

Quotes from Congress and the Courts: ERISA and National Uniformity

THE KEY DEMOCRATIC AND REPUBLICAN SPONSORS OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA) BELIEVED THAT PREEMPTION WAS ESSENTIAL FOR ALL TYPES OF BENEFIT PLANS.

- "Finally I wish to make note of what is to many the crowning achievement of this legislation, the reservation to Federal authority the sole power to regulate the field of employee benefit plans. With the preemption of the field, we round out the protection afforded participants by eliminating the threat of conflicting and inconsistent State and local regulation." **Rep. John H. Dent, D-Pa.**, (Chairman of the General Subcommittee on Labor of the House Committee on Education and Labor (93d Congress)), 120 Cong. Rec. H8696, H8701 (daily ed. Aug. 20, 1974).
- "[T]he emergence of a comprehensive and pervasive Federal interest and the interests of uniformity with respect to interstate plans required—but for certain exceptions—the displacement of State action in the field of private employee benefit programs." **Sen. Jacob K. Javits, R-N.Y.** (Ranking Member of the Senate Committee on Labor and Public Welfare (93d Congress)), 120 Cong. Rec. S15,737, S15,751 (daily ed. Aug. 22, 1974).
- "[T]he substantive and enforcement provisions of the conference substitute are intended to preempt the field for Federal regulations, thus eliminating the threat of conflicting or inconsistent State and local regulation of employee benefit plans."
Sen. Harrison A. Williams, Jr., D-N.J. (Chairman of the Senate Committee on Labor and Public Welfare (93d Congress)), 120 Cong. Rec. S15,737, S15,742 (daily ed. Aug. 22, 1974).

FOR MORE THAN 25 YEARS, LIBERAL AND CONSERVATIVE JURISTS HAVE RECOGNIZED THAT CONGRESS' INTENT TO PROMOTE UNIFORM BENEFIT PLAN ADMINISTRATION NECESSITATED A BROAD PREEMPTION CLAUSE.

- "An employer with employees in many States might find the most efficient way to provide benefits to those employees is through a single employee benefit plan. Obligating the employer to satisfy the varied and perhaps conflicting requirements of particular state fair employment laws . . . would make administration of a uniform nationwide plan more difficult. The employer might choose to offer a number of plans, each tailored to the laws of particular States; the inefficiency of such a system presumably would be paid for by lowering benefit levels. . . . ERISA's comprehensive pre-emption of state law was meant to minimize this sort of interference with the administration of employee benefit plans." **Justice Harry A. Blackmun**, Shaw v. Delta Air Lines, Inc., 463 U.S. 85, 105 n.25 (1983) (ruling that a state law mandating health and disability benefits for pregnancy was preempted).
- "An employer that makes a commitment systematically to pay certain benefits undertakes a host of obligations The most efficient way to meet these responsibilities is to establish a uniform administrative scheme, which provides a set of standard procedures to guide processing of claims and disbursement of benefits. Such a system is difficult to achieve, however, if a benefit plan is subject to differing regulatory requirements in differing States." **Justice William J. Brennan, Jr.**, Fort Halifax Packing Co., Inc. v. Coyne, 482 U.S. 1, 9 (1987) (finding that a state mandated one time severance payment was not preempted).
- "To require plan providers to design their programs in an environment of differing state regulations would complicate the administration of nationwide plans, producing inefficiencies that employers might offset with

decreased benefits." **Justice Sandra Day O'Connor**, FMC Corp. v. Holliday, 498 U.S. 52, 60 (1990) (holding preempted a state law precluding health plan subrogation practice).

- "One of the principal goals of ERISA is to enable employers to establish a uniform administrative scheme, which provides a set of standard procedures to guide processing of claims and benefits. Uniformity is impossible, however, if plans are subject to different legal obligations in different States." **Justice Clarence Thomas**, Egelhoff v. Egelhoff, 532 U.S. 141, 148 (2001) (finding preempted a state law regarding spousal beneficiary designations upon divorce in relation to employer provided life insurance and pension plan benefits).
- ERISA's] preemption provision aims to minimize the administrative and financial burden of complying with conflicting directives among States or between States and the Federal Government and to reduce the tailoring of plans and employer conduct to the peculiarities of the law of each jurisdiction. Retail Indus. Leaders Ass' v. Fielder, 475 F.3d 180, 191 (4th Cir. 2007) (finding preempted Maryland "pay or play" law requiring Wal-Mart to spend eight percent of wages on healthcare or pay into a state fund).
- In enacting ERISA, Congress also intended to safeguard employers' interests by eliminating the threat of conflicting and inconsistent State and local regulation of employee benefit plans. To ensure uniformity and consistency in such laws throughout the United States, Congress included within ERISA one of the broadest preemption clauses ever enacted by Congress." Aloha Airlines, Inc. v. Ahue, 12 F.3d 1498, 1501 (9th Cir. 1993) (ruling that a state law mandating employer coverage for federally required medical examinations of airline pilots was preempted).
- "When it created ERISA, Congress considered the interests of employees, by mandating disclosure requirements, fiduciary standards, appropriate remedies and sanctions, and ready access to federal courts, but also considered the interest in giving employers the administrative flexibility necessary to continue the growth of employee welfare benefit plans." Anderson v. UNUM Provident Corp., 369 F.3d 1257, 1268 (11th Cir. 2004) (ruling state law claims pertaining to a disability plan preempted).
- "ERISA's pre-emption provisions are designed to protect plan participants by eliminating the threat of inconsistent state and local regulation of employee benefit plans and establishing a uniform standard to govern employee benefit plans as an exclusive federal concern." Tex. Life, Accident, Health & Hosp. Serv. Ins. Guar. Ass'n v. Gaylord Entm't Co., 105 F.3d 210, 217 (5th Cir 1997) (finding preempted a state statute assigning ERISA fiduciary breach claims regarding pension plans).

ORGANIZED LABOR AND BUSINESS INTEREST ALSO STRONGLY SUPPORTED ERISA PREEMPTION SO AS TO PERMIT UNIFORM ADMINISTRATION OF PENSION, HEALTH, AND OTHER BENEFIT PLANS.

- "[W]e urge that the legislation be amended so that the federal law will preempt state trust laws with respect to health, welfare, pension and profit-sharing plans. A great many such plans cover workers in more than one state. . . . The administrative cost and confusion involved in dealing with differing state laws, plus the federal law, would impose an undue burden on the plans." Andrew J. Beimiller, Director, Department of Legislation, **American Federation of Labor and Congress of Industrial Organizations**, *Pension and Welfare Plans: Hearings on S. 1024, S. 1103, S. 1255, and S. 3421 Before the Subcomm. on Labor of the S. Comm. on Labor and Public Welfare*, 90th Cong. 295 (1968).
- "We feel the Federal laws you pass should definitely supersede any State laws. We are getting an influx of State legislators considering State laws along various and sundry lines and we will have a real donnybrook if we don't get that squared away." Preston C. Bassett, Vice President and Actuary, **Towers, Perrin, Forster & Crosby, Inc.**, *Welfare and Pension Plan Legislation: Hearings on H.R. 2 and H.R. 462 Before the General Subcomm. on Labor of the H. Comm. on Education and Labor*, 93d Cong. 315 (1973).