Owens-Wolkowicz v. Corsolutions Medical

2005 | Cited 0 times | E.D. Pennsylvania | June 30, 2005

MEMORANDUM AND ORDER

This disability benefits case is now before the Court for resolution of Defendant Jefferson Pilot Financial Insurance Company's ("Jefferson") Motion for Summary Judgment as to Plaintiff's Complaint. For the reasons which follow, the Motion is granted.

Factual Background

From 2002 through 2004, CorSolutions Medical, Inc., ("CorSolutions") sponsored an Employee Welfare Benefits Plan ("Plan") for its employees. (Complaint, ¶ 6). As a CorSolutions employee, Plaintiff was a participant in the Plan. (Id. at ¶ 14). At all material times, Plaintiff was insured by Humana Insurance Company ("Humana") and/or Jefferson pursuant to CorSolutions' group insurance plan. (Id. at ¶¶ 11-13). In May 2002, Plaintiff became disabled due to a connective tissue illness. (Id. at ¶ 18). Humana provided Plaintiff with short-term disability benefits until September 18, 2002. (Id. at ¶¶ 20-21). In a letter dated October 2, 2002, however, Humana terminated Plaintiff's disability benefits. (Id. at ¶ 22).

In 2003, Jefferson replaced Humana as the Plan's insurer. Plaintiff requested leave to submit additional medical information, and Jefferson agreed to re-consider Plaintiff's claim after analyzing the supplementary medical evidence. (Id. at ¶¶ 31-32). Upon discovering that Plaintiff's claim arose in 2002, however, Jefferson told Plaintiff it was unable to decide her claim, because Humana handled claims arising before January 1, 2003. (Id. at ¶ 35). Jefferson further advised Plaintiff to submit her claim and medical information to Humana. (Id. at ¶ 36). Since that time, Humana has not reinstated payment of Plaintiff's short-term disability benefits. (Id. at ¶ 50).

On January 20, 2005, Plaintiff filed a Complaint against CorSolutions, Humana, Jefferson, and the Plan. Now before this court is Defendant Jefferson's Motion for Summary Judgment as to Plaintiff's Complaint. First, Jefferson contends that it is not liable under §502(a)(1)(B), as it was not a Plan fiduciary as defined by ERISA. Second, Jefferson argues that Plaintiff's §502(a)(2) claims must be dismissed because she seeks relief that inures only to herself and not the Plan. Third, Jefferson asserts that summary judgment is appropriate to resolve Plaintiff's §502(a)(3) claims, as she fails to seek any equitable relief. Fourth, Jefferson argues that Plaintiff's §510 claim must be dismissed because she cannot show that Jefferson intended to interfere with her employer-employee relationship.

Owens-Wolkowicz v. Corsolutions Medical

2005 | Cited 0 times | E.D. Pennsylvania | June 30, 2005

Standards Governing Summary Judgment Motions

In deciding a motion for summary judgment under Fed.R.Civ.P. 56(c), a court must determine "whether there is a genuine issue of material fact and, if not, whether the moving party is entitled to judgment as a matter of law." Medical Protective Co. v. Watkins, 198 F.3d 100, 103 (3d Cir. 1999) (internal citation omitted). Indeed, Rule 56(c) provides that summary judgment is properly rendered: [I]f the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. A summary judgment, interlocutory in character, may be rendered on the issue of liability alone although there is a genuine issue as to the amount of damages.

Stated more succinctly, summary judgment is appropriate only when it is demonstrated that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law. Celotex Corp. v. Catrett, 477 U.S. 317, 322-32 (1986).

In deciding a motion for summary judgment, all facts must be viewed and all reasonable inferences must be drawn in favor of the non-moving party. Troy Chemical Corp. v. Teamsters Union Local No. 408, 37 F.3d 123, 125-26 (3d Cir. 1994); Oritani Savings & Loan Assn. v. Fidelity & Deposit Co. of Md., 989 F.2d 635, 638 (3d Cir. 1993). An issue of material fact is said to be genuine "if the evidence is such that a reasonable jury could return a verdict for the nonmoving party." Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986).

