a

1 church-run school and employees of a religiously
2 affiliated university."

3 So I am -- I can see that some church organizations
4 complained to OCR about the rule in California that the
5 insurance companies had to provide coverage for abortions, but
6 I don't see where it ever says that insurance -- a health
7 insurance carrier per se is not covered.

8 What they seem to be saying in the last part is that a
9 health insurance carrier that's not objecting on the religious
10 grounds.

11 See, the objection wasn't by the insurance carrier. It
12 was by the church.

13 **MS. PALMA:** Yes. And I think it's one of those
14 situations, Your Honor, where it needs to be read within the
15 context of the rule. And the rule specifically points to the
16 closure of this complaint and discusses the fact that the rule
17 is meant to reverse the finding in this letter. The rule no
18 longer --

19 **THE COURT:** Where is that? Let's look at that then.

20 **MS. PALMA:** Okay. Thank you, Your Honor.

21 **THE COURT:** I think you're right. I did see that in
22 the rule somewhere.

23 **MS. PALMA:** Yes. That's what I'm referring to.

24 **THE COURT:** Where would that be? But let's look at
25 it. I want to see how it was worded.

1 (Brief pause.)

2 **MS. PALMA:** So, Your Honor, the discussion -- it's --
3 actually, this letter is discussed in numerous places in the
4 rule, but the discussion starts at 23177.

5 And actually probably the key part is, if I can turn Your
6 Honor to 23178, the following page. And at the bottom, the
7 very last paragraph that starts on this page, it says:

8 "Addressing confusion caused by OCR
9 sub-regulatory guidance."

10 **THE COURT:** I'm sorry, what? I'm at 178, but I don't
11 see what -- what column do I look at?

12 **MS. PALMA:** The final column, the very last paragraph
13 that begins at the bottom of that page.

14 **THE COURT:** All right. I see it.

15 **MS. PALMA:** And it discusses, as I indicated, that
16 they are seeking with this rule to clarify confusion caused by
17 closures of certain complaints against California. That's the
18 letter we have been reviewing here.

19 And if you give me a minute, Your Honor, I'll -- they
20 actually tried to explain here what I've explained to you as to
21 who is covered and not covered by the rule.

22 Okay. It says -- it's the -- halfway down that paragraph
23 that starts at the top, it says:

24 "Relying on an interpretation of legislative
25 history instead of the Weldon amendment's text, OCR

1 has declared that healthcare entities are not
2 protected under Weldon unless they possess a religious
3 or moral objection to abortion and concluded that the
4 insurance issuers at issue did not merit protections
5 because they had not raised any religious or moral
6 objections."

7 Finally:

8 "OCR called into question its ability to enforce
9 Weldon against the state at all because, according to
10 the letter, to do so would potentially require the
11 revocation of federal funds to California in such a
12 magnitude as to violate state sovereignty and
13 constitute a violation of the Constitution."

14 **THE COURT:** Is that in there? That last point?

15 **MS. PALMA:** I'm sorry, Your Honor?

16 **THE COURT:** That point about violating the
17 Constitution and state sovereignty and so forth, is that also
18 in this letter you handed up?

19 **MS. PALMA:** Oh, yes, Your Honor.

20 **THE COURT:** Where is that?

21 **MS. PALMA:** That's also on Page 4. And this is --
22 Page 4, the last paragraph that starts there.

23 And they indicate that -- that -- basically, and I'll
24 paraphrase, but Your Honor can read just to confirm my
25 interpretation; that they are -- they are indicating that

1 limiting Weldon's healthcare entity protections solely to help
2 insurance plans, as stated in the statute, avoids the
3 potentially unconstitutional interpretation of Weldon that
4 might require HHS to remove all HHS education and labor funding
5 from the State of California if they read it beyond its plain
6 meaning.

7 **THE COURT:** Yeah, I see what you're talking about.

8 **MS. PALMA:** And just to even clarify further. If we
9 go back to the rule, this distinction between who is protected
10 under Weldon is specifically explained in the rule. And they
11 say:

12 "OCR's closure letter concluded that the Weldon
13 amendment's protection of health insurance plans
14 included insurers of health insurance plans, but not
15 institutions or individuals who purchase or are
16 insured by those plans."

17 In other words, not the complainants here.

18 So what's interesting there, Your Honor, is that this is
19 almost like a bill of attainder; right? You now disagree with
20 this policy, and you change your statutory language to fit in
21 to this scenario where they -- they now want to find the
22 plan -- find that the plan sponsors have protections under
23 Weldon so that they can find the State of California in
24 violation of Weldon because of its healthcare coverage
25 requirement.

1 And this is not one of those attenuated circumstances
2 where we're waiting for the next shoe to fall. In fact,
3 Exhibit B of the Palma declaration includes a letter that OCR
4 sent to the State of California on August 30th, 2018 telling
5 them that they were reopening these -- this complaint against
6 the State of California. So this old complaint from 2016 is
7 now been reopened.

8 So if you have a reopened complaint and you change your
9 rule to suddenly include plan sponsors, then you're necessarily
10 getting ready to find the State of California in violation of
11 the rule the date it takes effect.

12 And that's why I think that the ripeness challenges should
13 be rejected. Not only because of the *Abbott Laboratory's*
14 factor that they -- that the rule requires immediate and costly
15 compliance efforts of all the providers before the Court, but
16 also this fact that they are basically laying in wait against
17 the State of California to find it in violation.

18 I really do think, Your Honor, that, you know, given how
19 many times the State of California is referenced in this rule,
20 that if this rule was allowed to take effect, we're going to be
21 number one on the list of the entities that get a knock on the
22 door from OCR.

23 **THE COURT:** Okay. I -- I still have questions about
24 what the 2016 ruling was, but I don't need to take your time up
25 on that. I need to give the other side a few minutes, too.

1 But go ahead, and I'll let you make one more point.

2 **MS. PALMA:** I'm happy to answer any additional
3 questions to clarify the 2016 rule, but -- but otherwise I'm
4 happy to move on to the spending laws.

5 **THE COURT:** Wait.

6 **MS. PALMA:** Okay. I will, Your Honor.

7 **THE COURT:** Don't go to the spending clause. Give me
8 examples of where the rule adds to or subtracts from what's in
9 the statutes. That's what you were just doing. The
10 healthcare -- it was one of those things that would take so
11 long to develop your argument.

12 **MS. PALMA:** I know.

13 **THE COURT:** It took 45 minutes. 45 minutes to
14 develop it, and I'm still not sure I understand it.

15 So give me one that's clear cut. Like the ambulance
16 driver. That one I can understand in three minutes. Give me
17 one that's easy to understand.

18 **MS. PALMA:** Okay. I can do that, Your Honor.

19 Let's talk about the definition of discrimination that's
20 new and in the rule.

21 **THE COURT:** Okay.

22 **MS. PALMA:** And what that does to make the operation
23 of healthcare entities across the nation completely unworkable.

24 If you look at the definition of discrimination, it
25 basically -- that's what precludes a healthcare provider from

1 trying to find a reasonable accommodation or would preclude a
2 finding of undue hardship in a situation where someone might
3 object to providing a medical service or engaging in a medical
4 activity that they believe is contrary to their moral,
5 religious or other beliefs because, you know, there --

6 **THE COURT:** Listen. See, you're going off on
7 tangents again. Let me see if I've got your argument right
8 from the way I understand it now.

9 You want me to read Title VII into these amendments and
10 put in an undue hardship qualification to the word
11 "discriminate." But that undue hardship phrase is never,
12 never, never in any of those three statutes, but you want me to
13 say: Well, it's under -- Title VII has it, so logically it
14 ought to also go under these three statutes.

