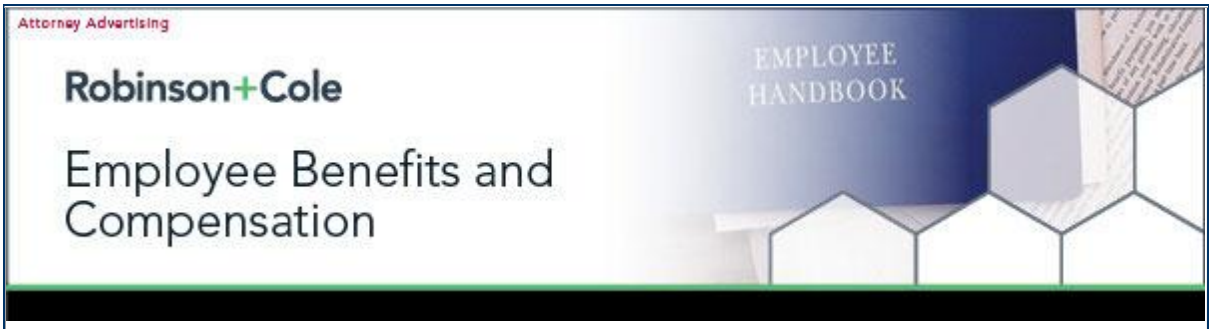

March 2016

U.S. Supreme Court Reaffirms ERISA's Preemption Provisions as Applied to State Health Law Reporting Requirements

Recently, the U.S. Supreme Court, in *Gobeille v. Liberty Mutual Insurance Co.*, 2016 U.S. LEXIS 1612, underscored the broad extent to which the preemption language of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, covers the field with respect to state law health care reporting requirements as applied impermissibly to an ERISA-governed, self-insured health plan. The Court affirmed that preemption is necessary to protect ERISA plan sponsors from having to comply with overly burdensome and varying state and local regulations.

Under the facts of *Gobeille*, Vermont (like several other states, including Connecticut and Massachusetts) had implemented a regulatory requirement for health insurers (including self-insured health plans), health care providers, health care facilities, and governmental agencies to report information regarding, among other things, health care costs, prices, quality, utilization, health insurance claims, and enrollment. Noncompliant entities could be fined for failure to abide by the state's law. Concerned that disclosing certain confidential information would constitute a fiduciary breach under ERISA, Liberty Mutual Insurance Company (Liberty), the sponsor of a self-insured health plan subject to ERISA, instructed its third-party administrator not to comply with Vermont's reporting requirements and sought a declaration in federal court that ERISA preempted Vermont's reporting rules.

After an appeal from a Second Circuit judgment in Liberty's favor, the Supreme Court, on March 1, agreed with Liberty that ERISA's statutory preemption language and preexisting reporting requirements preempted Vermont's health care reporting regulations.

In its decision, the Court cited ERISA's broad statutory preemption language that ERISA supersedes any and all state laws that "relate to any employee benefit plan." Citing precedent, the Court also emphasized that, among other things, "ERISA pre-empts a state law that has an impermissible 'connection with' ERISA plans, meaning a state law that 'governs…a central matter of plan administration' or 'interferes with nationally uniform plan administration.'"

Noting that ERISA already requires plan sponsors to comply with extensive reporting, disclosure, and record keeping requirements, as well as an annual reporting requirement, the Court held that Vermont's reporting requirement "intrudes upon a 'central matter of plan administration' and 'interferes with nationally uniform plan administration'" such that compliance with "differing, or even parallel regulations from multiple jurisdictions [such as Vermont] could create wasteful administrative costs and threaten to subject plans to wide-ranging liability." ERISA was designed to provide uniform rules for employee benefit plans established by the federal government, not by each state. For the

foregoing reasons, the Court affirmed the Second Circuit's decision, upholding ERISA preemption.

In light of the Supreme Court's decision in *Gobeille*, similar state-level regulatory reporting requirements, with respect to ERISA self-insured plans, may well be preempted by ERISA. Relief from additional administrative and compliance costs, at least with respect to plans previously subject to state reporting requirements, is likely to follow from the Court's decision.

If you have any questions about this case and its implications, please feel free to contact any of the following lawyers in Robinson+Cole's Employee Benefits and Compensation Group:

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