

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

ARTHUR C. JONES : CIVIL ACTION
 :
 v. :
 :
 THE PRUDENTIAL INSURANCE :
 COMPANY OF AMERICA, :
 PRUDENTIAL DISABILITY :
 MANAGEMENT SERVICES : 99-5458

MEMORANDUM AND ORDER

J. M. KELLY, J.

MARCH , 2000

Presently before the Court is a Motion to Remand by the Plaintiff, Arthur Jones (“Jones”). Also before the Court is a Motion to Dismiss by the Defendant, Prudential Insurance Company of America (“Prudential”). For the following reasons, the Motion to Remand is denied and the Motion to Dismiss is granted.

I. BACKGROUND

Accepting as true the facts alleged in the Plaintiff’s Complaint and all reasonable inferences that can be drawn there from, the facts of the case are as follows. Jones was employed at LNP Engineering Plastics, Inc. (“LNP”) as an extruder operator when he was diagnosed with Endolymphatic Hydrops, or Meniere’s disease and positional vertigo. As a result, on August 18, 1995, he left work on short-term disability status, receiving benefits for six months from Cigna Insurance Company. Thereafter, Jones applied for and Prudential approved long-term disability benefits pursuant to his group disability benefit policy. Prudential provided such benefits according to a collective bargaining agreement between LNP and Jones’ union, the United Steel Workers of America (“Steel Workers”). The Defendant commenced paying benefits on February 16, 1996 at a rate of \$1,098.93 net per month and continued to do so for approximately three

years. Then, on February 24, 1999, Prudential informed Jones that it had erred in evaluating his benefits claim and that it would not pay any further benefits.

Jones, through his attorney, twice appealed the termination of his benefits to Prudential, and twice the Defendant upheld its decision. He could have appealed this decision a final time to the “Appeals Committee,” but instead filed suit in the Chester County Court of Common Pleas. Jones filed his Complaint on or about September 28, 1999 and Prudential timely removed the action to this Court pursuant to 28 U.S.C. § 1441 (1994), alleging original jurisdiction based on 28 U.S.C. § 1331. Thereafter, the Plaintiff filed the instant motion to remand alleging his claims are based on state law and therefore the Court lacks original or removal jurisdiction. Prudential also filed the instant motion to dismiss, alleging Jones’ state law claims are preempted by the Employee Retirement Income Security Act (“ERISA”), 29 U.S.C. §§ 1001-1461, or alternatively by the Labor Management Relations Act (“LMRA”), 29 U.S.C. §§ 141-197.

II. DISCUSSION

A. Plaintiff’s Motion to Remand

1. Standard of Review

Generally, a defendant may remove a civil action filed in state court when the federal court could have original jurisdiction over the matter. See 28 U.S.C. § 1441(b); Boyer v. Snap-On Tools Corp., 913 F.2d 108, 111 (3d Cir. 1990). Upon removal, however, the district court may remand the case to state court if there has been a procedural defect in the removal or if the court lacks subject matter jurisdiction. See 28 U.S.C. § 1447(c); Township of Whitehall v. Allentown Auto Auction, 966 F. Supp. 385, 386 (E.D. Pa. 1997). Upon a motion to remand, the removing party has the burden of establishing the propriety of removal. See Boyer, 913 F.2d at

111; Orndorff v. Allstate Ins. Co., 896 F. Supp. 173, 174 (M.D. Pa. 1995); Corwin Jeep Sales & Serv. Inc. v. American Motors Sales Corp., 670 F. Supp. 591, 595 (E.D. Pa. 1986). Removal jurisdiction is to be strictly construed, with all doubts as to its propriety to be resolved in favor of remand. See Orndorff, 896 F. Supp. at 175 n.3; Corwin, 670 F. Supp. at 592.

