

Supreme Court Rules that ERISA Preempts State Health Plan Reporting Law

MARCH 4, 2016

In *Gobeille v. Liberty Mutual Insurance Co.*, issued on March 1, 2016, the Supreme Court held that the Employee Retirement Income Security Act of 1974 (“ERISA”) preempts a Vermont law that requires certain entities, including employer health plans that are self-insured, to report claim payment and other health information to a state agency.

ERISA preempts “any and all State laws insofar as they may now or hereafter relate to any employee benefit plan.” This includes any state law that has an impermissible “connection with” ERISA plans, *i.e.*, a law that governs, or interferes with the uniformity of, plan administration.

In affirming the decision of the U.S. Court of Appeals for the Second Circuit, the Supreme Court found that Vermont’s disclosure statute, which required the third party administrator of Liberty Mutual’s health plan to transmit its files on eligibility, medical claims, and pharmacy claims for the plan’s Vermont members, directly interfered with ERISA’s extensive reporting, disclosure, and recordkeeping requirements. The court found that preemption was necessary in order to prevent multiple jurisdictions from imposing differing—or even parallel—regulations, creating wasteful administrative costs and threatening to subject plans to wide-ranging liability.

The decision is good news for employers who offer self-insured health plans to employees in multiple states, as it avoids the burden of having to comply with various state requirements. Importantly, the Court noted that the Secretary of Labor is authorized to decide whether to exempt plans from ERISA reporting requirements or to require ERISA plans to report data such as that sought by Vermont. It has yet to be seen whether the Secretary of Labor will view the decision as an invitation to expand reporting requirements for self-insured plans.

1 Min Read

Related Locations

Charlotte

Chicago

Houston

Los Angeles

New York

San Francisco

Silicon Valley

Washington, DC

Related Topics

[Supreme Court](#)

[ERISA](#)

[Benefits Plans](#)

[Health Plans](#)

Related Capabilities

[Labor & Employment](#)

[Appellate & Critical Motions](#)

Related Regions

[North America](#)