Employer Escapes Liability for Sending COBRA Notice to Employee's Previous Address

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Anaya v. Birck, 2024 WL 2209345 (N.D. Ill. 2024)

As part of a lawsuit alleging wrongful termination and retaliation, a former employee claimed that his employer had failed to notify him of his COBRA rights upon termination. The employer argued that its payroll provider and third-party administrator (TPA) had sent a COBRA election notice in a timely manner to the employee's address on file. The employee countered that the notice was sent to a prior address, even though the employer knew that he had moved and had mailed his termination letter to the new address. The employee admitted that he could not recall submitting an updated W-4 payroll withholding form reflecting his new address and, although he stated that he had logged into the TPA's system to change his address after the move, his last paystub reflected the prior address.

The court ruled that the employer fulfilled its COBRA obligation by directing the TPA to mail the notice to the address on file. Citing another decision in a similar case, the court explained that—despite the employer's alleged knowledge of the employee's move—the employer was not obligated to update the address in its system on its own accord. Thus, the court ruled in the employer's favor on the COBRA claim without a trial.

EBIA Comment: Despite the favorable outcome for this employer (not all cases turn out so well), this case highlights the importance of maintaining current and accurate address information for employees and qualified beneficiaries. It also reminds employers and TPAs with multiple record systems to ensure that addresses are consistent across all systems. As a further safeguard, employers may wish to ask departing employees to confirm their current addresses in writing and then immediately forward those addresses to the entity responsible for providing COBRA notices. Employers should also consider developing specific change of address procedures and communicating them in writing to employees and qualified beneficiaries. For more information, see EBIA's COBRA manual at Section XVIII.J ("Sending the Election Notice and Proving It Was Sent")

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