



Joint Employer Claims Are No Longer the Exception — They're the Norm

Twenty years ago, joint employer disputes barely registered on most employers' radar. Courts applied settled tests, and franchisors, management companies, and affiliated entities could reasonably predict where they stood. That world is gone.

In the wake of regulatory shifts, union campaigns, and post-COVID workforce upheaval, joint employer cases are now emerging at a remarkable pace, not just in federal court, but in a steady stream of state court decisions as well. If your organization uses management companies, staffing arrangements, or franchise structures, you need to pay attention.

What's Driving the Surge

The recent decision in *Chavez-DeRemer v. Levering Regional Health Care Center LLC* (E.D. Mo., Aug. 25, 2025) illustrates the trend. The DOL alleged that nursing staff routinely worked through unpaid meal breaks, and that Reliant Care Management Company, the facility's management company, was jointly responsible alongside the healthcare facility. Reliant Care pointed to its management services agreement, which made clear that Levering alone employed the staff. The court wasn't persuaded.

Applying the FLSA's economic realities test, the court found that Reliant Care allegedly set salaries, approved wage increases, designed benefits packages, and processed payroll. Those factors outweighed the contractual disclaimers. The labels in the contract could not overcome the reality of control.

And *Levering* is far from an outlier. In just a single month, courts allowed joint employer claims to proceed under race and pregnancy discrimination (*Martinez-Lopez v. GFA Alabama Inc.*), sex trafficking liability against a hotel franchisor (*Doe v. Hilton Worldwide Holdings Inc.*), and age discrimination against a technology staffing company (*Tysh v. Razor Technology LLC*). Each case applied a different legal standard. Each reached a different stage of litigation. But the throughline is the same: courts are looking past contracts to what actually happens on the ground.

What Employers Should Do Right Now

- **Audit your control points.** Courts examine who sets wages, who processes payroll, who directs policy, and who handles complaints. If your management company or franchisor is doing any of those things, you have exposure.
- **Make compliance programs real.** In *Levering*, the court was influenced by the fact that Reliant Care had a meal break reporting policy on paper, but no time sheets were submitted during the entire audit period.
- **Train your people on boundaries.** Senior leadership may understand the limits, but managers and field staff may not. An overzealous HR staffer or franchise consultant who exerts too much control can create liability for the entire organization.
- **Prepare for longer litigation.** Courts are increasingly reluctant to dismiss joint employer claims at summary judgment. Discovery and trial are becoming more common, raising both costs and risks.

The bottom line: what matters most is not what the contract says, but what the company actually does. Employers that want to weather this storm must align form with reality, limit unnecessary control, and continually monitor compliance.

For further information on these developments, please contact [Ved Chitale](#).