2. Federal Question Jurisdiction

In determining federal question jurisdiction, district courts are guided by the well-pleaded complaint rule. This rule provides that a cause of action “arises under” federal law only if a federal question is presented on the face of the complaint. See Franchise Tax Bd. v. Construction Laborers Vacation Trust, 463 U.S. 1, 9-12 (1983). In Metropolitan Life Insurance v. Taylor, 481 U.S. 58 (1987), however, the Supreme Court recognized a corollary to the well-pleaded complaint rule which states that “Congress may so completely preempt a particular area that any civil complaint raising this select group of claims is necessarily federal in character.” Id. at 63-64. The Metropolitan Life Court went on to find that claims that fall under § 502(a)(1)(B) of ERISA, 29 U.S.C. § 1132(a)(1)(B), come within the complete preemption exception to the well-pleaded complaint rule. See id. at 65-66. If a state law claim duplicates a cause of action set forth in § 502(a)(1)(B), that claim is completely preempted and there is federal removal jurisdiction pursuant to § 1441. See McDonald v. Damian, 56 F. Supp. 2d 574, 575 (E.D. Pa. 1999); Huss v. Green Spring Health Servs., Inc., No. 98-6055, 1999 WL 225885, at *2 (E.D. Pa. Apr. 16, 1999).¹ Accordingly, the relevant question is whether Jones’s claims fall within the

¹ It should be noted that complete preemption pursuant to ERISA § 502(a)(1)(B) is distinguishable from preemption under ERISA § 514. Compare 29 U.S.C. § 1132, with id. § 1144. The United States Court of Appeals for the Third Circuit held in Joyce v. RJR Nabisco Holdings Corp., 126 F.3d 166 (3d Cir. 1997), that the former is relevant to determining jurisdiction, while the latter constitutes a defense to state law claims. See id. at 170. Section

scope of § 502(a)(1)(B).

To determine whether Jones's claims fall under § 502(a)(1)(B) and therefore are preempted, the Court must first determine whether his group disability benefit policy is an ERISA-covered plan. See 29 U.S.C. § 1002(1). ERISA defines an employee welfare benefit plan as:

[A]ny plan, fund, or program which was heretofore or is hereafter established or maintained by an employer or by an employee organization, or by both, to the extent that such plan, fund or program was established or is maintained for the purpose of providing for its participants or their beneficiaries, through the purchase of insurance or otherwise, (A) medical, surgical, or hospital care or benefits, or benefits in the event of sickness, accident, disability, death or unemployment, or vacation benefits, apprenticeships or other training programs, or day care centers, scholarship funds, or prepaid legal services, or (B) any benefit described in section 186(c) of this title (other than pensions on retirement or death, and insurance to provide such pensions).

29 U.S.C. § 1002(1). Jones alleges in his Complaint, inter alia, that he was provided “group disability benefits from Defendant pursuant to a Collective Bargaining Agreement between his employer . . . and his union” Plaintiff’s Complaint, ¶ 4, at 2. Based on his own allegations, it appears that LNP and the Steel Workers, an employer and an employee organization respectively, established a plan that provided Jones with disability benefits. This satisfies the definition set forth at § 1002(1) and as such, the Court finds that this plan is an employee welfare benefit plan under ERISA. Therefore, if Jones’s claims fall under § 502(a)(1)(B), they are preempted by ERISA and were properly removed to this Court.

Section 502(a)(1)(B) of ERISA provides that “[a] civil action may be brought . . . by a

514, therefore, is not implicated in Jones’s motion to remand as Prudential’s defenses are not relevant to the jurisdictional issues presented in the instant motion. As discussed below, however, § 514 is implicated in Prudential’s motion to dismiss.

participant or beneficiary . . . to recover benefits due to him under the terms of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future benefits under the terms of the plan.” 29 U.S.C. § 1132(a)(1)(B). In his Complaint, Jones sets forth two counts: “Estoppel/Waiver” and “Total Disability.” In Count I, Jones asserts that he justifiably relied on Prudential for long-term disability coverage, that it waived its right to deny coverage by failing to conduct a thorough investigation of his disability claim and that it is estopped from raising defenses to its denial of coverage. Count II raises the question of whether Jones is disabled, as defined by Prudential, for the purpose of determining benefits eligibility. Jones asserts that these claims do not raise a federal question, nor does a federal question appear on the face of his well-pleaded Complaint. The complete preemption doctrine, however, may not be evaded simply by omitting applicable federal law and claiming to assert only state causes of action. See Huss, 1999 WL 225885, at *4. “The substance, not the form, of the claims determines [whether] the claims are preempted under § 502.” Id.

