UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Robert Cromwell, et al. v. Equicor-Equitable HCA Corp.

944 F.2d 1272 (6th Cir. 1991) · No. No. 90-3564 · Decided September 11, 1991

SUMMARY

The Sixth Circuit affirmed the district court's decision holding that the plaintiffs' state-law claims arising from alleged assurances of ERISA plan coverage were preempted. The court also held that removal was proper because the complaint asserted a claim arising under ERISA, and that the plaintiffs' eventual lack of ERISA standing did not retroactively defeat federal jurisdiction or require remand. The opinion includes a concurrence and a dissent addressing the proper sequence of jurisdictional and preemption analysis.

CASE DETAILS

COURT	United States Court of Appeals for the Sixth Circuit
WRITING FOR THE COURT	John Feikens, Senior District Judge; Nathaniel R. Jones, Circuit Judge; Ralph B. Guy Jr., Circuit Judge
JURISDICTION	Federal
DECIDED	September 11, 1991
DOCKET	No. 90-3564
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiffs appealed from the district court's orders dismissing their state-law claims as preempted by ERISA and granting the defendant's motion for summary judgment on the ERISA claim.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Robert Cromwell, Heterodox Health Systems, Inc., formerly doing business as Alternative Home Health Care v. Equicor-Equitable HCA Corp.

TOPICS

employee benefits · subject matter jurisdiction · civil procedure · appellate procedure · health law

PRACTICE AREAS

employee benefits · civil procedure · health law · insurance · contracts

QUESTIONS PRESENTED

1. Whether the plaintiffs' state-law claims were preempted by ERISA.
2. Whether the plaintiffs' breach-of-contract claim arose under ERISA and supported federal removal jurisdiction.
3. Whether the district court's later determination that the plaintiffs lacked standing under ERISA retroactively defeated removal jurisdiction and required remand of the state-law claims.

HOLDINGS

1. The plaintiffs' promissory-estoppel, breach-of-contract, negligent-misrepresentation, and breach-of-good-faith claims were preempted because they sought recovery of benefits allegedly payable under an ERISA employee benefit plan and therefore related to that plan.
2. The complaint stated a claim arising under ERISA because plaintiffs claimed rights under an assignment of benefits and sought to recover benefits under the Beckman plan; removal to federal court was therefore proper.
3. The plaintiffs' lack of standing under ERISA did not retroactively defeat the district court's removal jurisdiction or require remand of the preempted state-law claims.

KEY QUOTATIONS

> *"It is not the label placed on a state law claim that determines whether it is preempted, but whether in essence such a claim is for the recovery of an ERISA plan benefit."* (1276)

> *"We hold that the district court was correct in holding that appellants' state law claims "relate to an employee benefit plan" and therefore are preempted, that appellants' breach of contract claim set forth an ERISA claim, and that appellants' lack of standing did not retroactively defeat removal jurisdiction and require a remand of the entire action, including the preempted state claims, to state court."* (1279)

FACTUAL BACKGROUND

Lawrence Reinke had formerly participated in Beckman Industries' employee benefit plan, but his employment ended in 1985. After Reinke's wife suffered a stroke, the plaintiffs, home health care providers, contacted Equicor to verify coverage and allegedly relied on Equicor's assurance before providing care. Equicor paid claims through April 15, 1987, then denied later claims after discovering that Reinke was no longer entitled to plan benefits; the unpaid balance was $22,700.08.

PROCEDURAL HISTORY

Plaintiffs filed state-law claims in state court based on Equicor's alleged oral assurances that home health care was covered under an employee benefit plan. Equicor removed the action to federal court. The district court held that the claims arose under ERISA, dismissed the state-law claims as preempted, and later granted summary judgment because plaintiffs were neither ERISA participants nor beneficiaries and therefore lacked standing. The Sixth Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Pilot Life Insurance Co. v. Dedeaux, 481 U.S. 41 (1987)
- Metropolitan Life Insurance Co. v. Massachusetts, 471 U.S. 724 (1985)
- Shaw v. Delta Air Lines, Inc., 463 U.S. 85 (1983)
- Daniel v. Eaton Corp., 839 F.2d 263 (6th Cir. 1988)
- Caterpillar Inc. v. Williams, 482 U.S. 386 (1987)
- Firestone Tire & Rubber Co. v. Neusser, 810 F.2d 550 (6th Cir. 1987)
- Ruble v. UNUM Life Insurance Co., 913 F.2d 295 (6th Cir. 1990)
- Davis v. Kentucky Finance Cos. Retirement Plan, 887 F.2d 689 (6th Cir. 1989)
- McMahan v. New England Mutual Life Insurance Co., 888 F.2d 426 (6th Cir. 1989)
- Scott v. Gulf Oil Corp., 754 F.2d 1499 (9th Cir. 1985)
- Comprehensive Care Corp. v. Doughtry, 682 F. Supp. 516 (S.D. Fla. 1988)
- Richland Hospital, Inc. v. Ralyon, 33 Ohio St. 3d 87, 516 N.E.2d 1236 (1987)
- Pullman Co. v. Jenkins, 305 U.S. 534 (1939)
- Bush v. State Industries, Inc., 599 F.2d 780 (6th Cir. 1979)
- United Mine Workers v. Gibbs, 383 U.S. 715 (1966)
- Metropolitan Life Insurance Co. v. Taylor, 481 U.S. 58 (1987)
- Lister v. Stark, 890 F.2d 941 (7th Cir. 1989)
- Teagardener v. Republic-Franklin Inc. Pension Plan, 909 F.2d 947 (6th Cir. 1990)
- Mt. Healthy City Board of Education v. Doyle, 429 U.S. 274 (1977)
- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101 (1989)
- FW/PBS, Inc. v. City of Dallas, 493 U.S. 215 (1990)
- Louisville & Nashville Railroad Co. v. Mottley, 211 U.S. 149 (1908)
- Franchise Tax Board of the State of California v. Construction Laborers Vacation Trust for Southern California, 463 U.S. 1 (1983)
- Perry v. P*I*E Nationwide, Inc., 872 F.2d 157 (6th Cir. 1989)
- Sommers Drug Stores Co. v. Corrigan Enterprises, 793 F.2d 1456 (5th Cir. 1986)
- Memorial Hospital System v. Northbrook Life Insurance Co., 904 F.2d 236 (5th Cir. 1990)
- Mackey v. Lanier Collection Agency & Service, Inc., 486 U.S. 825 (1988)

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