



Chapter 4

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ERISA Obligations Related to Promised Pension and Health Benefits

Ronald E. Meisburg

Meikka A. Cutlip

Heenan, Althen & Roles, LLP

Washington, D.C.

Allison S. Williams

Heenan, Althen & Roles, LLP

Charleston, WV

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§ 4.01. Introduction.

The Employee Retirement Income Security Act¹ (ERISA) was enacted to provide standards related to the formation, funding, and administration of employee benefit plans. For the most part, ERISA preempts state laws and any causes of action arising under state law that relate to employee benefit plans. There has been, however, a veritable explosion of federal court litigation and legal developments under ERISA since it was signed into law in 1974.

One of the most frequently litigated issues involves alleged promises by employers to provide lifetime health care benefits to employees who

¹ 29 U.S.C. § 1001 *et seq.*

retire (and their dependents). Employers typically sponsor several different types of employee benefit plans. These benefits may include retiree pension and health benefit plans. In administering such plans, employers occupy the role of a fiduciary under ERISA. When an employer misapprehends its status as a fiduciary, or fails to conform its conduct to its fiduciary obligations, then it may face substantial liability for breach of fiduciary duty to the beneficiaries. This article will focus on selected cases presenting various theories under which retirees have pursued claims for health benefits and the legal issues presented by and disposition of those claims.

§ 4.02. Summary of Pertinent ERISA Provisions.

In order to better comprehend the basis for such claims, it is necessary to be aware of some of the key provisions of ERISA and its implementing of regulations.² There are two general types of employee benefit plans governed by this statute – pension benefit plans and welfare benefit plans:

ERISA distinguishes between pension plans and welfare plans. A pension plan “provides retirement income to employees” or “results in a deferral of income by employees for periods extending to the termination of . . . employment or beyond” 29 U.S.C. § 1002(2). Welfare plans, in contrast, include plans “established or . . . maintained for the purpose of providing . . . medical, surgical, or hospital care or benefits” *Id.* § 1002(1).³

ERISA plans are required to be in writing and must be available to beneficiaries for review upon request.⁴ In addition, a summary of the ERISA plan, known as a Summary Plan Description (SPD), must be distributed to each plan participant.⁵ ERISA requires that an SPD “shall be sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of their rights and obligations under the

² *Id.*

³ *Sprague v. General Motors Corp.*, 133 F.3d 388, 400 (6th Cir.), *cert. denied*, 524 U.S. 923 (1998).

⁴ 29 U.S.C. § 1102(a).

⁵ *Id.*