On March 1, 2016, the United States Supreme Court ruled on the scope of ERISA preemption as it relates to reporting requirements. In Gobeille v. Liberty Mutual Insurance Co., the High Court held that ERISA preempts a Vermont statute regulating plan reporting requirements.

The Vermont law addressed in Gobeille required disclosure of payments related to health care claims for the purpose of maintaining a state-wide health care database. The law applied to health plans established by employers and governed by ERISA. Respondent Liberty Mutual Insurance initially filed an action in the United States District Court for the District of Vermont seeking a declaration that ERISA preempts application of the Vermont statute. Although the district court ruled against Liberty Mutual, the Second Circuit reversed, noting “one of ERISA’s core functions – reporting – [cannot] be laden with burdens, subject to incompatible, multiple and variable demands, and freighted with risk of fines, breach of duty, and legal expense.” The Supreme Court granted certiorari to address the specific issue of ERISA preemption and ultimately agreed with the Second Circuit.

The Supreme Court first noted the “terse but comprehensive” preemption clause of ERISA. The Court determined the Vermont statute fell within a category of state law which case law has found preempted by ERISA: laws that govern, or interfere with the uniformity of, plan administration and so have an impermissible “connection with” ERISA plans. Furthermore, the Court disagreed with claims that the respondent must show economic impact from the state law for preemption and that the purpose of the state law prevented preemption. The Court ruled ERISA’s express preemption clause “requires invalidation of the Vermont reporting statute as applied to ERISA plans.”

The Gobeille decision may come as a relief to health insurers and plans covering employees in multiple states. It certainly supports the trend in ERISA litigation of broad preemption enforcement. However, even though the Gobeille decision puts employers in a strong position, the Court did not go so far as to invalidate all state laws governing health plan reporting requirements. The effect of Gobeille on similar state laws remains to be determined, and employers should continue considering state reporting mandates accordingly.

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