SUPREME COURT OF THE UNITED STATES

No. 91–1326

THE DISTRICT OF COLUMBIA AND SHARON PRATT KELLY, MAYOR, PETITIONERS *v.* THE GREATER WASHINGTON BOARD OF TRADE

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA CIRCUIT

[December 14, 1992]

JUSTICE THOMAS delivered the opinion of the Court.

The District of Columbia requires employers who provide health insurance for their employees to provide equivalent health insurance coverage for injured employees eligible for workers' compensation benefits. We hold that this requirement is pre-empted by the Employee Retirement Income Security Act of 1974 (ERISA), 88 Stat. 829, as amended, 29 U. S. C. §1001 *et seq*.

ERISA sets out a comprehensive system for the federal regulation of private employee benefit plans, including both pension plans and welfare plans. A "welfare plan" is defined in §3 of ERISA to include, *inter alia*, any "plan, fund, or program" maintained for the purpose of providing medical or other health benefits for employees or their beneficiaries "through the purchase of insurance or otherwise." §3(1), 29 U. S. C. §1002(1). Section 4 defines the broad scope of ERISA coverage. Subject to certain exemptions, ERISA applies generally to all employee benefit plans sponsored by an employer or employee organization. §4(a), 29 U. S. C. §1003(a). Among the plans exempt from ERISA coverage under §4(b) are those

"maintained solely for the purpose of complying with applicable workmen's compensation laws or unemployment compensation or disability insurance laws." §4(b)(3), 29 U. S. C. §1003(b)(3).

ERISA's pre-emption provision assures that federal regulation of covered plans will be exclusive. Section 514(a) provides that ERISA "shall supersede any and all State laws insofar as they may now or hereafter relate to any employee benefit plan" covered by ERISA. §514(a), 29 U. S. C. §1144(a). Several categories of state laws, such as generally applicable criminal laws and laws regulating insurance, banking, or securities, are excepted from ERISA pre-emption by §514(b), 29 U. S. C. §1144(b), but none of these exceptions is at issue here.

Effective March 6, 1991, the District of Columbia Workers' Compensation Equity Amendment Act of 1990, 37 D. C. Register 6890, amended several portions of the District's workers' compensation law, D. C. Code Ann. §§36–301 to 36–345 (1981 and Supp. 1992). Section 2(c)(2) of the Equity Amendment Act added the following requirement:

> "Any employer who provides health insurance coverage for an employee shall provide health insurance coverage equivalent to the existing health insurance coverage of the employee while the employee receives or is eligible to receive workers' compensation benefits under this chapter." D. C. Code Ann. §36–307(a–1)(1) (Supp. 1992).

Under §2(c)(2), the employer must provide such health insurance coverage for up to 52 weeks "at the same benefit level that the employee had at the time the employee received or was eligible to receive workers' compensation benefits." §36–307(a–1)(3).

Respondent Greater Washington Board of Trade, a nonprofit corporation that sponsors health insurance coverage for its employees, filed this action against the District of Columbia and Mayor Sharon Pratt Kelly

seeking to enjoin enforcement of §2(c)(2) on the ground that the "equivalent"-benefits requirement is pre-empted by §514(a) of ERISA. The District Court granted petitioners' motion to dismiss. App. to Pet. for Cert. 21a. Petitioners conceded that §2(c)(2) "relate[s] to" an ERISA-covered plan in the sense that the benefits required under the challenged law "are set by reference to covered employee benefit plans." *Id.*, at 22a. Relying on our opinion in *Shaw* v. *Delta Air Lines, Inc.*, 463 U. S. 85 (1983), however, the District Court held that §2(c)(2) is not pre-empted because it also relates to respondent's workers' compensation plan, which is exempt from ERISA coverage, and because respondent could comply with §2(c)(2) "by creating a `separate administrative unit' to administer the required benefits." App. to Pet. for Cert. 24a (quoting *Shaw*, *supra*, at 108).