Applying this principle to the instant case, it is clear that the substance of Jones’s claims is wrongful denial or termination of disability benefits. Count I complains that Prudential has no right to deny him coverage under the plan. Under that Count, he seeks reinstatement of his disability benefits, payment of back benefits due and an order estopping Prudential from asserting any coverage defenses. Count II alleges that Jones qualifies as disabled and requests a declaration of such by the Court as well as an order that Prudential has a duty to reinstate his benefits. While Jones’s Complaint is silent as to ERISA, all of his claims are based on Prudential’s denial of disability plan benefits. Put another way, his claims are “to recover benefits due to him under the terms of his plan, to enforce his rights under the terms of the plan,

[and] to clarify his rights to future benefits under the terms of the plan.” 29 U.S.C.

§ 1132(a)(1)(B). Accordingly, the Court finds that Jones’s claims fall within § 502(a)(1)(B) of ERISA and are completely preempted.² The motion to remand is therefore denied.

B. Motion to Dismiss

1. Standard of Review

In considering whether to dismiss a complaint for failing to state a claim upon which relief can be granted, the court may consider those facts alleged in the complaint as well as matters of public record, orders, facts in the record and exhibits attached to the complaint. See Oshiver v. Levin, Fishbein, Sedran & Berman, 38 F.3d 1380, 1391 (3d Cir. 1994). The court must accept those facts as true. See Hishon v. King & Spalding, 467 U.S. 69, 73 (1983). Moreover, the complaint is viewed in the light most favorable to the plaintiff. See Tunnell v. Wiley, 514 F.2d 971, 975 n.6 (3d Cir. 1975). In addition to these expansive parameters, the threshold a plaintiff must meet to satisfy pleading requirements is exceedingly low; a court may dismiss a complaint only if the plaintiff can prove no set of facts that would entitle him to relief. See Conley v. Gibson, 355 U.S. 41, 45-46 (1957).

2. ERISA § 514 Preemption

In its motion to dismiss, Prudential argues that Jones fails to state a claim upon which relief can be granted because all of his claims are preempted pursuant to § 514 of ERISA, 29 U.S.C. § 1144. Section 514 states that ERISA’s provisions “supersede any and all State law insofar as they may now or hereafter relate to any [qualified] employee benefit plan.” 29 U.S.C.

² Because the Court finds that Jones’s claims are completely preempted by ERISA, it need not address Prudential’s LMRA preemption argument.

§ 1144(a). Numerous courts, including, indirectly, the Third Circuit, have held that claims preempted under § 502(a)(1)(B) are necessarily preempted under § 514. See In re U.S. Healthcare, Inc., 193 F.3d 151, 160 (3d Cir. 1999), petition for cert. filed, (U.S. Feb. 17, 2000) (No. 99-1383); Rice v. Panchal, 65 F.3d 637, 646 n.10 (7th Cir. 1995); Tiemann v. U.S. Healthcare, Inc., No. CIV. 99-5885, 2000 WL 62304, at *14 (E.D. Pa. Jan. 11, 2000); Huss, 1999 WL 225885, at *6; Lancaster v. Kaiser Found. Health Plan, 958 F. Supp. 1137, 1142 (E.D. Va. 1997). As discussed above, Jones's claims are completely preempted by § 502(a)(1)(B) of ERISA. As such, they are also preempted under § 514 and therefore will be dismissed.³ Dismissal of Jones's claims, however, is without prejudice.

³ Because the Court finds that Jones's claims are completely preempted by ERISA, it need not address the remainder of Prudential's arguments.

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ORDER

AND NOW, this day of March, 2000, in consideration of the Motion to Remand filed by the Plaintiff, Arthur Jones (Doc. No. 4), the Motion to Dismiss filed by the Defendant, The Prudential Insurance Company of America (Doc. No. 3) and the responses of the parties thereto, it is ORDERED:

- (1) The Motion to Remand is DENIED.
- (2) The Motion to Dismiss is GRANTED. The Plaintiff's claims are dismissed without prejudice.

BY THE COURT:

JAMES McGIRR KELLY, J.