Gobeille v. Liberty Mutual Insurance Co., 136 S.Ct. 936 (2016)

Topics Covered: ERISA Preemption

Outcome: Very Unfavorable

Issue

The issue in this case was whether the Employee Retirement Income Security Act of 1974 (ERISA) preempts Vt. Stat. tit. 18, § 9410, which directed the Green Mountain Care Board (a Vermont agency charged generally with improving health care for Vermonters) to acquire payment data from health insurance companies doing business in Vermont.

AMA Interest

The AMA encourages study into the causes of geographic variation in health care delivery and spending. It encourages the development of national claims databases in order to facilitate research into health care utilization patterns. The AMA also encourages disclosure of fee information to patients. The AMA advocates for the elimination of ERISA preemption of self-insured health plans from state insurance laws consistent with AMA policy.

Case Summary

Section 9410 provided for the creation of an insurance claims database, known as the Vermont Healthcare Claims Uniform Reporting and Evaluation System (HCURES). The database was to help the States formulate strategies for the efficient utilization of health care resources. In addition, Vermont was to publish the HCURES data, while preserving patient confidentiality, to "make available to consumers transparent health care price [and] quality information …to empower individuals … to make economically sound and medically appropriate decisions."

Liberty Mutual Insurance Company neither sold nor administered health insurance policies to the general public in Vermont and thus was not required to submit information to the HCURES database. However, Liberty Mutual did have offices in Vermont, and it provides health insurance to its Vermont employees through a self-insured benefit plan. For its Vermont employees, it uses a third party administrator, Blue Cross and Blue Shield of Massachusetts (BCBSMA) to process claims. BCBSMA either directly insured or administered numerous health insurance plans in Vermont, and it was required to provide health insurance claims data to the HCURES database.

BCBSMA notified Liberty Mutual that it intended to submit the Liberty Mutual health claims data to the HCURES database, just as it was doing for its other Vermont customers. There was no suggestion that such compliance would involve anything more than entry of a few strokes on a computer or would take any money from or create anything more than a symbolic burden on Liberty Mutual. Nevertheless, Liberty Mutual instructed BCBSMA not to comply with § 9410.

Liberty Mutual then sued the Vermont official charged with administering the HCURES database. Liberty Mutual asserted: (1) pursuant to ERISA, Liberty Mutual provides statistical data regarding its employee health plan to the United States Department of Labor; (2) § 9410 also requires submission of statistical data to a government agency – in this case an agency of Vermont; (3) inasmuch as "all regulations have their costs," submission of the data to HCURES would be a burden and thus a disincentive to the continuation of its employee health insurance plan; (4) § 9410 "relates to" the Liberty Mutual employee benefit plan; and (5) because ERISA § 514(a) invalidates state laws that "relate to" employee benefit plans, § 9410 should be invalidated (or preempted). Liberty Mutual sought a declaration that ERISA preempts § 9410 and an injunction to prohibit Vermont from requiring BCBSMA to submit the Liberty Mutual claims data.

Both sides moved for summary judgment on whether ERISA preempted § 9410. In deciding the motion, the district court noted that the burden of § 9410 on Liberty Mutual was both indirect and negligible. Accordingly, the district court entered judgment for Vermont and against Liberty Mutual.

Liberty Mutual appealed to the United States Court of Appeals for the Second Circuit. The Second Circuit panel majority concluded that ERISA does preempt § 9410. By a split decision, it reversed and remanded with instructions to enter judgment for Liberty Mutual. Vermont appealed the Second Circuit ruling to the United States Supreme Court.

On March 1, 2016, the Supreme Court, by a split decision, affirmed. It held that the reporting of information to the United States Department of Labor was a core part of the requirements ERISA imposes on health plans. If states could also require health plans to report information to them, such reporting obligation would overlap with the federal requirement and could potentially impose an onerous burden on the plans.

Litigation Center Involvement

The Litigation Center, through the AMA and the Vermont Medical Society, filed an amicus brief to support the validity of § 9410.

United States Supreme Court brief