Gobeille v. Liberty Mutual Insurance Co., No. 14?181

Today, the Supreme Court held in *Gobeille v. Liberty Mutual Insurance Co.*, No. 14?181, that ERISA preempts

Vermont’s health-care database law when applied to ERISA-governed plans.

ERISA establishes uniform national standards and obligations for the fiduciaries of employee benefit plans. With

certain exceptions, it preempts “any and all State laws insofar as they . . . relate to any employee benefit plan”

covered by the statute. 29 U.S.C. § 1144(a). Various provisions of ERISA impose mandatory reporting

requirements on covered plans.

Like many states, Vermont maintains a health-care information database designed to assist the government in identifying health-care needs, comparing costs between various treatment approaches, and providing information to consumers of healthcare. Vermont requires “health insurers” and other entities to file, with a state agency, reports containing claims data and “other information relating to health care.” Vt. Stat. Ann., tit. 18, § 9410(c)?(d).

In a 6-2 decision affirming our victory before the Second Circuit, the Court held that ERISA preempted Vermont's database law as applied to self-funded employer benefit plans governed by ERISA. The majority held that the reporting requirements were preempted because they "intrude[] upon a central matter of plan

administration”—reporting, disclosure, and recordkeeping about plan participants. It also noted that differing

database laws in different states would have the potential to create burdensome costs for plans that operate in

multiple states and expose them to substantial civil liability for failure to comply. Thus, preemption was also

warranted to prevent plans from being subject to these inconsistent regulatory requirements. Critically, the majority

held that it was unnecessary for the challenger of the Vermont law to show that it currently bore concrete economic costs as a result of state database laws; it was sufficient that the state database laws created the possibility of having to comply with “disuniform” regulations.

Justice Thomas joined the majority opinion, but wrote a separate concurring opinion expressing concern that

ERISA’s preemption provision may be unconstitutionally broad.

Justice Breyer also wrote a separate concurring opinion (citing an *amicus curiae* brief filed by Mayer Brown) noting

that unless the Vermont law was preempted, plans would be subject to many conflicting regulatory requirements of different states.

Justice Ginsburg, joined by Justice Sotomayor, dissented. She was of the view that ERISA does not preempt the

Vermont database law because the Vermont law does not serve the same purposes as ERISA's requirements and because she was not convinced that differing state database laws would impose extraordinary compliance costs on ERISA-governed plans.

This decision should be welcome news to the business community. A decision holding that ERISA does not preempt state databases would have potentially subjected plan administrators to a multiplicity of burdensome state reporting requirements—in addition to those imposed by ERISA itself. The decision today clarifies that states cannot impose these sorts of requirements.

Any questions about the decision should be directed to Nancy G. Ross (+1 312 701 8788) in our Chicago office or

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