The Court of Appeals reversed. 292 U. S. App. D. C. 209, 948 F. 2d 1317 (1991). The court held that pre-emption of §2(c)(2) is compelled by the plain meaning of §514(a) and by the structure of ERISA. *Id.*, at 215–216, 948 F. 2d, at 1323–1324. In the court's view, ERISA pre-empts a law that relates to a covered plan and is not excepted from pre-emption by §514(b), regardless of whether the law also relates to an exempt plan. *Ibid.* The Court of Appeals further concluded that this result would advance the policies and purposes served by ERISA pre-emption. *Id.*, at 217–218, 948 F. 2d, at 1325–1326. By tying the benefit levels of the workers' compensation plan to those provided in an ERISA-covered plan, "the Equity Amendment Act could have a serious impact on the administration and content of the ERISA-covered plan." *Id.*, at 217, 948 F. 2d, at 1325. Because the opinion below conflicts with the Second Circuit's decision in *R. R. Donnelley & Sons Co.* v. *Prevost*, 915 F. 2d 787 (1990), cert. denied, 499 U. S. ___ (1991), which upheld against a pre-emption challenge a Connecticut law substantially similar to §2(c)(2), we

granted certiorari. 503 U. S. ___ (1992). We now affirm.

We have repeatedly stated that a law "relate[s] to" a covered employee benefit plan for purposes of §514(a) "if it has a connection with or reference to such a plan." *Shaw*, *supra*, at 97. *E. g.*, *Ingersoll-Rand Co.* v. *McClendon*, 498 U. S. 133, 139 (1990); *FMC Corp.* v. *Holliday*, 498 U. S. 52, 58 (1990); *Mackey* v. *Lanier Collection Agency & Service, Inc.*, 486 U. S. 825, 829 (1988); *Pilot Life Ins. Co.* v. *Dedeaux*, 481 U. S. 41, 47 (1987); *Metropolitan Life Ins. Co.* v. *Massachusetts*, 471 U. S. 724, 739 (1985). This reading is true to the ordinary meaning of "relate to," see Black's Law Dictionary 1288 (6th ed. 1990), and thus gives effect to the "deliberately expansive" language chosen by Congress. *Pilot Life*, *supra*, at 46. See also *Morales* v. *Trans World Airlines, Inc.*, 504 U. S. ___, ___ (1992) (slip op., at 7). Under §514(a), ERISA pre-empts any state law that refers to or has a connection with covered benefit plans (and that does not fall within a §514(b) exception) "even if the law is not specifically designed to affect such plans, or the effect is only indirect," *Ingersoll-Rand*, *supra*, at 139, and even if the law is "consistent with ERISA's substantive requirements," *Metropolitan Life*, *supra*, at 739.[1]

Section 2(c)(2) of the District's Equity Amendment Act specifically refers to welfare benefit plans regulated by ERISA and on that basis alone is pre-empted. The health insurance coverage that §2(c)(2)

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[1]Pre-emption does not occur, however, if the state law has only a "tenuous, remote, or peripheral" connection with covered plans, *Shaw*, 463 U. S., at 100, n. 21, as is the case with many laws of general applicability, see *Mackey*, 486 U. S., at 830–838, and n. 12; cf. *Ingersoll-Rand*, 498 U. S., at 139.

requires employers to provide for eligible employees is measured by reference to "the existing health insurance coverage" provided by the employer and "shall be at the same benefit level." D. C. Code Ann. §§36–307(a–1)(1) and (3) (Supp. 1992). The employee's "existing health insurance coverage," in turn, is a welfare benefit plan under ERISA §3(1), because it involves a fund or program maintained by an employer for the purpose of providing health benefits for the employee "through the purchase of insurance or otherwise." §3(1), 29 U. S. C. §1002(1).[2] Such employer-sponsored health insurance programs are subject to ERISA regulation, see §4(a), 29 U. S. C. §1003(a), and any state law imposing requirements by reference to such covered programs must yield to ERISA.[3] This conclusion is consistent with *Mackey* v. *Lanier Collection Agency*, which struck down a Georgia law that specifically exempted ERISA plans from a generally applicable garnishment procedure.

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[2]In *Fort Halifax Packing Co.* v. *Coyne*, 482 U. S. 1 (1987), we construed the word "plan" to connote some minimal, ongoing "administrative" scheme or practice, and held that "a one-time, lump-sum payment triggered by a single event" does not qualify as an employer-sponsored benefit plan. *Id.*, at 12. Petitioners do not contend that employers in the District of Columbia provide health insurance for their employees without thereby administering welfare plans within the meaning of ERISA, and petitioners concede that the existing health insurance sponsored by respondent constitutes an ERISA plan. Tr. of Oral Arg. 14.