15 But the Government says: No, we're not going to have an
16 undue hardship.

17 So you criticize them for not putting something into the
18 statute that's not even in the statute. So I think that's your
19 argument. You tell me in your own words how close that is.

20 **MS. PALMA:** So under the rule of discrimination,
21 it -- the -- the rule does many things to make the present
22 landscape of how religious accommodations are presently dealt
23 with in the healthcare industry; not in any other industry,
24 just in this industry, which I think in and of itself poses
25 some issues.

1 But, for example, the rule prevents an employer from
2 inquiring of the prospective employee whether they might object
3 to providing any healthcare service or engaging in any
4 healthcare activity.

5 So, in essence, they are precluded from inquiring of the
6 prospective employee whether they can even perform the
7 essential functions of their job.

8 **THE COURT:** Are you sure? I could have sworn I
9 read -- recently in reading this whole long rule, I could have
10 sworn that I saw in the comments that the -- that they had
11 given the -- the agency decided that they would allow that, but
12 maybe I misread it.

13 **MS. PALMA:** No, Your Honor. In fact, they did
14 concede in the hearing in New York that the rule has no undue
15 burden exemption. So this is -- it's not just --

16 **THE COURT:** No, no. That's a different point.

17 But your point that you could not inquire during an
18 interview of a prospective employee, would they have an
19 objection? And I thought I read somewhere where the government
20 said yes, the hospital could do that.

21 Now, maybe I am not -- my memory is not perfect, so help
22 me out on that.

23 **MS. PALMA:** I -- you know, I haven't seen that in the
24 rule, Your Honor.

25 **THE COURT:** I could have sworn I saw that in --

1 somewhere in one of these -- you know, in this tiny print.

2 **MS. PALMA:** Yes. What the rule states is they can't
3 inquire in advance. And once the employee has been hired, they
4 can only inquiry once per year unless this is some reasonable
5 justification, which is not defined.

6 **THE COURT:** Show me where it is in the rule and maybe
7 that will clear it up.

8 **MS. PALMA:** Okay, Your Honor. Give me a moment to
9 find that. The writing is small for me as well.

10 (Brief pause.)

11 **MS. PALMA:** So, your Honor, I'm looking at
12 Page 23192.

13 **THE COURT:** 192?

14 **MS. PALMA:** Yes.

15 **THE COURT:** All right.

16 **MS. PALMA:** And it states in the penultimate
17 paragraph there:

18 "The definition also clarifies that employers
19 cannot use information gained from this process to
20 discriminate against any protected entity or employee
21 and any attempts to, for example, ask questions of the
22 prospective employer or grant applications concerning
23 potential objections before hiring or a grant award
24 will require a persuasive justification because of the
25 risk of unlawful, but difficult to detect,

1 quote/unquote, screening of applicants."

2 **THE COURT:** Well, it does allow it if there is a
3 persuasive justification.

4 **MS. PALMA:** Which is not defined, Your Honor.

5 **THE COURT:** Well, but you said it was a flat out --

6 **MS. PALMA:** I think I misspoke as to what the
7 standard was. I'm sorry, Your Honor.

8 **THE COURT:** All right. So maybe it can be done.

9 **MS. PALMA:** Yes. And if you look at Page 23263, Your
10 Honor.

11 **THE COURT:** 263?

12 **MS. PALMA:** Yes, Your Honor. And it -- in the middle
13 of the last column it uses similar language stating:

14 "Such inquiry may only occur after hiring of,
15 contracting with or awarding of a grant or benefit to
16 a protected entity and once per year thereafter unless
17 supported by a persuasive justification."

18 **THE COURT:** I'm sorry. What column?

19 **MS. PALMA:** The last one, Your Honor, about halfway
20 down. It's in Subsection 5.

21 **THE COURT:** Okay. I see that.

22 **MS. PALMA:** Okay. And just to move along quickly on
23 the issue of undue hardship. It's quickest to go straight to
24 the transcript from the New York hearing.

25 And I'm looking at Page 107 at the bottom, Lines 21 to 25,

1 and it states as follows. And this is very quick:

2 "THE COURT: As to that, do you agree that the
3 rule adopts a different framework with respect to
4 discrimination and then Title VII?

5 "MR. BATES: The rule does not include the undue
6 hardship."

7 So we have an entirely different framework that's been set
8 up that vastly expands and alters what has long been perceived
9 as required by the conscience statute and this new process
10 and -- this new accommodation process is really what makes it
11 unworkable.

12 So we're put in a situation where we can't ask -- let's go
13 back to the EMT and the woman in the ambulance in Central Park.
14 We can't ask those -- those ambulance drivers -- only within
15 these limited circumstances can we ask them if they have an
16 objection.

17 This doesn't account for the fact that objections to
18 providing services can develop over time. So they may have not
19 had one once they were -- they were asked shortly after hiring
20 and maybe something has happened, you know, after the once per
21 year that they have been asked this information.

22 This creates a situation where, coupled with our inability
23 to ask and, you know, the fact that discrimination states
24 that -- the definition of discrimination states that the
25 accommodation is acceptable so long as it is accepted by the

1 employee. That's what it says now.

2 Whereas, within the Title VII framework the case law
3 specifically says that the accommodation that's provided to the
4 employee need not be the best one. It may not even be the one
5 that's suggested by the employee. So as long as it's
6 reasonable.

7 Under this framework that's being established by this
8 rule, it's -- it's only acceptable if it's accepted by the
9 employee. It's an absolute --

10 **THE COURT:** Can I -- there may be a premise here that
11 I'm missing, and so I -- don't get into Title VII yet.

12 **MS. PALMA:** Okay.

13 **THE COURT:** But let's go back, say, six months ago
14 before this rule was ever -- or before this rule was
15 promulgated.

16 Was the practice at a hospital to inquire about religious
17 objections for the purpose of figuring out where they could
18 hire somebody?

19 In other words, let's say, they were hiring a nurse that
20 was going to be on the floor where abortions were done.

21 To my mind, it would be a very reasonable question to say:
22 Well, look, this is a job for somebody that's going to do
23 abortions. Do you have any problem doing abortions?

24 And then they would say: Yeah. By the way, I don't like
25 abortions. So I have religious objections.

1 So the hospital would say: Well, we're not going to hire
2 you.

3 Now, is that the way it worked? How did it work -- don't
4 get into Title VII yet.

5 **MS. PALMA:** Okay.

6 **THE COURT:** How did it work under these amendments,
7 the Weldon and so forth? How did it work -- what did a
8 hospital do before?

9 **MS. PALMA:** So the -- the plaintiffs have provided
10 numerous declarations that speak to what the current practice
11 is.

12 For example, there is an abortion provider who provided a
13 declaration indicating that because of the nature of the work
14 and services that they provide and the fact that they are often
15 targeted, that providers have been killed going to work, they
16 need to be assured that -- that employees can abide by the
17 missions of those clinics.

18 So the declarations actually do indicate that they do
19 request in advance.

20 You have providers also within the --

21 **THE COURT:** Let's just pause on that. Wait. Don't
22 go.

23 So, to me, that's entirely reasonable, but is that allowed
24 under the statutes? Just under the statutes? As you read the
25 statutes themselves, can a prospective employer refuse to hire

1 somebody on the ground that they would have a religious
2 objection to doing what the very job they are hiring for
3 requires?

4 **MS. PALMA:** The rule -- the current statutory
5 framework would permit this inquiry to be made.

6 **THE COURT:** All right. And let's say the inquiry is
7 made and the answer is: No, I won't do abortions under any
8 circumstance.

9 And then the prospective employer says: Well, by the way,
10 don't you know that that's what the job is? We don't have
11 another job. That's the job.

