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On Friday, May 18, 2012, the Wayne County Circuit Court dismissed a lawsuit filed by the Teamsters Union seeking over \$80,000.00 in damages against one of its own retirees. After providing more than 30 years of service and earning a pension of \$2,100.00 per month, the Teamsters slapped Basil Vargas with the lawsuit. The Teamsters, who mistakenly paid benefits on behalf of its retiree, sought to hold Mr. Vargas liable for their billing errors. Wayne County Circuit Court Judge Daniel P. Ryan refused to allow the Teamsters to proceed.

Pursuant to the terms of his pension, Mr. Vargas, who retired from Teamsters in 1997, was to be provided health care benefits until age 65 when he became eligible for Medicare benefits. However, shortly after he retired he became eligible for Medicare benefits due to serious health issues. Thereafter, each time Mr. Vargas received medical treatment or prescription medications he provided both his Teamster insurance and Medicare cards to the medical providers.

Eleven years later, Teamsters became aware that Medicare should have been the primary health insurer and that they had mistakenly paid benefits to third party providers. Rather than attempting to reconcile this error with Medicare or seeking reimbursement from the medical providers that Teamsters erroneously

paid, they sued Mr. Vargas for reimbursement.

Prior to trial in this matter counsel for Vargas, Charles E. Clos, successfully argued that the provisions of the Employee Retirement Income Securities Act (ERISA”) governed the case and that under this comprehensive statute, a plan administrator such as Teamsters was precluded from seeking recovery for payment to third party medical providers from the plan participant. In this case, Mr. Vargas’ counsel further argued that recovery is only allowed if the mistaken or overpayments were actually received by the retiree. Here, not only did Mr. Vargas not receive any payments, he was unaware that erroneous payments were being made.

The significance of this ruling is that Teamsters should no longer be able to sue their retirees seeking repayment of benefits the Teamsters mistakenly makes to third party providers.

It is expected that Teamsters will appeal.

For more information, contact Charles E. Clos at Clos, Russell & Wirth, P.C. (734-326-2101) or visit us online at: [www.LawyersMichigan.com](http://www.LawyersMichigan.com).