Article

Supreme Court Sides with Employers in Contraception Mandate Case

07.02.14

An Employer's Navigator

The United States Supreme Court ruled Monday that closely held, for-profit employers may refuse to provide health insurance coverage for contraceptives, if providing that coverage would violate the companies' sincere religious beliefs.

The Affordable Care Act (ACA), as applied by the Department of Health and Human Services, requires most for-profit companies to provide health insurance coverage for birth control methods that have been approved by the Food and Drug Administration. Hobby Lobby Stores, Inc. and Mennonite-owned cabinet maker Conestoga Wood Specialties Corp. challenged the ACA's contraception mandate based on their religious objections to abortion, and their contention that four of the FDA-approved birth control methods are tantamount to abortion.

In a 5-4 decision, the Supreme Court held that the ACA's contraception mandate, when applied to closely held corporations (i.e., companies in which five or fewer individuals own more than 50 percent of the business' outstanding stock), violates the Religious Freedom Restoration Act of 1993 (RFRA). The RFRA prohibits the federal government from taking any action that substantially burdens the exercise of religion unless that action constitutes the least restrictive means of serving a compelling government interest.

In reaching its decision, the Court rejected the government's argument that for-profit companies cannot "exercise religion" as contemplated by the RFRA. The Court further stated that although the government's interest in guaranteeing cost-free access to the four challenged contraceptive methods is compelling, the government had failed to show that the contraception mandate is the least restrictive means of furthering that interest. On that point, the Court noted that the government could elect to simply assume the cost of providing the contraceptives at issue to affected female employees. Or, the government could extend to companies like Hobby Lobby and Conestoga the same accommodation that has been extended to religious nonprofit organizations. Under that accommodation, the insurance company must exclude contraceptive coverage from the employer's plan and provide employees with separate payments for contraceptive services, without imposing any cost-sharing requirements on the employer, its plan, or its employee beneficiaries.

The Court made clear that its decision concerns only the ACA's contraception mandate and should not be read to implicate other medical practices, such as blood transfusions or vaccinations. The decision is also not intended to provide a "shield" for employers who might cloak illegal discrimination as a religious practice.

Related Practices

Labor & Employment