

# COBRA Ending Events

## Geissal v. Moore Medical Corp., et al.

118 S. Ct. 1869 (1998)

James Geissal was an employee of Moore Medical Corporation (Moore). While employed, he was covered under Moore's group health plan and his wife's plan through her employer, Trans World Airlines (TWA). Upon Geissal's termination, he was notified of his COBRA rights. He elected COBRA and began paying premiums. After Moore had collected premiums for six months, the company informed Geissal that it had made a mistake. Moore said that Geissal was not eligible for COBRA because of his other coverage through the TWA plan. Geissal filed suit.

In district court, the judge found for Moore, ruling that Geissal was not eligible for COBRA. The judge held that an employee with coverage under another group health plan as of the date he or she elects COBRA is ineligible for the COBRA coverage. Using the language of the statute, the court concluded that even when a Qualified Beneficiary has other coverage prior to an election of COBRA, the moment he elects is when he *"first becomes, after the date of the election — covered under any other group health plan..."*

The court also indicated that there was not a *"significant gap"* between the coverages offered by Moore and TWA. A *"significant gap"* means that the Qualified Beneficiary would have been left with major out-of-pocket medical expenses without having had both the COBRA coverage and the coverage under another group health plan. Prior to the district court's decision, Geissal died, and his wife, Bonnie Geissal, continued the litigation. She appealed the lower court's ruling, and the Eighth Circuit Court of Appeals affirmed the decision of the district court. Bonnie Geissal then appealed to the Supreme Court of the United States.

The Supreme Court agreed to hear the case, *"to resolve a conflict among the Circuits on whether an employer may deny COBRA continuation coverage under its health plan to an otherwise eligible beneficiary covered under another group health plan at the time he elects coverage under COBRA."*

The *"first becomes"* language was the primary area of consideration for the court. The nine justices reached a unanimous decision in favor of Geissal. The court decided that coverage already in existence at the time someone elects COBRA does not cause that person to lose eligibility for coverage under COBRA. Justice Souter, writing the opinion for the high court, stated, *"So far as this case is concerned, what is crucial is that (the statute) does not speak in terms of 'coverage' that might exist or continue; it speaks in terms of an event, the event of 'becom(ing) covered.' This event is significant only if it 'first' occurs at a time 'after the date of election."*

The other item that many hoped would also be resolved in the decision was the parallel issue of Medicare entitlement prior to the date of election. The court stated this: *"...the same comparison would have to be made when the beneficiary was covered under Medicare, which is treated like a separate group plan for present purposes."*

Thus, the existence of other coverage prior to COBRA election does not justify an employer's refusal to offer COBRA coverage.