12 Can't the prospective employer then say: We can't hire
13 you.

14 Does the statute say they have got to hire them anyway?

15 **MS. PALMA:** Your Honor, so there actually is a case
16 that we've cited in our Title VII portion in our moving papers
17 where that exact scenario happened, where somebody applied for
18 a position with an abortion clinic and somewhere along the
19 lines it was determined that she was a member of the Pro-Life
20 Nurses Association, and at that point the hiring process
21 ceased. And in that case -- that's the *Shelton* case that's
22 cited there. And the outcome of that case is that this was a
23 permissible inquiry under the existing statutory --

24 **THE COURT:** Permissible inquiry, yes. But I'm
25 asking: Can they refuse to hire her for the job once they know

1 that? Does the refusal to hire violate an amendment?

2 **MS. PALMA:** We don't believe so, Your Honor, not
3 under the --

4 **THE COURT:** What did that case say? What did that
5 decision say?

6 **MS. PALMA:** You know, Your Honor, I don't have that
7 information before me. I'd have to go back and look at it.

8 But it is the *Shelton* case, specifically on that. And it
9 is -- it's my recollection right now that there was not a
10 violation that was found in Title VII, which is part of the
11 existing statutory framework, Your Honor.

12 And further --

13 **THE COURT:** Wait, wait. Don't get into Title VII
14 yet.

15 **MS. PALMA:** Okay.

16 **THE COURT:** I'm having so much trouble understanding
17 these Church amendment and so forth.

18 Which one of these amendments cover applicants for
19 employment?

20 **MS. PALMA:** None of them, Your Honor.

21 **THE COURT:** I thought I saw one of them had applicant
22 for employment.

23 (Brief pause.)

24 **THE COURT:** Okay.

25 "No entity which receives a grant" -- is that

1 right -- "may discriminate in the employment,
2 promotion or termination of employment of any
3 physician or other healthcare personnel or
4 discriminate in the extension of staff or other
5 privileges to any physician."

6 Okay. So far that doesn't say "applicant."

7 **MS. PALMA:** And, Your Honor, just to clarify, I have
8 been reminded that the *Shelton* case said that the termination
9 of that hiring process was acceptable because there was --
10 because an accommodation would be unreasonable under Title VII.

11 **THE COURT:** Okay. Now, in number (e), Subsection (e)
12 of Church does refer to applicant, but it's a different
13 context.

14 It says:

15 "May deny or otherwise discriminate against any
16 applicant, including applicants or internships and
17 residencies for training or study."

18 So that is not the same as, you know, regular full-time
19 employment.

20 **MS. PALMA:** Your Honor, I have a few additional cites
21 of declarations that we have been provided -- that we have
22 provided that discuss the hiring process and how it currently
23 takes place. I could provide those to the Court, if you would
24 like.

25 **THE COURT:** Just read out the names of them somehow

1 that we can look at them later.

2 **MS. PALMA:** Yes, your Honor.

3 **THE COURT:** My Law Clerk will write them down.

4 **MS. PALMA:** The *Barnes* declaration at Paragraph 21.

5 The *Cody* declaration at Paragraph 6.

6 And the *Valle* declaration at Paragraph 18. And that's V,
7 as in Victor, A-L-L-E.

8 And those declarations also speak to the fact that some of
9 these providers hire for providing services to the LGBT
10 community. And there it's also important for them to ensure
11 that when they are hiring, that -- that the employee will be
12 agreeable with the mission, to be open and to provide
13 non-discriminatory care to the community broadly, including to
14 the LGBT individuals.

15 **THE COURT:** Well, I think all those questions would
16 be fair questions for a hospital to ask.

17 And I'm going to ask the government, when you come up
18 here, do any of these amendments prohibit a hospital or clinic
19 or anyone who receives federal funds from asking a prospective
20 nurse or doctor whether they have religious objections to
21 performing abortions or any other kind of medical procedure.

22 I don't see it per se in the -- my quick review here, but
23 I have been doing it very quickly.

24 Okay. I've got to let the other side have a few comments.

25 So I don't know if time will permit for anything more.

1 So let me hear from the government. Why don't we start
2 with that question. Who is going to go next?

3 Okay. And your name?

4 **MS. ANDRAPALLIYAL:** Good morning, Your Honor. Vinita
5 Andrapalliyal behalf of defendants.

6 **THE COURT:** Andrapalliyal.

7 **MS. ANDRAPALLIYAL:** Andrapalliyal, yes, Your Honor.

8 **THE COURT:** Andrapalliyal, okay. Welcome.

9 And what is the answer to the question that I just had,
10 which is under Church, Weldon or Coats-Snowe is there any
11 statutory provision that would prevent a hospital receiving
12 federal funds from inquiring of a prospective nurse or doctor
13 whether they would object to participating in an abortion?

14 **MS. ANDRAPALLIYAL:** Well, your Honor, all three
15 amendments prohibit discrimination on the basis of a particular
16 employee's, you know, conscience objections to specific medical
17 procedures --

18 **THE COURT:** If they are employees, yes. But they are
19 not employees when they are just applying. They are
20 prospective.

21 So where -- which one of these, if any of these statutes,
22 would pick that situation up?

23 **MS. ANDRAPALLIYAL:** Well, let me broaden what I said.

24 You know, it -- these amendments protect, you know, any
25 institution or individual healthcare entity from

1 discrimination. And so they don't necessarily distinguish
2 between prospective and current employees.

3 **THE COURT:** Well, I get that. But I'm looking at the
4 statutes and it -- and it says "healthcare entity." All right.
5 And one of them specifically defines it to include "an
6 individual physician, post graduate physician training, and a
7 participant in a program of training." And one of them
8 specifically calls out "applicant for training." But none of
9 them call out applicant for employment.

10 So my -- I think what I'm asking you, my reading it, is an
11 applicant for employment specifically called out by any of the
12 amendments?

13 **MS. ANDRAPALLIYAL:** The specific language of those
14 amendments do not refer to an applicant. However, the
15 definitions, as my colleague noted, are inclusive and do not
16 distinguish between prospective and current employee.

17 **THE COURT:** Okay. Maybe that's true. Now, does
18 your -- does the rule in question include applicants for
19 employment?

20 **MS. ANDRAPALLIYAL:** If Your Honor might give me just
21 one moment to find that in the rule?

22 **THE COURT:** Let's figure that part out. What page
23 would the "healthcare entity" be?

24 (Brief pause.)

25 **MS. ANDRAPALLIYAL:** Your Honor, I would refer to you

1 Page 23264 of the Federal Register.

2 **THE COURT:** "Healthcare entity." Okay.

3 **MS. ANDRAPALLIYAL:** And at the very bottom of that
4 first column the agency states that:

5 "An individual physician or other healthcare
6 professional, including a pharmacist, healthcare
7 personnel, participant in a program of training in the
8 health professions, an applicant for training or
9 study, post graduate physician training program,
10 et cetera."

11 **THE COURT:** But does it call out applicant for
12 employment? I don't see it.

13 (Brief pause.)

14 **THE COURT:** Well, let me just -- tell me what -- I
15 mean, you're the -- you're the one who knows the rule.

16 Under this rule that you're defending, if a hospital
17 performs abortions and they have an opening on the abortion
18 ward for a nurse, that's what they want, somebody who will do
19 that.

20 And they post the job and they say: This job is for
21 abortions. And applicants come in. Can the HR Department in
22 doing the interviews ask the question: By the way, do you have
23 any moral or religious objection to doing abortions?

24 And then if the answer is, yes, I do, then the hospital
25 says: Well, we can't hire you because that's what the job is.

1 So is that legal under the rule?

2 **MS. ANDRAPALLIYAL:** Yes, Your Honor.

