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Compliance Connection

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Federal Compliance Update

Supreme Court Limits Federal Courts' Ability to Issue Universal Injunctions

While the Supreme Court decision discussed below does not directly affect employment law, it may have a profound impact on the enforcement of employment laws. For example, many recent agency rules have been subject to nationwide injunctions, such as the Department of Labor's overtime rule or the Federal Trade Commission's noncompete ban. Going forward, such relief will not be applied nationwide in most cases. Further, absent universal injunctions, multistate employers may be subject to a patchwork of legal requirements across jurisdictions. Finally, employers may also see an increase in class-action lawsuits by plaintiffs seeking to obtain broader relief.

On June 27, 2025, the U.S. Supreme Court issued a [decision](#) in *Trump v. CASA* that limited the ability of federal courts to issue universal injunctions of government policies. Following the decision, in most instances, federal courts may only grant relief to the plaintiffs who brought the lawsuit.

Background

Universal injunctions (sometimes called nationwide injunctions) are frequently used by federal courts to block government policies, such as presidential executive orders (EOs), from being enforced against anyone across the country, rather than just the parties to the litigation.

In *CASA* (which combines several lawsuits), multiple federal District Courts issued universal injunctions to block the enforcement of [EO 14160](#), issued by President Donald Trump at the beginning of his second term, which declared that children born in the United States to parents who are present in the country unlawfully or on temporary visas are not automatically entitled to citizenship. The injunctions barred executive officials from applying the EO to anyone, not just the plaintiffs.

The Trump administration argued that federal judges do not have the power to issue universal injunctions that block the enforcement of the administration's EOs across the entire nation. It claimed such relief should instead be limited to the specific plaintiffs in the lawsuit.

Supreme Court Ruling

In *CASA*, the Supreme Court sided with the Trump administration and partially stayed the injunction. The court held that the Judiciary Act of 1789, which created the lower federal courts, did not give federal courts the authority to issue universal injunctions in most circumstances. Instead, federal courts may generally only grant relief to the parties to the litigation.

However, the Supreme Court clarified that broader relief may be obtained through class-action lawsuits or where a plaintiff asks a judge to set aside a new agency rule under the Administrative Procedure Act.

HHS Revises Cost-sharing Limits for 2026 Plan Years

On June 25, 2025, the U.S. Department of Health and Human Services (HHS) published a [final rule](#) to implement new standards for the Affordable Care Act's (ACA) Marketplaces. This final rule also updates the methodology used for calculating

the ACA's maximum annual limitation on cost sharing. Based on this update, the maximum annual limitation on cost sharing is **\$10,600 for self-only coverage and \$21,200 for family coverage** for 2026 plan years. This represents an approximately 15.2% increase from the 2025 limits of \$9,200 for self-only coverage and \$18,400 for family coverage.

HHS previously released the maximum limits on cost sharing for 2026 based on a now-outdated methodology. Those limits (\$10,150 for self-only coverage and \$20,300 for family coverage) have been replaced with the revised limits.

Out-of-Pocket Maximum

The ACA requires most health plans to comply with annual limits on total enrollee cost sharing for essential health benefits (EHBs). The ACA's cost-sharing limits apply to all non-grandfathered health plans, including self-insured health plans, level-funded health plans and fully insured health plans of any size.

These cost-sharing limits are commonly referred to as an out-of-pocket maximum. Once the out-of-pocket maximum is reached for the year, the enrollee cannot be responsible for additional cost sharing for EHBs for the remainder of the year.

Under the ACA, EHBs must reflect the scope of benefits covered by a typical employer plan and include items and services in 10 general categories, including emergency services, hospitalization, prescription drugs, pediatric services, outpatient care, and maternity and newborn care.

Any out-of-pocket expenses required by or on behalf of an enrollee with respect to EHBs must count toward the cost-sharing limit. This includes deductibles, copayments, coinsurance and similar charges but excludes premiums and spending for noncovered services. Health plans that use provider networks are not required to count an enrollee's expenses for out-of-network benefits toward the cost-sharing limit.

Also, the ACA requires health plans to apply an embedded out-of-pocket limit for everyone enrolled in coverage. Each enrollee must have an individual out-of-pocket limit on EHBs that is not higher than the ACA's out-of-pocket maximum for self-only coverage.

Annual Limits

The ACA's cost-sharing limit is adjusted each year for inflation. For plan years beginning in 2025, the out-of-pocket maximum is \$9,200 for self-only coverage and \$18,400 for family coverage. For plan years beginning in 2026, the limits are \$10,600 and \$21,200, respectively. Employers should review the plan designs each year to ensure they comply with the ACA's cost-sharing limits.

Employer Takeaways

Employers offering non-grandfathered health plans—including fully insured, self-funded, and level-funded plans—must ensure their plan designs comply with the new limits: \$10,600 for self-only coverage and \$21,200 for family coverage. These figures represent a 15.2% increase over the 2025 limits of \$9,200 and \$18,400, respectively, and replace earlier 2026 estimates issued by HHS under outdated methodology. The ACA requires that all enrollee cost-sharing for essential health benefits (EHBs)—including deductibles, copayments, and coinsurance, but not premiums or non-covered services—be counted toward this limit. In addition, plans must include an embedded individual out-of-pocket maximum that does not exceed the self-only limit, even within family coverage. Employers should review and update plan documents, summary of benefits and coverage (SBCs), and enrollment materials to reflect these changes, and coordinate with carriers or third-party administrators to ensure compliance ahead of the 2026 plan year. These updates are necessary not only for regulatory compliance but also to support effective communication with employees and maintain transparency in benefits administration.

State Compliance Update

Nothing to report for this month...

Compliance Calendar

July

7/31 – Form 5500 Filing Deadline (Calendar year Plans)

7/31 – Form 941 Filing Deadline (Second Quarter)

7/31 – PCORI Fee Deadline

August

8/1 – Vets-4212 Filing Open (federal contractors)

September

9/30 – Summary Annual Report (SAR) Deadline for Calendar Year Plans

9/30 – Vets-4212 Filing deadline (federal contractors)

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