In Celotex Corp. v. Catrett, supra, the Supreme Court articulated the allocation of burdens between a moving and nonmoving party in a motion for summary judgment. Specifically, the Court in that case held that the movant had the initial burden of showing the court the absence of a genuine issue of material fact, but that this did not require the movant to support the motion with affidavits or other materials that negated the opponent's claim. Celotex, 477 U.S. at 323. The Court also held that Rule 56(e) requires the nonmoving party to "go beyond the pleadings and by her own affidavits, or by the 'depositions, answers to interrogatories, and admissions on file,' designate 'specific facts showing that there is a genuine issue for trial.'" Id. at 324 (quoting Fed.R.Civ.P. 56(e)). This does not mean that the nonmoving party must produce evidence in a form that would be admissible at trial in order to avoid summary judgment. Obviously, Rule 56 does not require the nonmoving party to depose its own witnesses. Rather, Rule 56(e) permits a summary judgment motion to be opposed by any of the kinds of evidentiary materials listed in Rule 56(c), except the pleadings themselves, and it is from this list that one would normally expect the nonmoving party to make the required showing that a genuine issue of material fact exists. Id. See, also, Morgan v. Havir Mfg. Co., 887 F. Supp. 759 (E.D. Pa. 1994); McGrath v. City of Phila., 864 F. Supp. 466, 472-73 (E.D. Pa. 1994).

Discussion

I. Count I: Plaintiff Fails to Establish a Claim Against Jefferson Under ERISA §502(a)(1)(B)

Plaintiff alleges in Count I that she is entitled to both short-term and long-term disability benefits under the Plan, specifically asserting that Defendants owe short-term benefits pursuant to Section 502(a)(1)(B) of the Employee Retirement Income Security Act ("ERISA"). (Complaint, ¶¶ 64-69). ERISA §502 (a)(1)(B) enables a plan participant to bring a lawsuit to "recover benefits due [her] under the terms of the plan, to enforce [her] rights under the terms of the plan, or to clarify [her] rights to future benefits under the terms of the plan." A plaintiff may bring a suit under §502(a)(1)(B) against an ERISA plan, plan administrator, or plan fiduciary. Edwards v. Continental Airlines, Civ. No. 98-6039, 1999 U.S. Dist. WL 95719 at *1 (E.D. Pa. Jan. 7, 1999). Jefferson contends, contrary to Plaintiff's averments, that it was not a Plan fiduciary. Thus, Jefferson asserts that it cannot rightly be sued by Plaintiff under §502(a)(1)(B). A fiduciary is defined by ERISA as follows:

[A] person is a fiduciary with respect to a plan to the extent (i) he exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of assets, (ii) he renders investment advice for a fee or other compensation, direct or indirect, or (iii) he has any discretionary authority or discretionary responsibility in the administration of such plan. 29 U.S.C. §1002(21)(A). In deciding who is a fiduciary, courts consider whether the party exercised discretionary authority or control over a plan's management, assets, or administration.

See, e.g., Painters of Phila. Dis. Council No. 21 Welfare Fund v. Price Waterhouse, 879 F.2d 1146, 1148-51 (3d Cir. 1989).

The "Advice to Pay" Agreement entered into by CorSolutions and Jefferson explicitly states that Jefferson "shall not serve as a fiduciary as that term is defined in the Employee Retirement Income Security Act of 1974." (Exhibit One, p.3). In addition, the Agreement refers to Jefferson as merely a "Consultant" whose responsibilities were to "review and investigate all claims and provide advice to [CorSolutions]." (Id. at p.1). Moreover, the Agreement gave CorSolutions alone the ability to "[a]pprove or deny claims and appeals." (Id. at p.2). Finally, the Agreement states that Jefferson "assumes no responsibility for administration of the Plan or for any risk of liability under the Plan." (Id. at p.1). Thus, the Agreement shows that Jefferson was not a fiduciary as defined in ERISA.

Furthermore, Plaintiff fails to provide evidence from which a reasonable jury could find that Jefferson was a Plan fiduciary. Although discovery has not been completed in this case, it is within this Court's discretion to grant summary judgment. See, Dowling v. City of Phila., 855 F.2d 136, 139 (3d Cir. 1988) (finding that a district court may consider the case's procedural history and exercise discretion in granting summary judgment before discovery is complete). As a procedural matter alone, Plaintiff's failure to file an affidavit requesting additional time for discovery enables this Court to grant summary judgment before the time allotted for discovery has passed. See, Fed.R.Civ.P. 56(f). Specifically, the Third Circuit has interpreted Rule 56(f) as requiring a party seeking further discovery in response to a summary judgment motion to submit an affidavit specifying the information sought, how such information would preclude summary judgment, and why such

information has not been obtained. Hancock Indus. v. Schaeffer, 811 F.2d 225, 229-30 (3d Cir. 1987).