3 I would point you -- I would refer you to Page 26 -- 23263
4 of the rule, in the "discrimination" definition.

5 And the rule does state, the last column, middle of it,
6 that while a -- you know, an entity that is subject to this
7 rule may, you know, ask whether a particular entity, individual
8 or otherwise, has an objection to performing or participating
9 or assisting in the performance of a specific procedure, they
10 can do that, but only after hiring the individual.

11 And, you know, that is what the rule states, but I -- I
12 want to pull back a little and, you know, remember this is a
13 facial challenge here. We're talking about whether this rule
14 can be upheld under any set of facts.

15 And given the other protections in the rule that allow
16 entities to ask not only once a year, but any time there is a
17 reasonable likelihood that an individual or entity may be asked
18 to perform or assist in the performance of a particular
19 activity that's protected under the conscience statutes,
20 whenever there is that reasonable likelihood, the employer can
21 ask and then make accommodations. And that's higher up in that
22 paragraph:

23 "An entity may require a protected entity to
24 inform it of objections to performing, referring for,
25 participating in or assisting in the performance of

1 specific procedures, et cetera, to the extent that
2 there is a reasonably likelihood -- reasonable
3 likelihood that the protected entity may be asked in
4 good faith to undertake these actions.

5 **THE COURT:** It says:

6 "Such inquiry may only request occur after the
7 hiring of," and then "once per calendar here
8 thereafter."

9 **MS. ANDRAPALLIYAL:** Unless supported by a persuasive
10 justification.

11 And that persuasive justification standard would encompass
12 a situation where there is a reasonable likelihood that an
13 individual may -- or other entity may be asked to perform or
14 assist in the performance of an activity to which he or she
15 objects. And that objection is protected under the conscience
16 statutes.

17 **THE COURT:** Now, is that explanation of the phrase
18 "persuasive justification" explained somewhere in the rule, or
19 is that just you talking?

20 **MS. ANDRAPALLIYAL:** Yes, Your Honor. That's -- well,
21 that -- you know, as a threshold issue, it's -- it's
22 encompassed earlier up in the paragraph where, you know, it
23 says, Subsection 5, starting on Line 3 -- or Line 2:

24 "An entity subject to any prohibition in this
25 part may require a protected entity to inform it of

1 objections to performing, referring for, participating
2 in or assisting in the performance of certain
3 procedures."

4 And I'm skipping down a couple lines:

5 "...but only to the extent that there is a
6 reasonable likelihood that the protected entity may be
7 asked in good faith to perform, refer for or
8 participate in or assist in the performance of any" --

9 **THE COURT:** Then it goes on to say:

10 "Such inquiry may only occur after the hiring
11 unless it is supported by a persuasive justification."

12 **MS. ANDRAPALLIYAL:** Yes.

13 **THE COURT:** And my question is: Is the phrase
14 "persuasive justification" later explained?

15 See, they did have that Title VII discussion somewhere,
16 and you decided not to do the hardship exception. It might
17 have come up under that.

18 **MS. ANDRAPALLIYAL:** Yes, your Honor.

19 I refer you to 23191, where, as Your Honor refers, to, you
20 know, that Title VII discussion was taking place.

21 **THE COURT:** 23191. Which part should I look at?

22 **MS. ANDRAPALLIYAL:** Well, at -- in the last
23 paragraph, middle of the page -- well, let me start, actually,
24 second column, very end of the page where it says "Comment."

25 "The Department received comments expressing

1 concern that the proposed definition of discriminate
2 or discrimination would prohibit employers from
3 accommodating religious objections by placing the
4 conscientious objector in a different position
5 potentially requiring double staffing."

6 And in response the Department says that it:

7 "...agreed with this concern in part and is
8 adding language to acknowledge the reasonable
9 accommodations that entities make for persons
10 protected by these laws."

11 And further down it notes:

12 "To address concerns raised by these commenters,
13 the Department is adding new Paragraphs 5 and 6 in the
14 discrimination definition to clarify that, within
15 limits, employers may require a protected employee to
16 inform them of objections to referring or
17 participating in or assisting in the performance of
18 specific procedures, programs, research, counseling or
19 treatments, to the extent there is a reasonable
20 likelihood that the protected entity or individual may
21 be asked in good faith to refer for, participate,
22 assist in the performance of such conduct, and that
23 the employer may use alternate staff or methods to
24 provide or further any objected-to conduct."

25 And so I acknowledge that doesn't specifically flesh out

1 the persuasive justification standard, but the text of the rule
2 indicates that the persuasive justification standard is tied to
3 whether there is a reasonable likelihood that the protected
4 entity is going to be asked to perform --

5 **THE COURT:** Okay, wait. Go on. The next paragraph
6 said -- this is the agency talking in this explanation.

7 Quote:

8 "On the other hand, as a general matter, it is
9 not an acceptable practice under Federal Conscience
10 and Anti-Discrimination Laws for covered entities to
11 deem persons with religious or moral objections to
12 covered practices, such as abortion, to be
13 disqualified for certain job positions on that basis.

14 "For example, a hospital receiving public health
15 service funds could not deem a doctor or a nurse with
16 a religious objection to performing abortions to be
17 ineligible to practice obstetrics and gynecology on
18 that basis.

19 "An important purpose of law, such as Church
20 amendments, is to prevent fields, such as obstetrics
21 and gynecology, from being purged of pro-life
22 personnel just because abortion is legal and some
23 healthcare entities perform them.

24 "In this sense the Department disagrees with
25 commenters who essentially contend that pro-life

1 medical personnel can be placed outside of women's
2 health positions for that reason.

3 "The Department need not address in this rule
4 whether a covered entity could disqualify a person
5 with religious or moral objections to covered
6 practices, if such covered practices made up the
7 primary or substantial majority of the claims of the
8 position -- I'm sorry, majority of the duties of the
9 position, as the Department is not aware of any
10 instances in which individuals with religious or moral
11 objections to such practices have sought out such
12 jobs."

13 I don't know, that kind of seems like -- that's very much
14 on point and then seems to be saying that the Department is
15 probably going to say you can't disqualify somebody on account
16 of their religious beliefs, but you don't need to address it
17 because you don't think it's ever going to come up. Well, I
18 don't see how you can say that it's not going to come up.

19 I come back to the -- the example I gave. If the job that
20 you're trying to fill somebody for is specifically to do
21 abortions and somebody doesn't want to do abortions, I just
22 don't see how -- I just think they've got to ask that question
23 and they have to turn them down. They should be disqualified,
24 would be my view, but -- if I was running the hospital.

25 **MS. ANDRAPALLIYAL:** A few points on that you, your

1 Honor.

2 **THE COURT:** Help me out.

3 **MS. ANDRAPALLIYAL:** Sure. First, the Department is
4 saying that it is not aware of any instance in which an
5 individual with a religious or moral objection to, for example,
6 abortion, applies for a job as an abortion provider. It's not
7 aware of that happening.

8 And, again, this is one --

9 **THE COURT:** But counsel has given me some case,
10 something about an underground person came in that was a
11 pro-life nurse and applied for the abortion job. Something
12 like that.

13 What was the name of that case? Just give me the name.
14 You don't get to make a speech.

15 **MS. PALMA:** Your Honor, I do have to clarify about
16 the *Shelton* case.

17 **THE COURT:** *Shelton*.

18 **MS. PALMA:** It is *Hellwege* -- so H-E-L-L-W-E-G-E --
19 *v. Tampa Family Health Centers*, 103 F. Supp. 3d 1303. And
20 this case is actually cited in the rule and it is the exact
21 scenario that I described.

22 **THE COURT:** What was the year of that case?

