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GENERAL MEMORANDUM 25-021

Federal District Court Holds ERISA and COBRA Apply to Claims Related to Tribal Commercial Plans and Limits Tribal Sovereign Immunity Defenses for Such Claims

In *Meilstrup v. Standing Rock Sioux Tribe*, No 1:25-cv-00162, __ F. Supp. 3d __, (D.N.D. 2025) (“opinion”), the United States District Court for the District of North Dakota recently held that a tribally-owned casino’s employee health plan was subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), including its requirements for continuation of COBRA coverage, and that Congress has abrogated tribal sovereign immunity for ERISA claims arising from tribal commercial enterprises. The court further held that federal district court’s have jurisdiction over such ERISA claims, and not tribal courts, and therefore, the former employee-plaintiff sufficiently pled an ERISA violation to survive dismissal.

The case concerns the termination of a senior executive employed by Prairie Knights Casino, a gaming enterprise wholly owned by the Standing Rock Sioux Tribe (“Tribe”). The employee was on approved unpaid leave to assist his spouse during medical treatment when the Tribal Council voted to terminate his employment.

When the employee later sought a continuation of coverage under COBRA, the Tribe’s plan administrator denied coverage on grounds that his termination resulted from “gross misconduct” and no continuation of coverage would be provided. The employee then brought claims in federal district court alleging the Tribe violated ERISA and seeking to recover lost health benefits. The court ruled for the employee, concluding that the Tribe’s operation of a casino is a clear commercial activity, and not an essential governmental function, for purposes of ERISA applicability. Because the employee was substantially engaged in commercial functions in his employment at the Tribe’s casino enterprise, the Tribal health plan at issue was subject to ERISA. *Id.* at 6-7.

The court also addressed the Tribe’s sovereign immunity claim. The court found that because the employee’s claim arose from the Tribe’s administration of a commercial health plan governed by ERISA, the Tribe had waived its sovereign immunity as to the employee’s ERISA claims. *Id.* at 8.

The decision reinforces existing precedent that has held tribal plans covering employees who are substantially engaged in commercial activities are subject to ERISA and its COBRA coverage requirements. The opinion also indicates a continued willingness by federal courts to find ERISA clearly abrogates tribal sovereign immunity when an employee’s claims arise from a commercial plan.

Please let us know if we may provide additional information on the topics addressed above or assistance in evaluating the impact of this opinion on your tribal employee benefits plan.

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