

M.C. Sungaila in HR Magazine: Supreme Court Will Hear ERISA Church-Plan Dispute

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The U.S. Supreme Court announced on Dec. 2 that it will hear three consolidated cases asking whether pension plans maintained by church-affiliated organizations, such as hospitals, are exempt from the Employee Retirement Income Security Act (ERISA).

The closely watched class actions were brought by hospital employees who claimed their employers failed to comply with various ERISA provisions. The hospitals, however, argued that their pension plans do not fall under ERISA's purview because of their religious affiliation...

"If the health plans lose at the high court, it would bring a whole new class of organizations within the pension requirements of ERISA, exposing them to extensive liability—in the billions of dollars—and imposing fiduciary obligations and minimum-funding rules," said M.C. Sungaila, an attorney with Haynes Boone in Orange County, Calif., and the chair of the Amicus Curiae Committee of the International Association of Defense Counsel...

Illinois-based Advocate Health Care Network, New Jersey's Saint Peter's Healthcare System and Dignity Health in California are challenging rulings by the 7th, 3rd and 9th U.S. circuit courts of appeals, respectively, which held that their retirement plans can't be excluded from ERISA as church plans, Sungaila explained.

The federal appeals courts reasoned that "the health care networks are not themselves 'churches' and no 'church' per se initially established the plans," she added.

"The cases also raise important First Amendment questions," she said, "including whether it is proper for the courts to engage in an analysis which tests whether these church-affiliated organizations are 'religious' enough to be excluded from the ERISA statute and asks the courts to draw lines between direct church activity and ministry activities."

Excerpted from *HR Magazine*. To read the full article, please [click here](#).