UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

Metropolitan Life Insurance Company v. Socia

16 F. Supp. 2d 66 (D. Mass. 1998) · No. Civil Action No. 97-11721-WGY · Decided July 10, 1998

SUMMARY

Metropolitan Life Insurance Company sought recovery of alleged overpayments made to Nancy Socia under an ERISA-governed long-term disability plan, while Socia counterclaimed for reinstatement of benefits. The court held that MetLife could not pursue an implied federal common-law remedy but could potentially recover limited equitable restitution under ERISA § 1132(a)(3) for payments made during a period of concealment or misrepresentation. The court found the record insufficient to determine the recoverable amount and denied both parties' motions for summary judgment.

CASE DETAILS

COURT	United States District Court for the District of Massachusetts
WRITING FOR THE COURT	William G. Young
JURISDICTION	Massachusetts
DECIDED	July 10, 1998
DOCKET	Civil Action No. 97-11721-WGY
DISPOSITION	other
PROCEDURAL POSTURE	The parties filed cross-motions for summary judgment in MetLife's ERISA action to recover alleged overpayments and Socia's counterclaim seeking reinstatement of disability benefits.
STANDARD OF REVIEW	Summary judgment is appropriate when there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. The court reviewed MetLife's benefits-eligibility determination under an arbitrary-and-capricious standard because the Plan vested MetLife with discretionary authority.
PRECEDENTIAL VALUE	published district court memorandum and order

TOPICS

erisa · employee benefits · summary judgment · restitution · civil procedure

PRACTICE AREAS

ERISA | employee benefits | insurance | civil procedure | remedies

QUESTIONS PRESENTED

1. Whether MetLife's termination of Socia's ERISA disability benefits was arbitrary and capricious.
2. Whether Socia's counterclaim for reinstatement of benefits was barred by her failure to exhaust the Plan's administrative review procedure.
3. Whether ERISA permits MetLife to recover alleged benefit overpayments through a federal common-law unjust-enrichment remedy.
4. Whether ERISA section 1132(a)(3)'s provision for other appropriate equitable relief permits restitution for benefits paid because of a participant's concealment or misrepresentation.
5. Whether the record established the amount of restitution recoverable by MetLife so that summary judgment could be entered.

HOLDINGS

1. Because the Plan vested MetLife with discretionary authority to determine eligibility and construe Plan terms, the court reviewed the termination of benefits under an arbitrary-and-capricious standard rather than de novo review.
2. MetLife's termination decision was not shown to be arbitrary and capricious because the medical evidence was internally contradictory and the Plan required a higher showing of disability after the first twenty-four months.
3. Socia's counterclaim for reinstatement of benefits could not proceed because she failed to request review of the final termination decision and did not show that exhaustion would have been futile or that the administrative remedy was inadequate.
4. MetLife could not pursue a federal common-law unjust-enrichment remedy to recover Plan overpayments because ERISA's express remedial provisions signal that courts should not create additional remedies.
5. ERISA section 1132(a)(3) permits MetLife to seek equitable restitution, but only on an equitable basis distinct from a contractual claim for money damages.
6. MetLife could recover only disability benefits actually paid after the Social Security award and before MetLife began reducing benefits to account for that award; it could not recover the full contractual overpayment or the amount of the retroactive Social Security award.
7. Summary judgment was inappropriate because material factual disputes and gaps prevented determination of the date of the Social Security award and the amount of benefits actually paid during the recoverable period.

