



Fast Food Giant Settles Class Action Lawsuit Over Noncompliant COBRA Notice

McDonald's Corporation has agreed to settle a class action lawsuit brought by nearly 9,000 former employees over the restaurant chain's allegedly noncompliant COBRA notice, which may have violated ERISA by failing to provide plan participants and beneficiaries with adequate notice of their right to continue their employer-sponsored health insurance following the occurrence of a "qualifying event," such as termination of employment.

The former employees asserted that, instead of using the Department of Labor's Model COBRA Notice, which is considered to be a "safe harbor" for compliance purposes, the restaurant chain allegedly opted to break its COBRA notice into multiple documents, mailing them separately with bits and pieces of valid COBRA information, but still missing a substantial amount of required information. For example, the restaurant chain's COBRA notice failed to include an address indicating where former employees' COBRA premiums should be mailed. It also did not include a physical election form to be completed by former

employees, nor did it explain how to enroll for COBRA coverage. Instead, it directed former employees to a “catch all” Human Resources telephone number where current and former employees can call with questions about anything benefit-related, including questions about the restaurant chain’s 401(k) plan. Moreover, the restaurant chain’s COBRA notice contained no instructions on how to actually enroll for COBRA coverage if a former employee called the telephone number.

Rather than including all the information required by law in a single COBRA notice, written in a manner calculated to be understood by the average plan participant, the restaurant chain’s COBRA notification process instead allegedly offered only part of the legally required information in a haphazard and piece-meal manner. This, the former employees asserted, was intentionally designed to deter them from enrolling for COBRA coverage. Consequently, the former employees sued, seeking appropriate equitable relief, statutory penalties in the amount of \$110.00 per day for each former employee who was sent the restaurant chain’s COBRA notice, attorneys’ fees, costs, and expenses.

Denying that it had engaged in any wrongdoing, the restaurant chain agreed to resolve this action through settlement because of the substantial expense of litigation and the length of time necessary to resolve the issues presented in the case. As a result, the nearly 9,000 members of the class who received the allegedly noncompliant COBRA notices between December 15, 2017, and February 9, 2021, will each receive one-time payments ranging from \$7 to \$10.

McDonald’s is not the only major company to become embroiled in COBRA litigation. In 2022 alone, Home Depot, Costco, and Fiat Chrysler all reached settlements stemming from COBRA notice litigation.

[Full text of complaint in Johnson v. McDonald’s Corporation, 1:21-cv-24339 \(S. D. Fla. Dec. 15, 2021\) \(ClassAction.org\)](#)

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