23 **MS. PALMA:** It's a 2015 case. And the Title VII
24 claim was allowed to proceed.

25 And that's just an indication that the existing statutory

1 rubric works and is available for the protection of --

2 **THE COURT:** Now, see, you're making a speech. Okay.
3 No, no.

4 All right. Your turn. Let's go back to the government.
5 Well, it sounds like that *Shelton* case is close to a scenario
6 that the government -- HHS said it couldn't -- HHS said it
7 couldn't imagine could happen.

8 **MS. ANDRAPALLIYAL:** Well, your Honor, the *Shelton*
9 case, as my opposing counsel noted, is not that case. The
10 *Shelton* case involved a nurse who was already hired, who had
11 registered objections and filed a Title VII lawsuit after she
12 was terminated. So that is not a case on point here, and --

13 **THE COURT:** It is hard to imagine that someone would
14 knowingly apply for a job at an abortion clinic if they were
15 against abortions.

16 I get that point, but -- but I'm talking about a big
17 hospital where the hospital needs somebody for that ward and --
18 okay.

19 **MS. ANDRAPALLIYAL:** You know, it does strain logic a
20 bit to imagine this hypothetical.

21 But, you know, even if it happened, the Department is
22 saying that, you know, if the job is such that the primary or
23 substantial majority of the duties of the position involve the
24 objected-to conduct, the Department is not saying that you have
25 to hire that person anyway. That's not -- it's leaving that

1 open.

2 And so that -- you know, that example, that hypothetical
3 is not a reason to invalidate this rule in toto.

4 **THE COURT:** Okay. What else? Keep going. They said
5 a lot on the other side and I want to give you a chance to
6 respond.

7 **MS. ANDRAPALLIYAL:** Thank you, Your Honor. If I may
8 just have a second here.

9 (Brief pause.)

10 **MS. ANDRAPALLIYAL:** Yes, Your Honor. I did want to
11 respond to a lot of the points made here, and I'll try to be
12 quick.

13 So, you know, we were talking about whether this rule is
14 arbitrary and capricious under the APA. Now, agency action is
15 upheld where the agency considered the relevant factors and
16 articulated a rational connection between the facts found and
17 the choice made. And that's exactly what the agency did here.

18 Now, we acknowledge that this issue of conscience
19 objections to certain procedures, that is, you know, a policy
20 issue that inspires strong feelings on all sides of the issue.
21 But at the end of the day, this Court, nor should plaintiffs,
22 substitute their judgment for that of the agency. And the
23 agency offered sufficient explanation --

24 **THE COURT:** I want you to know I agree totally with
25 that. I take an oath to uphold the law and the Constitution.

1 I am not a politician.

2 Now, I may have political views, but I put all those to
3 one side. Judges are not elected. This is -- we've got to
4 follow the law.

5 So I agree with you totally. Whatever I rule is not going
6 to be based on politics.

7 So you're right about that substituting judgment, but the
8 other side is not asking me to do that. They are asking me --
9 they raise points like this one. They said, you're own
10 preamble says that there were 343 conscientious objectors.
11 Then it turns out that, really, there was only 21.

12 **MS. ANDRAPALLIYAL:** Yes, Your Honor.

13 **THE COURT:** Isn't that kind of a major goof?

14 **MS. ANDRAPALLIYAL:** I'd like to address that, Your
15 Honor. Thank you for raising it.

16 **THE COURT:** Please.

17 **MS. ANDRAPALLIYAL:** HHS did not misrepresent the
18 number of comments it received or the number of complaints it
19 received here. In the final rule it noted that it had received
20 343 complaints in fiscal year 2018.

21 **THE COURT:** From conscientious objectors, it said.
22 That's on Page 229. Let's look at how it was worded.

23 **MS. ANDRAPALLIYAL:** Yes, let's.

24 **THE COURT:** Because you're not reading it the way it
25 was actually worded.

1 229.

2 "OCR received 343 complaints alleging conscience
3 violations."

4 **MS. ANDRAPALLIYAL:** Exactly, Your Honor. "Alleging."

5 And HHS did not rely on these complaints for the substance
6 of what was contained in them. It simply noted that it
7 received 343 complaints from people who were saying that their
8 conscience rights were violated.

9 And zooming back, you know, in the notice of proposed rule
10 making, HHS notes -- and that's Page 3886 of the NPRM. And I
11 will pull that up so I can read it to you directly.

12 **THE COURT:** But the point is that only 21 of those
13 would have been covered by the statutes in question.

14 **MS. ANDRAPALLIYAL:** Well, your Honor, we disagree
15 with that.

16 But the point is not what percentage of those complaints
17 were meritorious. HHS is just noting that it received 343
18 complaints, and in -- let me see here. You know, in -- from
19 2008 to 2016 it only received 44 complaints. That's over,
20 like, a -- I'm sorry.

21 Yes. 2008 to 2016, I believe. They only received 44
22 complaints over that eight-year period, 34 of which were filed
23 since the November 2016 election.

24 So before November 2016, there were only about 10
25 complaints that OCR received.

1 And it was just noting that is a large uptick in the
2 number of complaints it received in 2018 as compared to the
3 past. And it was using the fact that it received so many
4 complaints as yet another data point, as you noted, one of the
5 many metrics it considered in finding that, you know, there is
6 a lot of public interest, increasing public interest in
7 conscience rights. Yet, another reason why it should explain
8 to the public and to regulated entities what the obligations
9 and rights are under these statutes.

10 **THE COURT:** All right. Go ahead.

11 **MS. ANDRAPALLIYAL:** And that's -- that's what I
12 wanted to explain about these complaints. It was not a
13 misrepresentation. HHS was not saying that all 343 are
14 meritorious.

15 It does push back on the number that plaintiffs have
16 identified, and we do want to step back here and make a
17 wholesale objection to the numerous declarations --

18 **THE COURT:** I think their point was that -- that if
19 you read this paragraph, it at least implies that there were
20 343 objections based on conscience that would have violated
21 these three statutes. But when you look at them, they don't.
22 Most of them are about vaccinations, which are not covered by
23 these statutes.

24 **MS. ANDRAPALLIYAL:** Well, respectfully --

25 **THE COURT:** So the -- their point is your agency was

1 trying to make it look like there has been an uptick in
2 violations of the three statutes, therefore, you have a rule to
3 construe the three statutes. That was the -- that's the
4 argument.

5 Whether the -- they are not saying they were or they were
6 not meritorious. It was the implication that they dealt with
7 these three statutes, and it turns out that only 21 of them
8 did.

9 **MS. ANDRAPALLIYAL:** Well, your Honor, respectfully, I
10 don't read this part of the rule to say that all 343 complaints
11 are meritorious. You know, it just said that the -- the
12 complaints alleged conscience violations.

13 And there are more than three statutes, Federal Conscience
14 Statutes at issue here. I believe there are almost two dozen.

15 So, again, there is just one data point. The fact that it
16 received so many more complaints than it did in the past
17 supports the need to explain, you know, what the rights and
18 obligations under these two dozen statutes are.

19 **THE COURT:** Do any of the other -- it's true. There
20 have been subsequent -- you know, like, the euthanasia -- I
21 mean, the assisted suicide. But do any of those later statutes
22 cover vaccinations?

23 **MS. ANDRAPALLIYAL:** Your Honor, I'm aware of two
24 Federal Conscience Statutes that specifically mention
25 vaccinations.

1 One is 42 U.S.C. 1396(s), which pertains to pediatric
2 vaccinations. And it creates -- you know, affirms an
3 obligation for entities subject to the rule to follow state law
4 and, you know, incorporate any religious exemptions that are in
5 state law.

