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Medina v. Catholic Health Initiatives

United States Court of Appeals, Tenth Circuit - December 19, 2017 - 877 F.3d 1213

Retirement plan participant brought putative class action against her employer, a nonprofit organization created to carry out the Roman Catholic Church's healing ministry which operated hospitals and other healthcare facilities, the plan administrator, and individual plan fiduciaries, alleging the plan was not an exempt church plan under Employee Retirement Income Security Act (ERISA) and so should have complied with ERISA's reporting and funding requirements, and that ERISA's church-plan exemption violated the Establishment Clause.

The United States District Court denied participant's motion for partial summary judgment and granted summary judgment to defendants. Participant appealed.

The Court of Appeals held that:

- Employer was associated with a church, as required for ERISA's church plan exemption to apply;
- Plan administrator maintained the plan for the benefit of employer's employees, as required for ERISA's church plan exemption to apply;
- Plan administrator was a principal-purpose organization within meaning of ERISA exemption for church plans maintained by a principal-purpose organization;
- Plan administrator was also associated with a church, as required for ERISA's church plan exemption to apply;
- Substantially all plan participants were employees of a church or associated organization, as required for ERISA's church plan exemption to apply;
- Avoiding was plausible secular purpose for ERISA's church plan exemption;
- ERISA's church plan exemption did not convey an impermissible message that religion was favored or preferred; and
- ERISA's church plan exemption avoided the excessive entanglement with religion that would likely occur in its absence.

Tax-exempt nonprofit organization that operated hospitals and other healthcare facilities was associated with a church, as required for retirement plan the nonprofit offered its employees to qualify as a church plan exempt from ERISA; the nonprofit was the civil-law counterpart of an entity that, under the Roman Catholic Church's canon law, was regarded as an official part of the Catholic Church, as the Vatican approved the entity's canonical statutes, which were analogous to a corporation's articles of incorporation, and it was accountable to the Vatican in several ways, and the nonprofit's articles of incorporation provided that it was organized and operated exclusively for the benefit of, to perform the functions of, and/or to carry out the religious, charitable, scientific, and education purposes of the canonical entity.