[3]ERISA does not pre-empt §2(c)(2) to the extent its requirements are measured only by reference to "existing health insurance coverage" provided under plans that are exempt from ERISA regulation, such as "governmental" or "church" plans, see ERISA §§4(b)(1) and (2), 29 U. S. C. §§1003(b)(1) and (2).

486 U. S., at 828, n. 2, and 829–830. It also follows from *Ingersoll-Rand*, where we held that ERISA §514(a) pre-empted a Texas common-law cause of action for wrongful discharge based on an employer's desire to avoid paying into an employee's pension fund. Even though the employee sought no pension benefits, only "lost future wages, mental anguish and punitive damages," 498 U. S., at 136 (internal quotations omitted), we held the claim pre-empted because it was "premised on" the existence of an ERISA-covered pension plan. *Id.*, at 140.

It makes no difference that §2(c)(2)'s requirements are part of the District's regulation of, and therefore also "relate to," ERISA-exempt workers' compensation plans. The exemptions from ERISA coverage set out in §4(b), 29 U. S. C. §1003(b), do not limit the pre-emptive sweep of §514 once it is determined that the law in question relates to a covered plan. See *Alessi* v. *Raybestos-Manhattan, Inc.*, 451 U. S. 504, 525 (1981) ("It is of no moment that New Jersey intrudes indirectly through a workers' compensation law, rather than directly, through a statute called `pension regulation'"). *Shaw* v. *Delta Air Lines, Inc.*, 463 U. S. 85 (1983), does not support petitioners' position. *Shaw* dealt, in relevant part, with a New York disability law that required employers to pay weekly benefits to disabled employees equal to "`one-half of the employee's average weekly wage.'" *Id.*, at 90, n. 4 (quoting N. Y. Work. Comp. Law §204.2 (McKinney Supp. 1982–1983)). We held that this law was not pre-empted by §514(a) because it related exclusively to exempt employee benefit plans "maintained solely for the purpose of complying with applicable . . . disability insurance laws" within the meaning of §4(b)(3), 29 U. S. C. §1003(b)(3). See 463 U. S., at 106–108. The fact that employers could comply with the New York law by administering the required disability benefits through a multibenefit ERISA plan did not mean that the law related to such ERISA plans for

pre-emption purposes. See *id.*, at 108. We simply held that as long as the employer's disability plan, "as an administrative unit, provide[d] only those benefits required by" the New York law, it could qualify as an exempt plan under ERISA §4(b)(3). *Id.*, at 107. Thus, unlike §2(c)(2) of the District's Equity Amendment Act, the New York statute at issue in *Shaw* did not "relate to" an ERISA-covered plan.

Petitioners nevertheless point to *Metropolitan Life Ins. Co.* v. *Massachusetts*, 471 U. S. 724 (1985), in which we described *Shaw* as holding that "the New York Human Rights Law and that State's Disability Benefits Law `relate[d] to' welfare plans governed by ERISA." *Id.*, at 739. Relying on this dictum and their reading of *Shaw*, petitioners argue that §514(a) should be construed to require a two-step analysis: if the state law "relate[s] to" an ERISA-covered plan, it may still survive pre-emption if employers could comply with the law through separately administered plans exempt under §4(b). See Tr. of Oral Arg. 16–17. But *Metropolitan Life* construed only the scope of §514(b)(2)(A)'s safe harbor for state laws regulating insurance, see 471 U. S., at 739–747; it did not purport to add, by its passing reference to *Shaw*, any further gloss on §514(a). And although we did conclude in *Shaw* that both New York laws at issue there related to "employee benefit plan[s]" in general, 463 U. S., at 100, only the Human Rights Law, which barred discrimination by ERISA plans, fell within the pre-emption provision. See *id.*, at 100–106. As we have explained, the Disability Benefits Law upheld in *Shaw*—though mandating the creation of a "welfare plan" as defined in ERISA[4]—did not relate to a welfare plan subject to ERISA regulation. Section 2(c)(2) does, and that is the end of the

[4]"Welfare plans" include plans providing "benefits in the event of sickness, accident, [or] disability." §3(1), 29 U. S. C. §1002(1).

matter. We cannot engraft a two-step analysis onto a one-step statute.

The judgment of the Court of Appeals is accordingly

Affirmed.