

# UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

## Mehen v. Delta Airlines, Inc.

297 F. App'x 621 (9th Cir. 2008) · Decided October 24, 2008

### SUMMARY

The Ninth Circuit affirmed the district court's use of abuse-of-discretion review in an ERISA action challenging the termination of disability benefits. The court held that the plan granted discretionary authority to the administrator, and concluded that the termination of benefits and denial of extended COBRA coverage were not abuses of discretion.

### CASE DETAILS

|                    |                                                                                                                                                                                                                                                                                                                                          |
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| COURT              | United States Court of Appeals for the Ninth Circuit                                                                                                                                                                                                                                                                                     |
| JURISDICTION       | Federal                                                                                                                                                                                                                                                                                                                                  |
| DECIDED            | October 24, 2008                                                                                                                                                                                                                                                                                                                         |
| DISPOSITION        | affirmed                                                                                                                                                                                                                                                                                                                                 |
| PROCEDURAL POSTURE | Mehen appealed the district court's judgment upholding the termination of her disability benefits and the denial of an extension of her COBRA benefits.                                                                                                                                                                                  |
| STANDARD OF REVIEW | The court reviews an ERISA plan administrator's benefit determination for abuse of discretion when the plan grants the administrator discretionary authority to determine eligibility or construe plan terms. Under that standard, the decision is upheld if it is grounded on any reasonable basis and is not arbitrary and capricious. |
| PRECEDENTIAL VALUE | unpublished and nonprecedential under 9th Cir. R. 36-3                                                                                                                                                                                                                                                                                   |
| PARTIES            | Dana Mehen v. Delta Airlines, Inc., Delta's long-term disability plans                                                                                                                                                                                                                                                                   |

### TOPICS

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### PRACTICE AREAS

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### QUESTIONS PRESENTED

1. Whether the district court applied the correct standard of review to the termination of Mehen's ERISA disability benefits.
2. Whether an administrator's alleged conflict of interest or procedural violations required de novo review.
3. Whether the plan administrator abused its discretion by terminating Mehen's disability benefits.
4. Whether the plan abused its discretion by denying Mehen's request for an extension of COBRA benefits.

#### **HOLDINGS**

1. When an ERISA plan grants the administrator discretionary authority to determine eligibility for benefits or construe plan terms, the court reviews the administrator's decision for abuse of discretion rather than de novo.
2. A conflict of interest or procedural irregularity does not ordinarily require de novo review when the plan grants discretionary authority; instead, those circumstances are weighed in determining whether the administrator abused its discretion.
3. The plan administrator did not abuse its discretion by terminating Mehen's disability benefits because the decision was not arbitrary and capricious and had a reasonable basis in the record.
4. The plan did not abuse its discretion by denying Mehen's request for an extension of COBRA benefits because the qualifying event did not occur within the initial 18-month COBRA period and Mehen failed to provide notice within the plan's required 60-day period.

#### **KEY QUOTATIONS**

*"The proper standard of review depends on the language of the plan."* (621)

*"But if the plan does confer discretionary authority as a matter of contractual agreement, then the standard of review shifts to abuse of discretion."* (621)

*"Abuse of discretion review applies to a discretion-granting plan even if the administrator has a conflict of interest."* (622)

*"A procedural irregularity in processing an ERISA claim does not usually justify de novo review."* (622)

*"A procedural irregularity, like a conflict of interest, is a matter to be weighed in deciding whether an administrator's decision was an abuse of discretion."* (622)

*"Under an abuse of discretion standard, the plan administrator's decision may be set aside only when it is arbitrary and capricious."* (622-23)

*"Thus, as long as the record demonstrates that there is a reasonable basis for concluding that the medical condition was not disabling, the decision cannot be characterized as arbitrary, and we must defer to the decision of the plan administrator."* (623)

#### **FACTUAL BACKGROUND**

Mehen's former employer and its long-term disability plans terminated her disability benefits. The plan granted the administrator broad discretionary authority, including authority to decide eligibility and interpret the plan.

Although the medical evidence concerning Mehen's disability level was conflicting, the administrator concluded that she was not entitled to continued benefits. The plan also denied her request for an extension of COBRA benefits because the qualifying event did not occur within the initial 18-month period and she did not provide timely notice.

#### **PROCEDURAL HISTORY**

Mehen brought an ERISA action against her former employer and its long-term disability plans. The district court reviewed the benefit-termination decisions under an abuse-of-discretion standard and upheld the plan administrator's decisions. The Ninth Circuit affirmed.

#### **DISPOSITION**

affirmed

#### **CASES CITED**

- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 115 (1989)
- Abatie v. Alta Health & Life Insurance Co., 458 F.3d 955, 963, 965, 972 (9th Cir. 2006) (en banc)
- Jordan v. Northrop Grumman Corp. Welfare Benefit Plan, 370 F.3d 869, 875, 879 (9th Cir. 2004)