6 And another statute, 29 U.S.C. 669(a)(5) pertains to
7 occupational illness, exams and tests. So there are those two
8 statutes in there. That's what I wanted to say about the
9 complaints.

10 But I do want to push back on the notion that HHS didn't
11 adequately explain why it changed course from the 2011 rule.
12 HHS provided several reasons for doing so.

13 It noted recent documented instances of alleged and
14 demonstrated conscience discrimination, not only in the
15 complaints that it received, but in litigation occurring around
16 the country.

17 It noted recent state laws that appear to run afoul of
18 these Federal Conscience Statutes.

19 It relied on comments received during the 2008 and 2011
20 rule makings, as well as this most recent round of rule making,
21 in which commenters, many commenters, noted that they had
22 personally faced discrimination in the healthcare industry on
23 the basis of their religious or moral beliefs.

24 And it also relied on a survey of religious medical
25 professionals. 40 percent of the nearly 3,000 respondents

1 reported facing discrimination or pressure during their careers
2 to disregard their religious or moral objections.

3 And so, you know, for all these reasons the agency
4 explained itself. It explained that the 2011 rule was only
5 three sentences long. It only implicated three of the nearly
6 two dozen Federal Conscience -- only referred to three of the
7 nearly two dozen Federal Conscience Statutes out there. And on
8 the basis of everything that I just mentioned, the agency
9 decided, you know, a more -- a clearer framework and a clearer
10 explanation of how it was going to enforce these statutes was
11 necessary.

12 And as to access to care, you know, plaintiffs stated the
13 agency didn't adequately consider the impact to the rule and
14 access to care, but access to care was actually the first set
15 of comments to which HHS responded in the rule.

16 The agency noticed -- noted that access to care was a
17 critical concern of the agency. And on 23181, Your Honor, the
18 agency noted that...

19 (Brief pause.)

20 The agency noted that, you know, in support of its
21 conclusion that this rule was likely to improve access to care
22 overall by inviting more individuals and entities who hold
23 particular religious and moral objections. You know, instead
24 of stigmatizing them and making them exit the field or, you
25 know, make them feel like they shouldn't be entering the

1 healthcare field all together, that instead those individuals
2 and entities would feel empowered to enter the field and offer
3 more care overall.

4 The agency noted that it was illogical to assume that
5 there are a significant number of healthcare providers in the
6 space today who object to providing certain services, but are
7 doing so anyway over those objections. Instead it was more
8 logical to conclude that there were people who just weren't
9 providing care, who had decided that it wasn't worth it, and
10 that those people were sitting on the sidelines.

11 And, you know, the agency was entitled to consider
12 evidence on both sides and to make a judgment and explain why
13 it did so, and that's what it did. That's what it did here.

14 The agency --

15 **THE COURT:** Let me ask you about pharmacists, because
16 I noted that the -- none of those statutes call out pharmacies
17 or pharmacists, but the rule now defines healthcare entity to
18 include a pharmacist, a medical laboratory and a pharmacy.

19 So what -- how did those words get in there?

20 **MS. ANDRAPALLIYAL:** Your Honor, my understanding is
21 that for the same reason HHS concluded that EMTs and paramedics
22 could be considered healthcare professionals under certain
23 circumstances, so, too, could pharmacists, who are
24 professionals in the healthcare space providing, you know,
25 access to certain medications and so on.

1 **THE COURT:** Well, give me an example where a
2 pharmacist might have a religious objection to filling a
3 prescription?

4 **MS. ANDRAPALLIYAL:** I can't think of one off the top
5 of my head, Your Honor.

6 **THE COURT:** It's kind of hard. But wouldn't you
7 agree that filling a prescription for some pharmaceutical thing
8 is not the same as participating in an abortion in the surgery
9 room; right?

10 **MS. ANDRAPALLIYAL:** It's certainly not an identical
11 act, but whether it falls within the definition of "assist in
12 the performance," that, I think, would depend on the facts and
13 circumstances.

14 **THE COURT:** Okay. What else would you like to say?

15 **MS. ANDRAPALLIYAL:** Your Honor, I want to object to
16 all the declarations that plaintiffs have brought into this
17 case, to the extent that they are being used, you know, just to
18 bolster their APA claims. APA is record review.

19 Your Honor should be making your decision based on the
20 administrative record and not based on declarations that the
21 plaintiffs have put into this, put on the docket.

22 **THE COURT:** I don't know. It is true. Normally it
23 is based on the administrative record.

24 **MS. ANDRAPALLIYAL:** And, Your Honor, I would cite
25 *Southwest Center for Biological Diversity versus U.S. Forestry*

1 Service. It's a Ninth Circuit case, 100 F.3d 1443 for that
2 proposition.

3 **THE COURT:** Okay. Done?

4 **MS. ANDRAPALLIYAL:** If Your Honor has any other
5 questions, I'm happy to take them.

6 **THE COURT:** Not -- I've lots of questions I guess I
7 could ask, but I would just be rambling.

8 So you please have a seat. I'll give the other side a
9 moment or two for -- literally just a few moments.

10 **MS. NEMETZ:** Good morning, Your Honor. My name is
11 Miriam Nemetz and I represent the plaintiffs in the Santa Clara
12 case. I appreciate the opportunity to speak and I'll try to be
13 as quick as possible.

14 **THE COURT:** I'll give you about five minutes.

15 **MS. NEMETZ:** Okay. I just want to address because
16 pharmacists do raise objections to prescribing certain --
17 dispensing certain medication. For example, emergency
18 contraception; Plan B, which is the morning after medication;
19 and other types of -- other types of medication.

20 **THE COURT:** So in the real world, you're telling me
21 pharmacists actually have voiced such an objection?

22 **MS. NEMETZ:** Absolutely, absolutely.

23 **THE COURT:** So do they refuse to carry those kind of
24 drugs or do they do it anyway? What's the -- what's happening?

25 **MS. NEMETZ:** Individual pharmacists who works for --

1 a pharmacist who works for, let's say, Santa Clara could, in
2 theory, you know, raise such an objection and there might not
3 be anybody available to dispense the medication.

4 So this is an instance in which the new accommodation
5 rules -- the new accommodation structure that's put in place by
6 the rule is -- creates potentially huge problems for providers
7 and it also creates the risk of harm to patients. Because
8 there are two -- we've talked about a lot of things that the
9 rule does looking at it sort of narrowly, but these
10 definitions, they -- they -- as they are described in the
11 preamble, they have a very substantial impact on how -- on the
12 role of healthcare objections, how our healthcare system will
13 function.

14 So whereas previously providers have -- their policies
15 reflect their understanding that the people -- there is -- a
16 limited number of their employees are in a position to raise
17 objections under these protections and now -- so the doctors
18 and nurses, those who are providing care.

19 So under the rule it's been made very clear that virtually
20 any healthcare employee now, you know, is -- may raise
21 objections. So that imposes -- you know, that makes it very
22 difficult to manage the objections.

23 And the number one goal of our clients, who are the
24 county, which runs hospitals and providers of medical services,
25 is to ensure that they can deliver -- continue to deliver care

1 to patients, which is their priority, while also respecting
2 legitimate religious objections that are protected by these
3 statutes.

4 So this just upsets the whole system that's in place. So
5 now in addition to expanding the number of people that are
6 covered, they have to, you know, inquire about -- or who may
7 raise objections, it also limits their ability to accommodate,
8 because the old accommodation system has now been thrown out
9 the window.

10 I mean, it's been in place for decades. It is consistent
11 with Title VII, but it's -- it's one that they have
12 specifically adopted to comply with these rules and under
13 the -- and now that's been changed.

14 And so whereas before a reasonable accommodation would be
15 acceptable and one that didn't impose an undue -- an undue
16 hardship on the employer under the rule, there is no undue
17 hardship. There is no undue hardship exception, number one.
18 And number two, it has to be voluntary.

