

Court Orders Third-Party Administrator to Pay Over \$5.1 Million for Breach of Fiduciary Duty

June 28, 2013

In *Hi-Lex Controls Inc. et al. v. Blue Cross Blue Shield of Michigan*, Blue Cross Blue Shield of Michigan (“**BCBSM**”), as the third-party claims administrator of various self-funded ERISA group health plans, was withholding as additional administrative fees a portion of the amounts transferred by plaintiffs to BCBSM to fund claim payments (“**Disputed Fees**”). In a prior ruling, the court held that BCBSM was a fiduciary of the plans because the amounts involved were plan assets over which BCBSM exercised practical control. With respect to plaintiffs’ breach of fiduciary duty claims, the court found that BCBSM violated its ERISA fiduciary duty of loyalty by supplying false and misleading information to plaintiffs about the nature and extent of the Disputed Fees and by supplying false information for plaintiffs’ Form 5500 filings, and ordered BCBSM to pay plaintiffs the full amount of the Disputed Fees plus costs, interest, and attorneys’ fees, totaling over \$5.1 million. *Hi-Lex Controls Inc. et al. v. Blue Cross Blue Shield of Michigan*, No. 2:11-cv-12557 (E.D. Mich. June 13, 2013).