SUPREME COURT OF GEORGIA

Advance PCS v. Bauer, 280 Ga. 639

632 S.E.2d 95 (2006) · No. S05G2011 · Decided June 26, 2006

SUMMARY

The Supreme Court of Georgia held that breast cancer survivors' Georgia unjust-enrichment claims against a pharmaceutical benefits manager, based on the alleged misclassification of tamoxifen as a brand-name drug, were preempted by ERISA. The claims were expressly preempted under ERISA § 514(a) because liability depended on the terms of the plaintiffs' ERISA plans, and impliedly preempted under § 502(a) because the plaintiffs could have pursued the matter through ERISA's civil enforcement provisions. The court reversed the Court of Appeals.

CASE DETAILS

COURT	Supreme Court of Georgia
WRITING FOR THE COURT	Sears, Chief Justice; All Justices
JURISDICTION	Georgia
DECIDED	June 26, 2006
DOCKET	S05G2011
DISPOSITION	reversed
PROCEDURAL POSTURE	The Supreme Court of Georgia granted certiorari to review the Court of Appeals' holding that ERISA did not preempt the plaintiffs' Georgia unjust-enrichment claims.
STANDARD OF REVIEW	De novo review of the legal question whether the state-law claims were preempted by ERISA.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Georgia
PARTIES	Advance PCS, Inc., Advance PCS et al. v. Deborah Bauer, Deborah Bauer et al.

TOPICS

erisa · health law · medicare medicaid · federalism · commercial litigation

PRACTICE AREAS

ERISA · health law · federal preemption · employee benefits · commercial litigation

QUESTIONS PRESENTED

1. Whether the plaintiffs' Georgia unjust-enrichment claims were expressly preempted under ERISA § 514(a) because their entitlement to a generic or brand-name co-payment depended on the terms of their ERISA plans.
2. Whether the plaintiffs' claims were impliedly or completely preempted under ERISA § 502(a) because they could have been brought as claims to recover benefits or enforce rights under the plans and involved no independent legal duty.

HOLDINGS

1. The plaintiffs' Georgia unjust-enrichment claims were expressly preempted because they related to ERISA plans and depended entirely on the plans' language and terms governing the classification of tamoxifen and the applicable co-payment.
2. The plaintiffs' claims were impliedly or completely preempted under ERISA § 502(a) because they could have been brought to recover benefits or enforce rights under the plans, and Advance PCS's alleged duty did not arise independently of the plans.

KEY QUOTATIONS

> *"Because the plaintiffs' claims depend entirely on the language of their plans, and whether that language entitles them to pay a generic co-payment for the drug tamoxifen, those claims are expressly preempted by ERISA."* (98)

> *"Any state-law cause of action that duplicates, supplements, or supplants the ERISA civil enforcement remedy conflicts with the clear congressional intent to make the ERISA remedy exclusive and is therefore pre-empted."* (100)

FACTUAL BACKGROUND

The plaintiffs, breast cancer survivors covered by ERISA plans, were prescribed tamoxifen to reduce the risk of recurrence. Their plans required higher co-payments for brand-name drugs than for generic drugs. Advance PCS, a pharmaceutical benefits manager, classified tamoxifen as a brand-name drug using independent classification sources, and the plaintiffs alleged under Georgia law that the resulting higher co-payments unjustly enriched Advance PCS. Although the plans provided internal procedures for appealing adverse benefit determinations, the plaintiffs did not use those procedures and instead filed a putative class action.

PROCEDURAL HISTORY

Plaintiffs sued Advance PCS in Georgia state court, alleging that it improperly classified tamoxifen as a brand-name drug and thereby charged excessive co-payments. The Court of Appeals held that ERISA did not preempt the claims. The Supreme Court of Georgia granted certiorari and reversed.

DISPOSITION

reversed

CASES CITED

- Advance PCS v. Bauer, 274 Ga. App. 381, 617 S.E.2d 637 (2005)
- Shaw v. Delta Air Lines, 463 U.S. 85, 90, 97-98 (1983)
- Ingersoll-Rand Co. v. McClendon, 498 U.S. 133, 138-140, 142, 144 (1990)
- New York State Conference of Blue Cross & Blue Shield Plans v. Travelers Insurance Co., 514 U.S. 645, 656, 658 (1995)
- Pilot Life Insurance Co. v. Dedeaux, 481 U.S. 41, 48, 52, 54, 56 (1987)
- Aetna Health Inc. v. Davila, 542 U.S. 200, 209-213 (2004)
- Howard v. Parisian, Inc., 807 F.2d 1560, 1563, 1565 (11th Cir. 1987)
- Norton v. North Ga. Foods, Inc., 211 Ga. App. 684, 686, 440 S.E.2d 263 (1994)
- Heffner v. Blue Cross & Blue Shield of Alabama, Inc., 443 F.3d 1330, 1338 (11th Cir. 2006)
- Morstein v. National Insurance Services, Inc., 93 F.3d 715, 717, 722 (11th Cir. 1996)
- Light v. Blue Cross & Blue Shield, 790 F.2d 1247, 1248-1249 (5th Cir. 1986)
- Corcoran v. United HealthCare Inc., 965 F.2d 1321, 1330 n.13 (5th Cir. 1992)
- Garren v. John Hancock Mutual Life Insurance Co., 114 F.3d 186, 188 (11th Cir. 1997)
- Metropolitan Life Insurance Co. v. Taylor, 481 U.S. 58, 65-66 (1987)
- Rush Prudential HMO, Inc. v. Moran, 536 U.S. 355, 379 (2002)
- Del Greco v. CVS Corp., 337 F. Supp. 2d 475, 485 (S.D.N.Y. 2004)
- Cooperstein v. Independence Blue Cross, 2005 WL 1819972, at *9, 2005 U.S. Dist. LEXIS 15757, at *26 (E.D. Pa. Aug. 2, 2005)