

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Henderson v. UPMC

640 F.3d 524 (3d Cir. 2011) · No. No. 10-1377 · Decided April 5, 2011

SUMMARY

The Third Circuit held that ERISA § 209(a)(1) requires an employer to maintain records sufficient to determine benefits under the governing pension plans. Because UPMC's plans based contributions and retirement credits on compensation actually paid and reported on Form W-2, rather than uncompensated hours worked, Henderson failed to state claims for inadequate recordkeeping or related fiduciary violations. The court affirmed dismissal of the complaint, while preserving a potential claim for benefits if Henderson later prevailed in her state wage lawsuit.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	Sloviter, Circuit Judge; Greenaway, Jr., Circuit Judge; Greenberg, Circuit Judge
JURISDICTION	Federal
DECIDED	April 5, 2011
DOCKET	No. 10-1377
DISPOSITION	affirmed
PROCEDURAL POSTURE	Henderson appealed from the district court's dismissal with prejudice of her putative class action for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	Plenary review of an order granting a motion to dismiss for failure to state a claim; well-pleaded allegations are accepted as true and construed in the plaintiff's favor.
PRECEDENTIAL VALUE	Published precedential opinion of the United States Court of Appeals for the Third Circuit.
PARTIES	Mary C. Henderson, individually and on behalf of herself and all others similarly situated v. UPMC, doing business as University of Pittsburgh Medical Center, UPMC Group, UPMC Presbyterian Shadyside, UPMC Southside, UPMC St. Margaret, UPMC McKeesport, UPMC Passavant, UPMC Braddock, UPMC Horizon, UPMC Northwest, UPMC Bedford Memorial, Magee Womens

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether ERISA section 209(a)(1) required UPMC to maintain records of uncompensated hours worked when the relevant plans based contributions and benefits on compensation reportable on Form W-2.
2. Whether UPMC breached a related ERISA fiduciary duty by failing to investigate or ensure contributions corresponding to the alleged unpaid hours.
3. Whether Henderson stated a claim for benefits or equitable relief under ERISA sections 502(a)(1)(B) or 502(a)(3).

HOLDINGS

1. The scope of an employer's duty to maintain records sufficient to determine benefits due is determined by the language of the applicable pension plans. Because the UPMC plans based contributions and retirement credits on compensation reportable in Box 1 of Form W-2, the relevant records were records of compensation actually paid, not records of uncompensated hours worked.
2. Because Henderson failed to state a section 209 recordkeeping claim, her related claim that UPMC breached a fiduciary duty by failing to investigate or ensure the allegedly missing contributions also failed.
3. As pleaded, Henderson could not recover benefits or obtain equitable relief based on contributions allegedly associated with uncompensated hours because the plans linked benefits to compensation paid. However, she retained the right to bring a later section 502(a)(1)(B) claim for benefits associated with compensation she eventually recovered in the state wage action.

KEY QUOTATIONS

"But the extent of those duties and the nature of the records required to be maintained can only be determined by looking to the language of the pension plans themselves, which outline the contributions the employer must make and, correspondingly, the benefits the participants are owed." (528)

"Accordingly, in this case, the records "sufficient to determine the benefits due" under Section 209 are the records of the employee's compensation actually paid." (530)

"Accordingly, we see no reason to disturb the District Court's ruling dismissing the complaint with prejudice with respect to Henderson's claims for violations of Section 209 and any corollary fiduciary responsibility to

monitor and ensure that contributions are being accurately provided.” (530)

FACTUAL BACKGROUND

Henderson, a registered nurse employed by UPMC, alleged that nurses worked during unpaid thirty-minute meal breaks and arrived twenty to forty minutes before their scheduled shifts to review patient status reports, although UPMC did not credit some of that time as paid work time. She contended that unpaid work hours should have generated additional employer and employee retirement-plan contributions. The relevant UPMC plans defined compensation by reference to compensation reportable in Box 1 of Form W-2, and the Basic Retirement Plan also required payment for at least 1,000 hours of service to earn retirement credits.

PROCEDURAL HISTORY

Henderson filed a state-court wage action alleging that UPMC failed to compensate nurses for work performed during meal breaks and before scheduled shifts, and separately filed this ERISA action concerning recordkeeping, fiduciary duties, and retirement-plan benefits. The Western District of Pennsylvania held that the plans required records of compensation paid, not unpaid hours worked, and dismissed the ERISA complaint with prejudice. The Third Circuit affirmed, while recognizing that Henderson could later seek benefits under ERISA section 502(a)(1)(B) if she obtained compensation in the state wage action.

DISPOSITION

affirmed

CASES CITED

- *Gelman v. State Farm Mut. Auto. Ins. Co.*, 583 F.3d 187, 190 (3d Cir. 2009)
- *Varity Corp. v. Howe*, 516 U.S. 489, 498 (1996)
- *Cent. States, Se. & Sw. Areas Pension Fund v. Cent. Transp., Inc.*, 472 U.S. 559, 571 (1985)
- *Trs. of the Chi. Painters & Decorators Pension v. Royal Int'l Drywall & Decorating, Inc.*, 493 F.3d 782, 786 (7th Cir. 2007)
- *Mich. Laborers' Health Care Fund v. Grimaldi Concrete, Inc.*, 30 F.3d 692, 694, 697 (6th Cir. 1994)
- *Combs v. King*, 764 F.2d 818, 820, 825 (11th Cir. 1985)
- *Zipp v. World Mortg. Co.*, 632 F. Supp. 2d 1117, 1125 (M.D. Fla. 2009)
- *Mathews v. ALC Partner, Inc.*, No. 08-cv-10636, 2009 WL 3837249, at *3-*7 (E.D. Mich. Nov. 16, 2009)
- *Steavens v. Elec. Data Sys. Corp.*, No. 07-14536, 2008 WL 3540070, at *4 (E.D. Mich. Aug. 12, 2008)
- *Fields v. Thompson Printing Co.*, 363 F.3d 259, 268 (3d Cir. 2004)
- *Gerlach v. Wells Fargo & Co.*, No. C05-0585 CW, 2005 U.S. Dist. LEXIS 46788, at *6-*8 (N.D. Cal. June 13, 2005)