

# The United States Supreme Court Rules in Favor of Hospitals on “Church Plan” ERISA Exemption



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The United States Supreme Court unanimously ruled in favor of religiously-affiliated hospitals and healthcare organizations in holding that a pension plan need not be established by a church in order to qualify for ERISA’s church plan exemption. Petitioners are religiously affiliated non-profit healthcare organizations appealing decisions by the Third, Seventh, and Ninth Circuit Courts of Appeal that a church must establish an ERISA-exempt church plan. Respondents are current and former employees of these organizations.

Justice Kagan explained that the plain language of the statutory text clearly supported petitioners’ view that a pension plan need not be established by a church to qualify for the exemption. Rather, a pension plan can qualify as a church plan if it is maintained by an organization whose principal purpose is to administer or fund a benefits plan or program for church employees if the organization is controlled by or associated with a church (“principal purpose organization”) regardless of who established the plan. The Supreme Court’s decision left unresolved several key questions, including whether petitioners and similar organizations are sufficiently church-affiliated to qualify for the exemption and whether these organizations’ benefit committees are principal-purpose organizations. Justice Sotomayor agreed with the decision and its reasoning but she concurred to note her concern about the potential consequences of leaving employees of these organizations unprotected by

ERISA. Justice Gorsuch took no part in the decision. The case is *Advocate Health Care Network v. Stapleton*, No. 16-74 (2017).

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