

COBRA Lawsuit Against Tribal Casino Survives Dismissal

EBIA Weekly (November 13, 2025)

Meistrup v. Standing Rock Sioux Tribe, 2025 WL 2877904 (D.N.D. 2025)

Available at

https://www.govinfo.gov/content/pkg/USCOURTS-ndd-1_25-cv-00162/pdf/USCOURTS-ndd-1_25-cv-00162-0.pdf

A former employee of a casino owned by the Standing Rock Sioux Tribe was terminated while on approved leave for his spouse's medical treatment. He was denied COBRA coverage due to gross misconduct, even though the official reason given for his termination was breach of contract and violation of attendance policies. The employee sued the Tribe, the Tribal Council, and the Tribe's chief financial officer (who was designated the "COBRA insurance plan administrator") to recover lost health benefits under ERISA, alleging that the Tribe's mishandling of his termination and denial of COBRA had delayed and disrupted his spouse's medical care. The Tribe asked the court to dismiss the case, arguing that (1) the lawsuit should have been brought in tribal court rather than federal court because the Tribe had not waived its sovereign immunity, and (2) the employee had not stated facts sufficient to support an ERISA claim.

The court held that, because the Tribe's casino is a commercial enterprise, its health plan is subject to ERISA (and COBRA) and not eligible for exemption as a governmental plan. The court further held that the Tribe's sovereign immunity was abrogated by Congress for ERISA claims involving commercial functions; therefore, federal court, rather than tribal court, was the proper forum for the dispute. Finally, the court held that, because the employee had sufficiently alleged that the Tribe improperly denied COBRA coverage, the ERISA claim could proceed to trial.

EBIA Comment: ERISA's COBRA provisions generally do not apply to a group health plan sponsored by an Indian tribal government if the plan qualifies as a governmental plan. For this exemption to apply, all participants must be employees of the tribal entity, and substantially all of their services must be in the performance of essential governmental functions—not commercial activities such as operating a casino or hotel. Time will tell whether the former employee succeeds with his COBRA claim, but based solely on the facts in the opinion, the Tribe's reliance on COBRA's gross misconduct exception seems shaky at best. For more information, see EBIA's COBRA manual at Sections IV.D ("Indian Tribal Governments") and VII.B.5 ("Gross Misconduct Exception"). See also EBIA's ERISA Compliance manual at Section V.C ("Indian Tribal Governments").

Contributing Editors: EBIA Staff.