

EMPLOYEE RETIREMENT INCOME SECURITY ACT
GOVERNED HEALTH PLANS WIN, EQUITABLE
DOCTRINES LOSE: A LOOK INTO *US AIRWAYS V.
McCUTCHEN* AND ITS IMPACT ON FUTURE ERISA
LITIGATION

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EMPLOYEE BENEFITS LAW – THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 – FIDUCIARY REIMBURSEMENT – The Supreme Court held that, in a lawsuit brought pursuant to section 502(a)(3) of ERISA, the plain language of the plan trumps equitable doctrines when the plan’s administrator is enforcing an equitable lien, and the plan’s language is unambiguous.

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INTRODUCTION

In *US Airways v. McCutchen*, the United States Supreme Court held that the plain language of a health plan governed by the Employee Retirement Income Security Act of 1974 (“ERISA”) trumps equitable doctrines used as defenses against a plan’s fiduciary reimbursement provision. In doing so, the Court resolved a split among the United States Courts of Appeals as to whether the plain language of an ERISA-governed plan could be trumped by equitable doctrines. The Court came to this decision by applying its past precedent and looking to the legislative intent of ERISA.

This case note looks at the development and implication of the Court’s decision in *US Airways v. McCutchen*. First, the case note explains the facts, procedural history and analysis applied by the U.S. District Court for the Western District of Pennsylvania (“District Court”), the Court of Appeals for the Third Circuit (“Third Circuit”) and the United States Supreme Court (“Supreme Court”). Next, the case note discusses the history and legislative intent of ERISA and the fiduciary reimbursement provision, as well as the disparity among the Courts of Appeals and precedential case law used by the Supreme Court. Next, the case note analyzes Justice Elena Kagan’s majority opinion and Justice Antonin Scalia’s dissenting opinion in *US Airways*. Finally, the case note discusses the implications that the decision will have on legal practitioners, plan administrators, fiduciaries, and beneficiaries.

I. US Airways v. McCutchen

The *US Airways* case concerns whether the “plain language” of an Employee Retirement Income Security Act of 1974 (“ERISA”) governed plan trumps common law equitable doctrines when the plan’s administrator is enforcing an equitable lien against the plan holder.¹ The United States District Court for the Western District of Pennsylvania found that the plain language of the ERISA plan trumps the common law equitable doctrines and, therefore, granted the Plaintiff’s motion for summary judgment.² The Third Circuit vacated the order of the District Court, finding that the plaintiff’s ERISA plan allowed the court to apply any equitable doctrines necessary.³ The United

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1. *US Airways v. McCutchen*, 133 S.Ct. 1537 (2013).

2. *US Airways v. McCutchen*, 2010 WL 3420951, *8 (W.D. Pa. Aug. 30, 2010).

3. *US Airways v. McCutchen*, 663 F.3d 671, 680 (3d Cir. 2012).

States Supreme Court granted Plaintiff's writ of certiorari,⁴ because of a split in the circuits as to whether to apply equitable doctrines.⁵ The Supreme Court vacated the Third Circuit's decision, and remanded the case back to the District Court, holding that the plain language of the ERISA plan governs and equitable doctrines cannot override a contract.⁶ The Court further vacated the District Court's decision, holding that the common fund doctrine can apply if the terms of the ERISA plan are ambiguous.⁷

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4. *US Airways v. McCutchen*, 133 S.Ct. 36 (2012).

5. *US Airways v. McCutchen*, 133 S.Ct. at 1544.

6. *US Airways v. McCutchen*, 133 S.Ct. at 1551.

7. *Id.*