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SUPREME COURT UPHOLDS ENFORCEABILITY OF PLAN LIMITATIONS PERIOD

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On December 16th, the Supreme Court issued its opinion in *Heimeshoff v. Hartford Life & Accident Ins. Co*. – a case involving the tension between: (i) the contractual limitations period in Wal-Mart's group long-term disability policy, and (ii) the requirement that claimants exhaust their administrative remedies before filing suit for benefits under ERISA. In an unanimous decision, the Court yet again favored the interests of enforcement of reasonable plan terms over competing policy interests.

The Facts in Brief. Ms. Heimeshoff submitted a claim under Wal-Mart's long-term disability plan, claiming that she suffered from "extreme pain, significant pain, and difficulty in concentration." Hartford Life & Accident Insurance, the plan's claims administrator, denied the claim. Heimeshoff administratively appealed the claim denial, and Hartford issued its final claim denial on November 26, 2007. Just shy of three years later, on November 18, 2010, Heimeshoff filed suit claiming benefits under ERISA.

Hartford argued that Heimeshoff's claim was barred by the three-year limitations period prescribed in Wal-Mart's LTD plan, which, under its terms, commenced at the "time written proof of loss" is required to be submitted. (The latest time for Heimeshoff to submit her proof of loss was in September 2007, in conjunction her administrative appeal.) Heimeshoff argued that commencing the limitations period at the time written proof is loss must be furnished denied her the full benefit of the three-year limitations period, and that enforcing such a provision could require some claimants to institute litigation before they have exhausted the administrative claims procedure. The lower courts upheld Hartford's claim denial and enforced the limitations period as written in the plan.

The Supreme Court Decision. In delightfully compact logic, the high Court concluded that since it is well established that parties can contract around a default statute of limitations in ERISA plans, they can likewise provide when that limitations period commences. It reinforced that courts must give effect to limitations provisions in ERISA plans unless the limitations period is unreasonably short (which was not even raised as an issue here) or a "controlling statute" overrides the limitations period. Here, the Court rejected Heimeshoff's argument that the exhaustion requirement implicit in ERISA § 503 displaced the limitations period. In doing so, it dismissed the argument that

plan administrators might be encouraged to delay claims in order to start the "limitations clock" well before the completion of the administrative claims process since ERISA and the DOL regulations already require plan administrators to respond to claims in a prompt fashion. Furthermore, the *Heimeshoff* Court noted, if plan administrators acted in less than good faith in the administration of claims, then lower courts have a wide spectrum of equitable powers to remedy the situation.

Bryan Cave's Perspective. *Heimeshoff* is the latest in a growing line of cases in which the Supreme Court has recognized the supremacy of the plan document over competing policy interests. *See e.g., U.S. Airways, Inc. v. McCutchen,* 133 S. Ct. 1537 (2013)(traditional equitable considerations in ERISA § 502(a)(3) do not override clear and reasonable plan language) and *Kennedy v. Plan Administrator for DuPont Sav. and Investment Plan*, 555 U.S. 285 (2009)(upholding payment of benefits to ex-spouse under unrevoked beneficiary designation despite waiver of benefits in non-QDRO divorce decree). That the plan document is afforded near-sacrosanct status actually favors plan administrators, even if it leads to difficult results on occasion. Following this guiding principle, plan administrators can expressly enforce the reasonable plan terms as written, rather than attempt to make decisions based on policy or equitable considerations.

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