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12  
 13 **UNITED STATES DISTRICT COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**  
 14 **SAN JOSE DIVISION**

15 COUNTY OF SANTA CLARA, *et al.*,

16 Plaintiffs,

17 v.

18 U.S. DEPARTMENT OF HEALTH AND  
 19 HUMAN SERVICES, *et al.*,

20 Defendants.

) Case No. 5:21-cv-01655-BLF

) **JOINT STATUS REPORT AND STIPULATED**  
 ) **REQUEST FOR ORDER CONTINUING STAY**

21  
 22 Pursuant to the Court’s Order of November 1, 2021, *see* ECF No. 39, the parties respectfully  
 23 submit the following joint status report addressing further proceedings, together with a stipulated request  
 24 for an order continuing the stay of this action through March 7, 2022.

25 1. This is an Administrative Procedure Act (“APA”) case in which Plaintiffs challenge a final  
 26 rule promulgated by the U.S. Department of Health and Human Services (“HHS”) entitled *Securing*  
 27 *Updated and Necessary Statutory Evaluations Timely*, 86 Fed. Reg. 5694 (Jan. 19, 2021) (the “SUNSET  
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1 Rule”). The SUNSET Rule provides, in essential part, that nearly all regulations issued by HHS in Titles  
2 21, 42, and 45 of the Code of Federal Regulations shall expire at the end of (1) five calendar years after  
3 the year that the SUNSET Rule first becomes effective, (2) ten calendar years after the year of the  
4 regulation’s promulgation, or (3) ten calendar years after the last year in which HHS assessed and, if  
5 required, reviewed the regulation, whichever is latest.

6 2. Plaintiffs filed their complaint challenging the SUNSET Rule on March 9, 2021. *See* ECF  
7 No. 1. Plaintiffs alleged that the SUNSET Rule is *ultra vires*, *see id.* ¶¶ 123-30; arbitrary and capricious,  
8 *see id.* ¶¶ 131-33; in violation of the APA’s notice-and-comment requirements, *see id.* ¶¶ 134-39; and in  
9 violation of HHS’s Tribal Consultation Policy, *see id.* ¶¶ 140-44. Plaintiffs further alleged that the  
10 SUNSET Rule threatens imminent and irreparable harm to them and the general public, including by  
11 creating regulatory confusion and uncertainty that will impede their ongoing operations, budgeting, and  
12 planning activities. *See, e.g., id.* ¶¶ 100-02; *see generally id.* ¶¶ 95-122.

13 3. As promulgated, the SUNSET Rule was scheduled to become effective on March 22, 2021.  
14 *See* 86 Fed. Reg. at 5694. Shortly before the SUNSET Rule became effective, HHS postponed its effective  
15 date for one year, to March 22, 2022, pursuant to 5 U.S.C. § 705. *See* 86 Fed. Reg. 15404 (2021). While  
16 HHS did not concede liability, HHS stated that it “believes that the Court could find merit in some of  
17 Plaintiffs’ claims.” *Id.* at 15,405. In particular, HHS stated that, in contrast to its prior findings, it “now  
18 believes it is likely some regulations would expire without any additional process” and that this outcome  
19 raises legal questions about whether “regulations promulgated through notice and comment rulemaking  
20 can be terminated through an umbrella rule without individual consideration of the expiring regulations,  
21 including any reliance interests.” *Id.* at 15,406. HHS further stated that it “may have significantly  
22 underestimated the burden” of the rule and that the rule’s magnitude and timing “may have impeded the  
23 full and deliberate consideration of all the potential issues related to the SUNSET rule.” *Id.*

24 4. On October 28, 2021, HHS issued a Notice of Proposed Rulemaking proposing to withdraw  
25 or repeal the SUNSET Rule. *See* Dep’t of Health & Human Servs., Securing Updated and Necessary  
26 Statutory Evaluations Timely; Proposal to Withdraw or Repeal, 86 Fed. Reg. 59,906 (Oct. 29, 2021).  
27 HHS stated that it “reexamined the SUNSET final rule in light of the allegations in” this case, among other  
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1 things. *Id.* at 59,908. The comment period closed on December 28, 2021, and HHS received  
2 approximately 80 comments. If the withdrawal rule were to issue as proposed, Plaintiffs' claims in this  
3 case may become moot. HHS is also reviewing the Rule in light of Plaintiffs' claims raised in this  
4 litigation, and seeks additional time to evaluate the claims and its position before taking further steps in  
5 this litigation.

6 5. The parties therefore jointly request that the Court continue the stay of this action through  
7 March 7, 2022, and direct the parties to file a joint status report proposing a schedule for further  
8 proceedings by that date.

9 Date: February 1, 2022

Respectfully submitted,

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21  
22  
23 **LOCAL RULE 5-1(i) ATTESTATION**

24 I attest that I have obtained Jeffrey Dubner's concurrence in the filing of this document.

25  
26 /s/ Steven A. Myers  
Steven A. Myers

**[PROPOSED] ORDER**

PURSUANT TO STIPULATION, IT IS SO ORDERED. The case shall remain STAYED through March 7, 2022, by which date the parties shall submit a joint status report proposing a schedule for further proceedings.

Dated: \_\_\_\_\_

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HON. BETH LABSON FREEMAN  
UNITED STATES DISTRICT JUDGE

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