19 So what happens -- providers need to know what happens,
20 and this happens all the time.

21 I'm just going to grab my water.

22 What about if the employee doesn't accept the
23 accommodation? They don't know how to manage the objections
24 now.

25 There also is a very substantial -- so we think that --

1 and a lot of the issues that we've talked about, these are
2 problems with the rule that were raised in comments.

3 So we talked a lot about the absence of an emergency
4 exception. I don't want to spend too much time on that, but
5 commenters pointed out to the agency what about -- our
6 policies, our policies require our staff -- they are allowed to
7 lodge objections, but everybody has to help in an emergency or
8 patients may die.

9 So the proposed -- the notice of proposed rule making and
10 the final rule, as we have discussed, say: Hey, maybe -- it's
11 very often the religious objections made -- you may be able to
12 raise a religious objection in an emergency. So now the
13 question is, before them, do we have to change all our
14 policies?

15 And so the agency, when making such a big change in what
16 the status quo is, and receiving comments, lots of comments
17 which said, you know, this conflicts with EMTALA or this --

18 **THE COURT:** Well, look. Let me step back for a
19 moment.

20 I see what you're saying. You're saying, look, this
21 upsets the apple cart. This upsets the way we do business.

22 But if you think about the broad sweep of history, every
23 anti-discrimination rule, that same argument was made that --
24 when it came to Title VII for example. And, in fact, the word
25 "women" got put into it as a gimmick by some senator to try to

1 kill Title VII, but it got passed anyway.

2 Well, let's fast forward to about the last ten years. The
3 word "sex" was in there and somebody decided, well, maybe that
4 will cover gays. Right? And that issue is right now in the
5 Supreme Court.

6 **MS. NEMETZ:** It is, Your Honor.

7 **THE COURT:** And the same argument was made by -- that
8 you're making by the opponents that said, look, this upsets the
9 apple cart. This upsets the way we do business. We've always
10 assumed that it only covered men and it only covered women. We
11 never thought it covered gays. And so if that's going to
12 happen, only Congress can do it.

13 I mean, you would have been a good lawyer for the people
14 opposing that, because that's exactly the argument.

15 So every time that there is a -- the public policy against
16 discrimination comes up in some context, this argument gets
17 made.

18 Now, this time it's -- it's religious discrimination.
19 It's not the word "sex." It's the word, you know, "religion."

20 And, of course -- but, you know, the Congress -- if, in
21 fact, the plaintiffs -- the defendants are partially correct or
22 correct all together, then yes. Discrimination that our
23 Congress has outlawed and if you have been violating the law
24 all this time, yes, you're going to have to figure out a new
25 way to do business. So I don't see the argument.

1 So the fact this has been the way it's always been done
2 and, therefore, I should just let it ride, that -- that very
3 argument was made against blacks. Against women. Against
4 gays. Against every form of trying to undo the discrimination,
5 that we have got to let the status quo keep going.

6 I've lived long enough to have heard that argument before.

7 **MS. NEMETZ:** I would like to respond, if I may, Your
8 Honor.

9 **THE COURT:** Please. Go right ahead.

10 **MS. NEMETZ:** I appreciate that. I have sort of two
11 responses.

12 One, this is a rule. There isn't -- Congress hasn't
13 changed the law. And so the -- the Department has decided to
14 adopt a rule that changes -- you know, adopts a certain
15 definition of assisted performance; that adopts a new framework
16 for discrimination, and is required to do that in a reasoned
17 manner and undertake reasoned decision making.

18 So one of the -- and one of the things that was required
19 to do is assess the relevant -- the benefits and burdens of the
20 rule. And it was required to, therefore, look at the -- it got
21 a lot of comments saying: This will harm patients. You are
22 increasing the universe of people who may raise objections.

23 And the Department agreed, that it has an obligation to
24 assess benefits and burdens under several executive orders, and
25 that's part of its reasoned decision making.

1 **THE COURT:** Well, it made a stab at doing that,
2 didn't it?

3 **MS. NEMETZ:** Well, under *State Farm* and other cases,
4 there must be a connection between the decision and the facts
5 that were before the agency. And what the department did was
6 say: We really aren't -- acknowledged that there could be harm
7 to patients. There would be more religious objections raised
8 by more people and that -- and that patients could be harmed by
9 that because they could be denied care or care could be
10 delayed.

11 And they received a lot of information from people
12 explaining the ways in which parties are harmed, can be harmed
13 by religious objections, especially if they are not -- if
14 providers can't manage them appropriately. And then ultimately
15 they said we're unable to quantify this.

16 On Page 23-252 the agency said:

17 "The impact on health outcomes from the exercise
18 of conscientious objections assisted a useful
19 quantitative estimate. The Department lacks the
20 predicate for estimating the impact on health outcomes
21 of any change in the availability of services and,
22 yet, still concluded the Department expects any
23 decrease in access to care to be outweighed by overall
24 increases in access generated by the rule."

25 And as Ms. Palma has explained, they only had, you know,

1 some anecdotal evidence and they kind of speculated that there
2 might be more -- somehow more providers would become available
3 if there was better protection against conscience -- conscience
4 objections, dismissed all the data that was submitted to them
5 about all the harm to patients, and just sort of said: We
6 think -- you know, we think the benefits are going to outweigh
7 the burdens.

8 But that didn't involve the application of its expertise.
9 It just didn't have the data. It admitted that it didn't have
10 the data to -- it didn't have the data to quantify impact. And
11 so it wasn't justified and sort of, you know, ignoring the
12 potential impact on patients. And, certainly, this is in the
13 health care system. We want to make sure patients are cared
14 for.

15 So one other argument I want to make, Your Honor, is we've
16 also brought a claim under the establishment clause and --

17 **THE COURT:** This is a brand new point. I'll give you
18 one minute to make it.

19 See, this is where the lawyers just go -- you think I have
20 all day to work only on your case, which I couldn't even begin
21 to dent in one day, and now we're going to open up a brand new
22 thing on establishment clause.

23 Okay. Go ahead. One minute, please.

24 **MS. NEMETZ:** This case is governed by the United
25 States Supreme Court's decision in *Estate of Thornton versus*

1 *Caldor*. *Caldor* was a case in which Connecticut -- Connecticut
2 passive -- passed a statute which required employers to
3 respect -- employees were entitled not to work on the Sabbath
4 of their choice. And employers were required to accommodate
5 their -- those choices.

6 And so -- you know, and the Court held that that violated
7 the establishment clause because the government cannot mandate
8 religious accommodations for employees that materially burden
9 non-beneficiaries.

10 And that is exactly what the rule does. It imposes on
11 employers an absolute duty to accommodate religious objections
12 without regard to cost. That is the significance of the
13 elimination of any undue burden requirement.

14 So the Court said in *Caldor*, and the language of the
15 statute applies squarely here; that this Connecticut statute
16 about Sabbath observance was forbidden because it imposed on
17 employers and other employees, quote:

18 "An absolute duty to conform their business
19 practices to the religious practices of the employee
20 no matter what burden or inconvenience this imposes on
21 the employer or fellow workers."

22 **THE COURT:** So your argument would be that the Weldon
23 amendment as written, the Church amendment, Coats-Snowe, as
24 written, they are illegal.

25 **MS. NEMETZ:** No, that is not true. We are focused

1 here on the departments, the rules elimination of any --

2 **THE COURT:** I promise you, this is not a legislative
3 rule. This is an interpretive rule. Your argument would only
4 matter if this was a legislative rule.

