UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

Hospice of Metro Denver, Inc. v. Group Health Insurance of Oklahoma, Inc.

944 F.2d 752 (10th Cir. 1991) · Decided September 10, 1991

SUMMARY

The Tenth Circuit held that a health care provider's promissory estoppel claim against an insurer based on assurances of coverage was not preempted by ERISA. The court reversed the dismissal and remanded with instructions to return the case to Colorado state court; it denied the provider's requests for sanctions, attorney's fees, and costs.

CASE DETAILS

COURT	United States Court of Appeals for the Tenth Circuit
WRITING FOR THE COURT	Baldock; Logan; Moore
JURISDICTION	Federal
DECIDED	September 10, 1991
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Hospice appealed dismissal under Federal Rule of Civil Procedure 12(b)(6) of its state-law promissory estoppel claim on the ground that ERISA preempted the claim.
STANDARD OF REVIEW	De novo review of dismissal under Federal Rule of Civil Procedure 12(b)(6); the court accepted the complaint's factual allegations as true and drew all reasonable inferences in favor of Hospice.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Hospice of Metro Denver, Inc. v. Group Health Insurance of Oklahoma, Inc., d/b/a Blue Cross and Blue Shield of Oklahoma

TOPICS

erisa · insurance coverage · promissory estoppel · appellate procedure · standard of review

PRACTICE AREAS

ERISA · health insurance · contracts · appellate procedure

QUESTIONS PRESENTED

1. Whether ERISA § 514(a), 29 U.S.C. § 1144(a), preempted a third-party health care provider's state-law promissory estoppel claim against an insurer based on alleged assurances of payment.
2. Whether Hospice's requests for attorney's fees, sanctions, and costs should be granted on appeal.

HOLDINGS

1. ERISA § 514(a) does not preempt a state-law claim by a third-party health care provider seeking payment from an insurer based on the insurer's alleged misrepresentation or promise of coverage when the claim does not seek to enforce or modify the ERISA plan, affect plan administration, or implicate the rights of plan participants or beneficiaries.
2. Hospice's requests for attorney's fees, sanctions, and costs were denied.

KEY QUOTATIONS

> *"Although the facts alleged state a promissory estoppel claim, the issue is whether Hospice's promissory estoppel claim is preempted by ERISA § 514(a), 29 U.S.C. § 1144(a)."* (754)

> *"A provider's state law action under these circumstances would not arise due to the patient's coverage under an ERISA plan, but precisely because there is no ERISA plan coverage."* (755)

> *"Therefore, we hold that Hospice's action is not preempted by ERISA."* (756)

FACTUAL BACKGROUND

An infant underwent two surgeries and then received around-the-clock care at Hospice for approximately four months. The infant's father's employer provided group health benefits through Blue Cross. Hospice alleged that Blue Cross represented before admission, and repeatedly during the infant's care, that the care was covered and payment would be made, but Blue Cross later denied coverage based on the policy's preexisting-condition provision.

PROCEDURAL HISTORY

Hospice sued Blue Cross in Colorado state court, asserting detrimental reliance, later characterized as promissory estoppel, quantum meruit, and third-party-beneficiary claims arising from alleged assurances that an infant's hospice care would be covered. Blue Cross removed the action to federal district court and moved to dismiss all claims as ERISA-preempted. The district court held that the promissory estoppel and quantum meruit claims were preempted and that Hospice lacked standing to pursue its ERISA claim as a nonparticipant, nonbeneficiary, and nonfiduciary. The Tenth Circuit reversed and remanded with instructions that the district court remand the case to Colorado state court.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The district court was instructed to remand the case to the Colorado state court for determination of the state claims originally filed there.

CASES CITED

- Zilkha Energy Co. v. Leighton, 920 F.2d 1520, 1523 (10th Cir. 1990)
- Conley v. Gibson, 355 U.S. 41, 45-46 (1957)
- Morgan v. City of Rawlins, 792 F.2d 975, 978 (10th Cir. 1986)
- Vigoda v. Denver Urban Renewal Auth., 646 P.2d 900, 905 (Colo. 1982)
- Shaw v. Delta Air Lines, Inc., 463 U.S. 85, 90, 96-100 & n.21 (1983)
- Pilot Life Ins. Co. v. Dedeaux, 481 U.S. 41, 46, 48, 54 (1987)
- Uselton v. Commercial Lovelace Motor Freight, Inc., 940 F.2d 564, 583 (10th Cir. 1991)
- Settles v. Golden Rule Ins. Co., 927 F.2d 505, 509 (10th Cir. 1991)
- Rebaldo v. Cuomo, 749 F.2d 133, 139 (2d Cir. 1984), cert. denied, 472 U.S. 1008 (1985)
- Memorial Hosp. Sys. v. Northbrook Life Ins. Co., 904 F.2d 236, 246-249 (5th Cir. 1990)
- Lister v. Stark, 890 F.2d 941, 946 (7th Cir. 1989), cert. denied, 111 S. Ct. 579 (1990)
- Perry v. P*I*E Nationwide Inc., 872 F.2d 157, 162 (6th Cir. 1989), cert. denied, 493 U.S. 1093 (1990)
- Clark v. Coats & Clark, Inc., 865 F.2d 1237, 1243-1244 (11th Cir. 1989)
- Ethridge v. Harbor House Restaurant, 861 F.2d 1389, 1404 (9th Cir. 1988)
- St. Mary Medical Center v. Cristiano, 724 F. Supp. 732, 739 (C.D. Cal. 1989)
- Totton v. New York Life Ins. Co., 685 F. Supp. 27, 31 (D. Conn. 1988)
- Cefalu v. B.F. Goodrich Co., 871 F.2d 1290, 1293 (5th Cir. 1989)
- Fort Halifax Packing Co. v. Coyne, 482 U.S. 1, 8 (1987)
- Massachusetts Mut. Life Ins. Co. v. Russell, 473 U.S. 134, 148 (1985)
- Carland v. Metropolitan Life Insurance Co., 935 F.2d 1114, 1119 (10th Cir. 1991)
- Straub v. Western Union Telegraph Co., 851 F.2d 1262 (10th Cir. 1988)
- Hermann Hosp. v. MEBA Medical & Benefits Plan, 845 F.2d 1286, 1289 (5th Cir. 1988)