KEY QUOTATIONS

> *"ERISA's express remedies are a signal to courts not to create additional remedies of their own."* (at 71)

> *“The essential question in this case is whether the relief sought—a refund of the amount of money to which Socia was not entitled as a result of her Social Security benefits—falls within the meaning of "other appropriate equitable relief" available under the statute.”* (at 72)

> *“Failure to notify MetLife of the award would give rise to an equitable action for restitution, since benefits would have been paid under a mistake of fact induced by misrepresentation or concealment.”* (at 73)

> *“Both motions for Summary Judgment are DENIED.”* (at 74)

FACTUAL BACKGROUND

Socia, a Raytheon employee and participant in the Raytheon Long Term Disability Plan, began receiving long-term-disability benefits in November 1992 after being diagnosed with several medical conditions, including depression and HIV. The Plan required benefit reductions based on Social Security disability benefits and provided for refunds of excess payments. After Socia received a retroactive Social Security award without promptly notifying MetLife, MetLife calculated an overpayment and reduced benefits, later terminating them based on medical evaluations indicating that Socia could return to work. The record was unclear about when the Social Security award was made and whether benefits had already been reduced during the relevant period.

PROCEDURAL HISTORY

MetLife sued under ERISA to recover alleged excess long-term-disability benefits paid to Socia. Socia denied liability and counterclaimed for retroactive and prospective reinstatement of benefits. The district court denied both parties' motions for summary judgment because the record contained material factual gaps concerning the timing and amount of payments potentially subject to restitution.

DISPOSITION

other

CASES CITED

- Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986)
- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 110, 115 (1989)
- Recupero v. New England Tel. & Tel. Co., 118 F.3d 820, 827 (1st Cir. 1997)
- Guarino v. Metropolitan Life Ins. Co., 915 F. Supp. 435, 443-44 (D. Mass. 1995)
- Drinkwater v. Metropolitan Life Ins. Co., 846 F.2d 821, 824, 826 (1st Cir. 1988)
- Pilot Life Ins. Co. v. Dedeaux, 481 U.S. 41, 53-56 (1987)
- Metropolitan Life Ins. Co. v. Taylor, 481 U.S. 58, 62-63 (1987)
- Andrews-Clarke v. Travelers Ins. Co., 984 F. Supp. 49, 53-58 (D. Mass. 1997)
- Massachusetts Mutual Life Ins. Co. v. Russell, 473 U.S. 134, 145-48, 155 (1985)
- Turner v. Fallon Community Health Plan, Inc., 127 F.3d 196, 199 (1st Cir. 1997)
- Reich v. Rowe, 20 F.3d 25, 31-33 (1st Cir. 1994)
- Provident Life & Accident Ins. Co. v. Waller, 906 F.2d 985, 988 n.6, 990, 993-94 (4th Cir. 1990)

- Luby v. Teamsters Health, Welfare & Pension Trust Funds, 944 F.2d 1176, 1185-87 (3d Cir. 1991)
- Health Cost Controls v. Skinner, 44 F.3d 535, 537 n.4 (7th Cir. 1995)
- Pacificare Inc. v. Martin, 34 F.3d 834, 836 (9th Cir. 1994)
- Mertens v. Hewitt Associates, 508 U.S. 248, 255, 259 n.8, 260 (1993)
- Heller v. Fortis Benefits Ins. Co., 142 F.3d 487, 495 (D.C. Cir. 1998)
- Harris Trust & Savings Bank v. Provident Life & Accident Ins. Co., 57 F.3d 608, 615-16 (7th Cir. 1995)
- Blue Cross & Blue Shield of Alabama v. Sanders, 138 F.3d 1347, 1353-54 (11th Cir. 1998)
- FMC Medical Plan v. Owens, 122 F.3d 1258, 1259-61 (9th Cir. 1997)
- Health Cost Controls v. Wardlow, 825 F. Supp. 152, 157-58 (W.D. Ky. 1993)
- Reich v. Continental Casualty Co., 33 F.3d 754, 756 (7th Cir. 1994)
- Rodriguez-Abreu v. Chase Manhattan Bank, 986 F.2d 580 (1st Cir. 1993)
- Stuart v. Metropolitan Life Ins. Co., 664 F. Supp. 619, 622-24 (D. Me.), aff'd per curiam, 849 F.2d 1534 (1st Cir. 1988)
