

SUPREME COURT REAFFIRMS POSITION IN RETIREE MEDICAL CASE

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The US Supreme Court has reversed another Sixth Circuit case relating to the vesting of retiree medical benefits for collectively bargained employees. The case involved a collective bargaining agreement that provided group health plan benefits to employees who were eligible to receive a pension benefit. The collective bargaining agreement contained a clause which provided that all terms and conditions expire when the collective bargaining agreement expires. In 2004, at the expiration of the contract, the company terminated the retirees' medical benefits. The retirees sued claiming their retiree medical benefits were vested. The position of the retirees was upheld by the District Court and the Sixth Circuit Court of Appeals.

The US Supreme Court overturned the lower court decisions finding that those decisions did not comply with the Court's previous decision in 2015 in *M&G Polymers USA LLC vs. Tackett* (<http://www.hodgsonruss.com/newsroom-publications-employee-benefits-developments-january-2015.html>). In that case, the Supreme Court rejected the so-called "Yard-Man" inference that had been developed by the Sixth Circuit. The Supreme Court in the *Tackett* case found that Courts must interpret collective bargaining agreements according to ordinary principles of contract law. In the Sixth Circuit decision, the Court of Appeals held that the agreements durational clause was inconclusive as to retiree health benefits. The Sixth Circuit held that the provisions rendered the agreement ambiguous and considered extrinsic evidence to whether there was a vested retiree medical benefit.

The Supreme Court reversed the Sixth Circuit holding that the collective bargaining agreement only could be held to be ambiguous if it was read in a way to include certain inferences that the Supreme Court had rejected in *Tackett*. The Supreme Court held that the collective bargaining agreement had a duration clause that applied to all benefits, including retiree medical benefits and that if retiree medical benefits were intended to be vested, the collective bargaining agreement could have said so directly.

In subsequent Sixth Circuit case, the Sixth Circuit issued a new opinion reversing a preliminary injunction and the Sixth Circuit clearly recognized that the Supreme Court decision was a powerful indication that the general durational clause in a collective bargaining agreement should dictate when benefits expire unless an alternative end date is provided.

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These cases show an increasing trend for employers to prevail in claims related to vesting of retiree medical benefits under collective bargaining agreements. *CNH Indus. N.V. v. Reese*, (S. Ct., 2018) and *Cooper v. Honeywell Int'l, Inc.*, (6th Cir., 2018).

