



# Black & Decker v. Nord, 538 U.S. 822 (2003)

Topics Covered: Health Plan Coverage, Employment

## **Outcome: Very Unfavorable**

### **Issue**

The issue in this case was whether the administrator of an employee benefit plan, operating under a conflict of its own interests with the interests of the plan beneficiaries, must give a reason if it is to overrule the medical evaluation of a treating physician.

### **AMA Interest**

The AMA believes that employee benefit plans should be administered for the benefit of the employees in the plan.

### **Case Summary**

Kenneth Nord had degenerative disc disease in his back. As a result, his primary treating physician determined that he was incapable of performing his job duties. Nord applied for disability benefits under the Black & Decker Disability Plan, which Black & Decker both funded and administered. Metropolitan Life Insurance Company (MetLife) helped Black & Decker evaluate claims.

Black & Decker initially denied Nord's disability claim, and Nord appealed. In conjunction with the appeal, MetLife had an independent neurologist review Nord's claims. The neurologist agreed with the diagnosis of Nord's disease but found that Nord could perform his job, provided that he took pain reduction medication. After the review, MetLife recommended denial of Nord's claim, and the plan administrator accepted that recommendation. No reason was given for following the evaluation of the neurologist, rather than that of Nord's treating physician.

Nord brought suit in the United States District Court for the Central District of California, claiming that the denial of disability benefits violated ERISA §404, which requires that "a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries." Nord contended that, because the plan administrator was conflicted and, without explanation, disregarded the recommendation of Nord's treating physician, it had violated this statute. The district court granted summary judgment in favor of the disability plan, holding that it was within its discretion to deny the disability benefits. Nord appealed to the Ninth Circuit Court of Appeals.

The Ninth Circuit reversed the district court and ordered the disability payments. The Ninth Circuit noted that Black & Decker was operating under a conflict of interests, in that it was both

the funding source and, through its employee, the plan administrator. Consequently, it said, the administrator must defer to the claimant's treating physician unless it gives "specific, legitimate reasons for doing so that are based on substantial evidence in the record."

Black & Decker appealed to the Supreme Court of the United States, which reversed the Ninth Circuit. The Court held that neither the ERISA statute nor its regulations required the treating physician rule, as articulated by the Ninth Circuit. Further, the Court stated that the establishment of such a rule should be within the prerogative of the United States Department of Labor, rather than the courts.

### **Litigation Center Involvement**

The Litigation Center filed an amicus curiae brief in the Supreme Court, arguing that under accepted principles of law and of medical practice, the plan administrator should, in this situation, have been required to justify his decision to overrule the treating physician.

United States Supreme Court brief