Plaintiff in this action failed to file an affidavit requesting that summary judgment be delayed pending further discovery. Even if this Court were to treat Plaintiff's Answer to Jefferson's Motion as a Rule 56(f) affidavit, it would be insufficient because the fact Plaintiff hoped to uncover would not have precluded summary judgment. Specifically, Plaintiff merely contends that additional discovery is needed to determine Jefferson's state of mind during its interactions with Plaintiff. This Court, however, finds Jefferson's mental state inconsequential to determining its fiduciary status. Thus, summary judgment may be granted as to Plaintiff's §502(a)(1)(B) claim on the ground that Jefferson is not a fiduciary as defined by ERISA.

Even if Jefferson was a Plan fiduciary in 2003, Humana denied Plaintiff's short-term disability claim in 2002, before Jefferson began providing services to CorSolutions. Jefferson's sole contact with Plaintiff occurred when she resubmitted her unsuccessful claim. Jefferson responded to Plaintiff's renewal by allowing her to submit additional information, although the Plan's 180-day appeal period had expired. (Complaint, ¶ 32). When Jefferson later learned that Plaintiff's claim arose in 2002, Jefferson not only explained to Plaintiff that it was not authorized to handle claims arising in 2002, but also advised Plaintiff to submit her renewed claim and additional medical information to Humana. (Id. at ¶¶ 35-36). Faced with these uncontested facts, Plaintiff fails to show any breach of fiduciary obligations by Jefferson. Thus, summary judgment against Plaintiff's §502(a)(1)(B) claim is appropriate.

II. Count II: Plaintiff Fails to Establish Claims Against Jefferson Under ERISA §502(a)(2) or (a)(3)

Plaintiff alleges in Count II that Defendants breached fiduciary obligations under ERISA §502(a)(2) and (a)(3). (Complaint, ¶¶ 70-87). As a matter of law, Plaintiff may not recover under ERISA §502(a)(2). Under ERISA §502(a)(2), a civil action may be brought "by a Secretary, or by a participant, beneficiary or fiduciary for appropriate relief under section 409." ERISA §409 provides:

Any person who is a fiduciary with respect to a plan who breaches any of the responsibilities, obligations, or duties imposed upon fiduciaries by this title shall be personally liable to make good to such plan any losses to the plan resulting from each such breach, and to restore to such plan any profits of such fiduciary which have been made through use of assets of the plan by the fiduciary, and shall be subject to such other equitable or remedial relief as the court may deem appropriate, including removal of such fiduciary.

The Supreme Court has held that §502(a)(2) does not provide recovery for an individual plaintiff. See, Mass. Mut. Life Ins. Co. v. Russell, 473 U.S. 134, 139-40 (1985). The Third Circuit likewise has found that a beneficiary may not recover damages on her own behalf under §502(a)(2). Ream v. Frey, 107 F.3d 147, 151 (3d Cir. 1997). Instead, a claim under §502 (a)(2) "must be premised upon harm to the entire Plan, rather than harm to a particular individual." McMahon v. McDowell, 794 F.2d 100, 109

(3d Cir. 1986). Accordingly, "damages for breach of fiduciary duty do not go to any individual plan participant or beneficiary, but inures to the benefit of the plan as a whole." Id. Because Plaintiff in this action seeks recovery for herself alone, she fails to state a claim pursuant to §502(a)(2).

Just as Plaintiff's failure to demonstrate Jefferson's fiduciary status foreclosed her recovery under §502(a)(1)(B), Plaintiff's recovery under §502(a)(3) is likewise foreclosed. ERISA §502(a)(3) enables a plan participant to file a lawsuit "to enjoin any act or practice which violates any provision of this subchapter or the terms of the plan, or to obtain other appropriate equitable relief to redress such violations or to enforce any provisions of this subchapter or the terms of the plan." As previously explained in this Memorandum, however, Plaintiff fails to provide evidence from which a reasonable jury could determine that Jefferson was a Plan fiduciary. Moreover, Plaintiff does not provide additional facts from which a fact-finder could conclude that Jefferson is separately liable under §502(a)(3). Finally, in Count II Plaintiff merely seeks the monetary damages sought in Count I, rather than equitable relief.

III. Count III: Plaintiff Fails to Establish a Claim Against Jefferson Under ERISA §510

In Count III, Plaintiff alleges that Defendants interfered with her reception of benefits in violation of ERISA §510. (Complaint, ¶¶ 88-98). ERISA §510 provides:

It shall be unlawful for any person to discharge, fine, expel, discipline, or discriminate against a participant or beneficiary for exercising any right to which he is entitled under the provisions of an employee benefit plan, this subchapter, section 1201 of this title, or the Welfare and Pension Plans Disclosure Act, or for the purpose of interfering with the attainment of any right to which such participant may become entitled under the plan, this subchapter, or the Welfare and Pension Plans Disclosure Act.

