

Andre v. Salem Technical Services and Stepan Company

(United States District Court for the Northern District of Illinois, Eastern Division, 797 F. Supp 1416 (N.D. Ill 1992))

When Steven Andre went to work for Salem Technical Services, he was informed in writing that:

1. His coverage under the group health plan would be effective on 02/02/91 (exactly one month from his hire date).
2. If he wished to participate in the insurance program, he needed to fill out information on a Prudential Insurance Request, and an insurance package would be forwarded to him.
3. He would be automatically eligible for the plan. If he did not wish to participate, he would have to reject coverage by completing a rejection of coverage form.

On January 14, 1991, Andre elected COBRA through his former employer, Stepan Company, and paid for coverage through January 31. He did not pay for February's coverage. From February 17 to 24, Andre took a week-long bereavement leave to attend his mother's funeral. On February 26, Andre suffered a heart attack and spent the next six days in the hospital. At the time of his hospitalization, Andre believed he was covered under Salem's plan.

On March 4, 1991, Andre learned that because he had not completed a form that had been mailed to him by Prudential, he never became covered under Salem's plan. That same day, Andre contacted Stepan Company to see if it was possible to reinstate his COBRA coverage. Stepan indicated it would look into the matter and get back to him. On March 12, not having heard from them, Andre sent a check for the premium to Stepan Company. On March 22, Stepan returned Andre's check and refused to re-enroll him in the plan.

One of the contentions Andre made was that the material provided to him by Salem Technical Services clearly led him to believe he did everything he needed to do to be covered by the plan. The court ruled that though it was confusing, the material Andre received did not obligate Salem to provide benefits without the additional paperwork required for enrollment.

In regard to Andre's suit against Stepan Company, the judge ruled Andre's inquiry on March 4 was timely enough to allow Andre's reinstatement of COBRA coverage. The court found that, since Andre called Stepan on March 4, it was reasonable to assume he would have tendered a check the same day, had Stepan informed him that he could have done so. The question for the court then became whether payment on March 4 would have been timely enough to allow Andre's reinstatement of COBRA. The grace period for Andre's coverage normally would have ended on Saturday, March 2 (30 days from the beginning of the coverage period and, in this case, the date due). Invoking Rule 6(a) of the Federal Rules of Civil Procedure (regarding when an affected period ends on a Saturday, Sunday or legal holiday, and the necessity to carry over that period to the next day, which is not one of the aforementioned days), the Court ruled that payment on Monday, March 4 would have been timely and ordered Stepan to provide the coverage for Andre.