

NEWSLETTERS

Supreme Court: Health Plan Reimbursement Provisions Trump Equitable Doctrines

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Bart Karwath of the Indianapolis office and Brian Casey of the South Bend office, co-authored an article published in the most recent issue of the Indiana State Bar Association's publication *Res Gestae*, which is titled, "Supreme Court: Health plan reimbursement provisions trump equitable doctrines," *Res Gestae*, Vol. 57, No. 3, pp.10-15 (October 2013).

The article discusses the United State Supreme Court's recent decision in *U.S. Airways, Inc. v. McCutchen*, which resolved a circuit conflict over health benefit plan reimbursement issues under the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. (ERISA). The Court held that if funds are recovered from a third-party responsible for causing a plan participant to incur medical expenses, and the health benefit plan document expressly states that the plan is to be reimbursed first, and is to be made whole before the plan participant receives any funds from the recovery, and provides that the plan's recovery is to be without the need for payment of any of the plan participant's personal injury lawyer's attorney fees and costs incurred in obtaining that recovery, those plan provisions would govern and trump any equitable doctrines, such as the common fund doctrine or the make whole doctrine, which might otherwise apply and cause the plan participant to obtain the recovered funds until he or she is made whole, and that any recovery by the plan would require the plan to share in a pro rata portion of the plaintiff's personal injury lawyer's fees.

The Court's decision rejected decisions by some federal circuits which had held that a plan could not include in its governing document language to prevent a federal court from applying equitable doctrines (such as the common fund doctrine and the make whole doctrine). However, the Supreme Court held that such plan provisions are enforceable and trump otherwise applicable equitable doctrines only to the extent the plan provisions unambiguously call for a result contrary to such equitable doctrines.

The article may be of particular interest to clients with health benefit plans, attorneys representing health benefit plans, and attorneys whose practice involves personal injury recovery or defense of such claims.

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