

### Meadows v. Cagle's, Inc.

(United States Court of Appeals for the Eleventh Circuit, 954 F. 2d. 686 (11th Cir. 1992))

In the autumn of 1988, Cindy Meadows, an employee of Cagle's, Inc., suffered a series of strokes that left her completely disabled. Meadows continued to be regarded as an employee for several months but was finally terminated on August 1, 1989.

On August 4, 1989, Cagle's sent Meadows a COBRA notice. After reviewing the notice, her husband called the plan administrator for more information and was informed that disabled employees were entitled to free coverage for 12 months following a termination of employment. At the expiration of the 12 month free coverage period, the Qualified Beneficiary was entitled to begin COBRA coverage. Mr. Meadows did not elect COBRA coverage at that time. He indicated that his understanding was that the lifetime cap on medical expenses applied to his wife's illness without having to elect COBRA for her.

On July 23, 1990, just seven days before the expiration of the 12 month extended coverage period, Mr. Meadows was appointed legal guardian for his wife and subsequently tried to elect COBRA for her. The plan rejected the election as being late because it was made more than 60 days after receipt of the notice. Mr. Meadows sued Cagle's, seeking COBRA coverage for his wife.

Mr. Meadows argued that the plan administrator had advised him that the plan's lifetime maximum benefit applied to his wife without the need for a COBRA election. The court rejected this argument, stating that the plan document was clear on this point, and oral statements could not override it.

Among other things (including Cindy Meadows's incapacitation and Mr. Meadows not being appointed her legal guardian until near the end of the 12 month extended coverage period), the court focused on the fact that Mr. Meadows misunderstood his options. It noted that Mr. Meadows never received a copy of the SPD (Summary Plan Description). **The court quoted a section of ERISA, which clearly points out that the Summary Plan Description, and any modifications or changes, must be provided to each participant and each beneficiary receiving benefits under the plan.** Since Cagle's did not provide any of this to Mr. Meadows, the court ruled that the COBRA notice requirements were not met, and the election period never began. The court ruled that Mr. Meadows's COBRA election must be honored.