

January 17, 2007

Court Rules for Wal-Mart in Maryland Suit

By [MICHAEL BARBARO](#)

A federal appeals court ruled today that Maryland violated federal law when it required [Wal-Mart Stores](#) to increase spending on employee health insurance, in a decision that appears likely to end a bitter yearlong legal battle that pitted state legislators, organized labor and health care advocates against the nation's largest retailer.

The 2-to-1 ruling by a panel of the United States Court of Appeals for the Fourth Circuit is a major setback — if not a fatal blow — for a nascent campaign, called “fair share,” that sought to move millions of America's working poor off of state-sponsored insurance programs, like Medicaid, and on to employer-based plans.

Facing ballooning Medicaid costs, the Maryland state legislature last year passed a law forcing major employers to spend the equivalent of 8 percent of their payrolls on health care. But it structured the legislation so that it was aimed at only one company — Wal-Mart, which has many workers rely on Medicaid in states from Maryland to Georgia.

Encouraged by the Maryland law, the first of its kind in the nation, lawmakers in dozens of other states said they would introduce similar bills to confront spiraling Medicaid costs.

But the appeals court, upholding a lower court ruling, found that the Maryland rule violated a federal labor law intended to allow companies to create a uniform system of health benefits across the country, rather than navigate a patchwork of state-by-state requirements.

By requiring employers in Maryland to restructure insurance plans, the court found, the law “conflicts” with the intent of the federal labor law, known as the Employee Retirement Income Security Act, or ERISA.

The ruling could have wide-ranging implications for the so-called fair share health care legislation under consideration in several states, which has been put on hold while lawmakers awaited a final ruling in the Maryland case. It was not immediately clear whether Maryland officials were planning to appeal the case to the full circuit court or ultimately to the [United States Supreme Court](#).

The lawsuit that overturned the Maryland law was sponsored by the Retail Industry Leaders Association, a Virginia-based trade group of which Wal-Mart is a member.

In an interview, Sandy Kennedy, the trade group's president, said, "The court has a sent a strong message at states looking at similar bills: these violate federal law."

[Copyright 2007 The New York Times Company](#)

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)