29 U.S.C. §1140. To establish liability for interference with benefits under ERISA §510, a plaintiff must prove that the defendant directly intended and took deliberate steps to interfere with protected rights. Gavalik v. Continental Can Co., 812 F.2d 834, 851, 856 (3d Cir. 1987). In the Third Circuit, suits based on §510 are "limited to actions affecting the employer-employee relationship." Fischer v. Phila. Elec. Co., 96 F.3d 1533, 1543 (3d Cir. 1996).

In Count III, Plaintiff alleges that CorSolutions interfered with her reception of benefits in violation of ERISA §510 by breaching its fiduciary duties, terminating her employment, disrupting the administration of her claim, directing Plan administrators to deny her claim, and failing to produce the administrative record of her claim. (Complaint, ¶¶ 88-93). However, Plaintiff fails to provide any specific information regarding Jefferson's conduct, except merely alleging that Jefferson "knowingly participated and conspired in CorSolutions' interference with Plaintiff's ERISA rights." (Complaint, ¶ 94).

Owens-Wolkowicz v. Corsolutions Medical

2005 | Cited 0 times | E.D. Pennsylvania | June 30, 2005

Plaintiff presents no facts from which a reasonable jury could find that Jefferson interfered with Plaintiff's employer-employee relationship in violation of ERISA §510. Plaintiff contends that summary judgment is inappropriate pending further discovery regarding Jefferson's state of mind. This Court, however, finds the overwhelming lack of evidence demonstrating Jefferson's interference with Plaintiff's employment relationship sufficient to warrant summary judgment. Absent conduct affecting the employment relationship, Jefferson's mental state is inconsequential. Accordingly, this Court grants Jefferson's Motion for Summary Judgment as to Count III.

An order follows.

AND NOW, this 30th day of June, 2005, upon consideration of Defendant Jefferson's Motion for Summary Judgment as to Plaintiff's Complaint (Doc. No. 19), and Plaintiff's response thereto (Doc. No. 23), it is hereby ORDERED that the Motion is GRANTED and Judgment as a matter of law is entered in favor of Defendant Jefferson Pilot Financial Insurance Company and against Plaintiff in no amount.

AND NOW, this 30th day of June, 2005, upon consideration of Defendant Jefferson's Motion for Summary Judgment as to Unum's Counterclaim (Doc. No. 28), and Unum's response thereto (Doc. No. 30), it is hereby ORDERED that the Motion is DENIED AS MOOT.[1]

J. CURTIS JOYNER, J.

1. Due to this Court's decision to grant Jefferson's Motion for Summary Judgment as to all Counts of Plaintiff's Complaint, this Court now denies as moot Jefferson's Motion for Summary Judgment against Unum's Counterclaim. In order to be justiciable, a suit must remain alive throughout the course of litigation. Murphy v. Hunt, 455 U.S. 478, 481 (1980). The primary question determining mootness is whether the dispute remains justified by a sufficient prospect that a decision will impact the parties. Id. A determination of mootness is an "intensely factual inquiry." Int'l Brotherhood of Boilermakers v. Kelly, 815 F.2d 912, 915 (3d Cir. 1987)(quoting Haitian Refugee Center v. Civiletti, 503 F. Supp. 442, 463 (S.D. Fla. 1980). Thus, a motion for summary judgment may be denied as moot where the district court has previously resolved the relevant factual disputes. See, Jersey Central Power & Light Co. v. N.J., 772 F.2d 35, 39 (3d Cir. 1985)(explaining how various changed circumstances may render an issue moot). The factual issues being disputed by Jefferson and Unum are synonymous with those previously adjudicated by this Court regarding Jefferson and Plaintiff. Specifically, Unum's Counterclaim is based on the assertion that Jefferson acted as a Plan fiduciary. In deciding Jefferson's Motion for Summary Judgment as to Plaintiff's Complaint, however, this Court found insufficient evidence from which a reasonable jury could find that Jefferson acted as a Plan fiduciary. Moreover, Unum fails to provide additional evidence raising further factual disputes. Thus, because the factual issues raised in Unum's Counterclaim and Jefferson's subsequent Motion for Summary Judgment have previously been resolved by this Court, the Motion is denied as moot.