5 So don't worry about that point. I'm convinced that this
6 can only be an interpretive rule all day long, 24/7. So it --
7 it either stands or falls on the interpretation and it's not
8 going -- what counts is what Congress said, and we cannot add
9 or subtract from that.

10 Now, you, yourself, were saying what Congress said is
11 constitutional. True.

12 **MS. NEMETZ:** If it is interpreted in the manner
13 that -- that the agency has put forth in this rule is
14 unconstitutional.

15 **THE COURT:** So if it got all the way up to the
16 Supreme Court, you would be standing there saying: If the
17 agency is right, then this would violate the establishment
18 clause.

19 Well, I'm only -- I don't have -- it would take me nine
20 months to work through the many, many, many scenarios and go
21 through -- do you know how long thing is? It's hundreds of
22 pages.

23 So I can't do that. I can pick out three or four and see
24 what I think on those. And then the rest of it's going to have
25 to come up on a case-by-case, I guess. So it's -- it's only an

1 interpretive rule.

2 **MS. NEMETZ:** The problem is that --

3 **THE COURT:** I think I agree that the ambulance
4 drivers can't be included. So I -- I don't see any statutory
5 basis for that. Maybe there is some other problems with it,
6 too.

7 **MS. NEMETZ:** I think probably you could say that the
8 undue burden, the absence of an undue burden exception --

9 **THE COURT:** The undue burden is not in the statutes
10 themselves.

11 **MS. NEMETZ:** It's not in the statutes of -- I'm at
12 the point, Your Honor, if I could just take a minute on that.
13 The undue burden in Title VII appears in the definition of
14 "discrimination." There is a -- there is a -- in the case of
15 a --

16 **THE COURT:** It doesn't apply -- these religious
17 discrimination conscience provisions, Weldon, Coats-Snowe and
18 Church, plus all the ACA ones, none of them have a hardship
19 provision.

20 **MS. NEMETZ:** They were adopted right after these --
21 this particular provision of Title VII. And this particular
22 provision of Title VII said that:

23 "There was an affirmative provision that said the
24 failure to accommodate a religious practice where it
25 did not impose an undue burden" -- and that means a

1 diminimus burden -- "would be discrimination."

2 So that is -- that Title VII provision is requiring
3 neutrality by employers by not allowing them to discriminate
4 based on something they can readily accommodate.

5 So if Congress had that in mind when you say the word
6 "discriminate," it doesn't mean you're discriminating if you
7 don't accommodate any religious objection no matter how
8 disruptive it is to your operation. Certainly, Congress did
9 not have that in mind.

10 And so to say they didn't include an undue burden
11 exception, they also didn't affirmatively require an absolute
12 accommodation, which is what the rule seems to do.

13 **THE COURT:** Okay. I see someone passed a note up to
14 you, so I don't want to disappoint the messenger. So go ahead
15 and read the note, and then I've got to bring it to a close.

16 **MS. NEMETZ:** Under -- if you conclude that certain
17 parts of the rule are -- when you say that it's an interpretive
18 rule, I think you're thinking about the definitions and they
19 are describing what the statute means.

20 But they are also asserting enforcement authority over the
21 rule that is not present in the statutes. And so those are not
22 interpretations. Those have -- those are imposed new
23 substantive requirements.

24 **THE COURT:** That's a good point. That I -- I did
25 not -- I was unaware of until the hearing, I'm sorry to say.

1 But I've got to think about that. That's a good point.

2 **MS. NEMETZ:** Thank you, Your Honor.

3 **THE COURT:** Is that in the briefs?

4 **MS. NEMETZ:** Yes.

5 **THE COURT:** Is that in your brief, too?

6 **MR. TAKEMOTO:** It is.

7 **MS. NEMETZ:** Yes. That's an important part of the
8 challenge to the rule, is our concern about the enforcement
9 provisions, which go beyond the other authority that the HHS
10 might have.

11 And one of the reasons why there is so much concern in the
12 regulated community is that they are at risk of losing -- not
13 only did they have a lot of new requirements, we've talked a
14 lot about certification and insurance, but they are at risk of
15 losing all their funding if they don't comply.

16 And so it's -- it's hard for them to wait for a
17 specific -- they have to adopt new policies now so they can
18 function. They have to think about ahead of time every
19 possible application of the rule --

20 **THE COURT:** When is the date these certifications are
21 due?

22 **MS. NEMETZ:** You have to certify when you apply for
23 new funding, I believe, and that is on a rolling -- it happens
24 on a rolling basis.

25 **THE COURT:** When does the -- it's going to take me

1 awhile to work my way through all this. So I would like to get
2 an order out before the due date. But I don't know when the
3 due date is.

4 **MS. NEMETZ:** The rule is scheduled to go into effect
5 currently on November 22nd, Your Honor.

6 **THE COURT:** I have about three weeks and two days.

7 **MS. PALMA:** May I say something quickly, Your Honor?
8 I apologize. It's me again.

9 The Court has available the remedy under APA Section 705
10 to delay the effective start date of the rule if it would like
11 additional time to resolve these very important issues that are
12 of grave magnitude for not just providers here in California,
13 but across the nation.

14 **THE COURT:** Where does it say that?

15 **MS. PALMA:** It's Section 705.

16 So, Your Honor, actually, if you will recall, the delay --
17 the rule was delayed from July to November 22nd on the basis of
18 a stipulation that was submitted by the parties under 705.

19 So we would be asking the Court to basically extend it one
20 further time based on that statutory authority.

21 **THE COURT:** Maybe you all could meet-and-confer and
22 see if you could agree on a later start date, but -- possibly.
23 I would look at 705 and see.

24 All right. There is a chance, one out of three, that I am
25 going to call for a second round of oral argument; two out of

1 three I won't. But this is a case -- you know, you all have
2 dedicated your lives to it, and I see how important it is to
3 you, and I'm not to the point that I feel I have a good handle
4 on this.

5 So, maybe. We'll see. If I do, I will call you in and
6 give you have at least a week's notice.

7 **MR. TAKEMOTO:** Your Honor.

8 **THE COURT:** Yes, sir.

9 **MR. TAKEMOTO:** I promise to be quick. Twenty
10 seconds.

11 **THE COURT:** Go ahead.

12 **MR. TAKEMOTO:** Just because the opposing side raised
13 Section 705.

14 For the Court to find that the effective date of the rule
15 should be postponed, it needs to meet certain factors. We
16 haven't briefed that.

17 And so to the extent that plaintiffs want to invoke that,
18 that's something that needs to be briefed before the Court
19 makes a decision one way or the other.

20 **THE COURT:** How long would it take to brief that?
21 You're probably busy, too. But how burdensome is that to
22 brief?

23 **MR. TAKEMOTO:** Your Honor, my understanding is that
24 for the Court to find those factors, it's essentially the
25 preliminary injunction factors. So it would be on a similar

1 time scale to that.

2 **THE COURT:** I'm very unlikely to grant a preliminary
3 injunction or TRO.

4 You lawyers should have given me more time. You all had
5 lots of luxury in the briefing and then you expected me to
6 spend night and day working on your case and putting -- you
7 gave me only three weeks from the hearing.

8 So I'm going to try to do it, but I think you should have
9 been more considerate of the Court's burden.

10 All right. We will end for today. I think you all did a
11 great job, so I appreciate it.

12 Did you two come all the way from Washington?

13 **MR. TAKEMOTO:** Yes, indeed.

14 **THE COURT:** I appreciate you traveling so far. Thank
15 you for that.

16 All right. Good luck to both sides.

17 (Proceedings adjourned.)

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CERTIFICATE OF OFFICIAL REPORTER

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

Debra L. Pas

Debra L. Pas, CSR 11916, CRR, RMR, RPR

Wednesday, November 6, 2019