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State Law Claims for Short-Term Disability Benefits Not Preempted By ERISA

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A federal district court in Tennessee ruled that ERISA did not preempt state law claims for short-term disability benefits because the short-term disability plan fell under the "payroll practice" exception of ERISA. *LeBlanc v. SunTrust Bank*, No. 3:15-cv-00630 (M.D. Tenn. Aug. 24, 2015). SunTrust provided employees with short-term disability benefits for up to 25 weeks per injury or illness and required employees to be approved for the full 25-week period before they qualified for long-term disability benefits. In 2014, Plaintiff, a former employee of SunTrust, was approved for short-term disability benefits of less than 25 weeks and was subsequently denied an extension. SunTrust terminated Plaintiff after she failed to return to work. Plaintiff sued SunTrust and the administrator of SunTrust's employee benefits plan alleging breach of contract and other causes of action under Tennessee law based on the denial of the balance of the 25 weeks of short-term disability benefits.

Defendants argued that Plaintiff's state law claims should be preempted (and thus her motion to remand to state court denied) because her complaint alleged as part of her damages the potential loss of long-term disability benefits. The Court rejected Defendants' argument and held that the Complaint's mere mention of long-term disability benefits, which are governed by ERISA, did not trigger preemption where Plaintiff did not apply for or receive a denial of long-term benefits or seek damages from the long-term disability plan's assets.

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