

# District Court Rulings on Same-Sex Marriage: Implications for Benefit Plans

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By Joseph S. Adams, Todd A. Solomon, Stephen R. Miller and Brian J. Tiemann, of  
McDermott Will & Emery LLP

On July 8, 2010, the U.S. District Court for the district of Massachusetts issued two decisions declaring as unconstitutional the section of the federal Defense of Marriage Act (DOMA) that prohibits recognition of same-sex marriages for purposes of any federal law. Although the Department of Justice (DOJ) was expected to request a stay of the decisions pending an appeal, the decisions could have significant implications for employee benefits plans given the many federally mandated spousal benefits that were previously not required to apply to same-sex marriages in light of DOMA.

## The Equal Protection Decision

*Gill v. Office of Personnel Management* was filed on behalf of eight same-sex couples who are married legally in Massachusetts and three surviving spouses of same-sex marriages performed in the state. Each of the plaintiffs applied for a federal benefit or program that is extended to legal spouses or the surviving spouses of a valid marriage (e.g., spousal benefits under federal income tax laws, employee benefits provided to federal workers and retirees, and Social Security survivor payments) but who were denied the benefit because DOMA prohibited their marriage from being recognized under federal law. The Massachusetts district court found that the government's justifications for DOMA failed to establish a rational relationship between prohibiting federal recognition of same-sex marriages and a legitimate government objective; as a result, same-sex couples were denied equal protection under the laws as guaranteed by the equal protection principles of the Due Process Clause of the Fifth Amendment.

## The Tenth Amendment (States' Rights) Decision

*Massachusetts v. U.S. Department of Health and Human Services* was filed by Massachusetts Attorney General Martha Coakley on behalf of the state. The attorney general argued that DOMA impermissibly denies more than 16,000 same-sex couples who are married legally under Massachusetts law the rights and protections afforded by over 1,100 federal laws through programs such as MassHealth, a Medicaid program that provides health care to low-income residents, and the burial of Massachusetts veterans and their spouses in cemeteries owned and operated by the Massachusetts Department of Veterans Services. In addition, Coakley argued that DOMA interferes with Massachusetts' sovereign authority to define and regulate the marital status of its residents.

The district court ruled that DOMA was unconstitutional because it interferes with the rights of a state to regulate marriage and forces Massachusetts to discriminate against its citizens. According to the district court, "[t]he federal government, by enacting and enforcing DOMA, plainly encroaches upon the firmly entrenched province of the state, and in doing so, offends the Tenth Amendment. For that reason, the statute is invalid."

## Impact on Other DOMA Provisions

The lawsuits challenge only Section 3 of DOMA, which prevents the federal government

from affording pension and other benefits to same-sex couples. The rulings do not address Section 2 of DOMA, which stipulates that no state shall be required to recognize a same-sex relationship that is considered a legal marriage in another state.

### Next Procedural Steps

The DOJ, as the defendant in the cases on behalf of the federal government, was expected to appeal and request a stay of the decisions. If a stay is granted, DOMA will continue to be valid and enforceable pending the outcome of the appeal.

### What Should Employers Do?

Assuming that the DOJ is successful in obtaining a stay of the decisions, employers will need to follow closely the progress of the appeals of these cases (and separate DOMA litigation in California). Presumably, repeal of DOMA would once again cause federal law to defer to state law determinations of otherwise valid marriages. Federal laws governing employee benefit plans would then likely require employers to treat employees' same-sex and opposite-sex spouses equally for purposes of the benefits that the employer extends to spouses. For example:

- **For retirement plans**, employers with pension and 401(k) plans would be required to recognize same-sex spouses for purposes of determining surviving spouse annuities and death benefits under their retirement plans.
- **For health and welfare plans**, items such as the federal income tax treatment of health coverage for an employee's same-sex spouse would change so that employees no longer would have to be taxed on the income imputed for the employer's contribution to the same-sex spouse's coverage, and COBRA continuation would be required to be offered to same-sex spouses. Employers also would be required to permit employees to take family and medical leave to care for the illness of a same-sex spouse.

*Joseph S. Adams is a partner in the law firm of **McDermott Will & Emery LLP** and is based in the firm's Chicago office. He focuses his practice on employee benefits and executive compensation matters for public, private and tax-exempt organizations. **Todd A. Solomon** is a partner in the firm's Chicago office and focuses his practice primarily on designing, amending, and administering pension plans, profit sharing plans, 401(k) plans, employee stock ownership plans, 403(b) plans, and nonqualified deferred compensation arrangements. **Stephen R. Miller** is counsel in the firm's Chicago office and focuses his practice on the area of employee benefit matters for corporations and self-employed individuals. **Brian J. Tiemann** is an associate in the firm's Chicago office and focuses his practice on a variety of employee benefits matters.*

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**Society for Human Resource Management**

1800 Duke Street  
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22314 USA

Phone US Only: (800)  
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Phone International: +1 (703)  
548-3440

TTY/TDD (703)  
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