NEW YORK COURT OF APPEALS

Harvey v. Members Employees Trust for Retail Outlets

96 N.Y.2d 99, 748 N.E.2d 1061 (2001) · Decided April 26, 2001

SUMMARY

The New York Court of Appeals held that New York Insurance Law § 3221 and 11 NYCRR 52.16(c) did not permit a self-insured health benefit plan to exclude coverage for illnesses arising from alcohol use. The court also held that ERISA did not preempt application of those provisions to the plan, which was a multiple employer welfare arrangement (MEWA). The court affirmed the Appellate Division’s order requiring reimbursement of the decedent’s hospital and medical expenses.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Levine, J.; Chief Judge Kaye; Judge Smith; Judge Ciparick; Judge Wesley; Judge Rosenblatt; Judge Graffeo
JURISDICTION	New York
DECIDED	April 26, 2001
DISPOSITION	affirmed
PROCEDURAL POSTURE	Declaratory-judgment action concerning health-benefit coverage; the parties cross-moved for summary judgment, and the New York Court of Appeals reviewed the Appellate Division's reversal of Supreme Court's judgment for METRO.
STANDARD OF REVIEW	The court reviewed the parties' cross-motions for summary judgment and the legal questions concerning statutory interpretation and ERISA preemption de novo.
PRECEDENTIAL VALUE	published precedential opinion of the New York Court of Appeals
PARTIES	Members Employees Trust for Retail Outlets v. Harvey, as executor of Edward J. Harvey, Sr.'s estate

TOPICS

insurance coverage · health law · statutory interpretation · federalism · declaratory relief insurance

PRACTICE AREAS

insurance coverage · health law · ERISA preemption · statutory interpretation · federalism

QUESTIONS PRESENTED

1. Whether Insurance Law § 3221(l)(6)(A) and 11 NYCRR 52.16(c) permit a self-insured health-benefit plan to exclude coverage for illnesses caused by alcohol use.
2. Whether ERISA preempts the application of Insurance Law § 3221(l)(6)(A) and 11 NYCRR 52.16(c) to a self-funded multiple employer welfare arrangement.
3. Whether the MEWA exception to ERISA's deemer clause permits New York's mandated coverage regulation and whether that regulation is inconsistent with ERISA.

HOLDINGS

1. Insurance Law § 3221(l)(6)(A) and 11 NYCRR 52.16(c) do not permit METRO to exclude coverage for illnesses arising from alcohol use. The regulation permits exclusion of coverage for the diagnosis and treatment of alcoholism itself, while requiring coverage for other illnesses by prohibiting exclusions based on type of illness.
2. ERISA does not preempt Insurance Law § 3221(l)(6)(A) and 11 NYCRR 52.16(c) as applied to METRO.

KEY QUOTATIONS

> *"The "alcoholism" exception in the regulation permits insurers to exclude coverage for the diagnosis and treatment of alcoholism itself, thereby recognizing that coverage for the diagnosis and treatment of alcoholism is not mandated."* (105)

> *"Therefore, enforcement of the mandated coverage for alcohol-related illness under Insurance Law § 3221 and 11 NYCRR 52.16 (c) is neither inconsistent nor in conflict with ERISA or congressional objectives in enacting it and, thus, does not violate the Supremacy Clause."* (110)

FACTUAL BACKGROUND

Edward J. Harvey, a shareholder of a participating retail liquor store, obtained coverage under METRO, a self-insured health-benefit plan and multiple employer welfare arrangement. Harvey suffered illnesses, including cirrhosis of the liver, caused by alcohol abuse, was hospitalized twice in 1994, and died from hypovolemic shock and liver failure. METRO denied coverage for his hospitalization and medical care under an exclusion for illnesses arising from alcohol use.

PROCEDURAL HISTORY

Supreme Court denied the estate's motion for summary judgment, granted METRO's cross-motion, and dismissed the complaint. The Appellate Division reversed, granted summary judgment to the estate, and remitted for entry of a declaration requiring METRO to reimburse the medical and hospital bills. The Court of Appeals granted leave to appeal and affirmed the Appellate Division.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The Appellate Division's remittal for entry of a judgment declaring that METRO must reimburse the estate for Harvey's medical and hospital bills remains in effect.

CASES CITED

- James v. Fleet/Norstar Financial Group, 992 F.2d 463 (2d Cir. 1993)
- New York State Conference of Blue Cross & Blue Shield Plans v. Travelers Insurance Co., 514 U.S. 645 (1995)
- Shaw v. Delta Air Lines, Inc., 463 U.S. 85 (1983)
- Metropolitan Life Insurance Co. v. Massachusetts, 471 U.S. 724 (1985)
- FMC Corp. v. Holliday, 498 U.S. 52 (1990)
- Geier v. American Honda Motor Co., 529 U.S. 861 (2000)