

Cafeteria Plan (§ 125) Change in Status/Special Enrollment Other Change In Status

Event	Permitted Changes to Salary Reduction Agreement to Reflect:			Comments	Event Applies to the Plan
	Health Plan	Ability to Change Coverage Option	Healthcare FSA		
Changes Due to Government Programs					
Gain eligibility for Medicaid (not gain of premium assistance)	<ul style="list-style-type: none"> Drop coverage for affected individual 	No	<ul style="list-style-type: none"> No change permitted 	Gain of Medicaid with premium tax assistance is a HIPAA special enrollment, see below.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Gain Medicaid premium assistance	<ul style="list-style-type: none"> Enrollment of employee Enrollment of dependent 	Required	<ul style="list-style-type: none"> Enrollment in FSA* Increase in dollar election* 	<p>Employees must be given at least 60 days to exercise special enrollment rights and be permitted to change coverage options.</p> <p>If already enrolled, employee may be able to reduce salary reduction election to reflect lower employer contribution (due to Medicaid premium assistance).</p> <p>*Health FSA option only available if Medicaid premium assistance results in new enrollment in plan.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Loss of Medicaid eligibility	<ul style="list-style-type: none"> Enrollment of employee Enrollment of individual losing coverage 	Required	<ul style="list-style-type: none"> Enrollment in FSA Increase in dollar election 	Employees must be given at least 60 days to exercise special enrollment rights and be permitted to change coverage options.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Gain eligibility for SCHIP (not gain of premium assistance)	<ul style="list-style-type: none"> Enrollment of employee Enrollment of dependent 	Required	<ul style="list-style-type: none"> Enrollment in FSA* Increase in dollar election* 	<p>Employees must be given at least 60 days to exercise special enrollment rights and be permitted to change coverage options.</p> <p>If already enrolled may be able to reduce salary reduction election to reflect lower employer contribution (due to SCHIP premium assistance).</p> <p>*Health FSA option only available if SCHIP premium assistance results in new enrollment in plan.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

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Gain SCHIP premium assistance	<ul style="list-style-type: none"> Enrollment of employee Enrollment of dependent 	Required	<ul style="list-style-type: none"> Enrollment in FSA* Increase in dollar election* 	<p>Employees must be given at least 60 days to exercise special enrollment rights and be permitted to change coverage options.</p> <p>If already enrolled may be able to reduce salary reduction election to reflect lower employer contribution (due to SCHIP premium assistance).</p> <p>*Health FSA option only available if SCHIP premium assistance results in new enrollment in plan.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Loss of SCHIP eligibility	<ul style="list-style-type: none"> Enrollment of employee Enrollment of individual losing coverage 	Required	<ul style="list-style-type: none"> Enrollment in FSA Increase in dollar election 	<p>Employees must be given at least 60 days to exercise special enrollment rights and be permitted to change coverage options.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>Status Changes – these are the only categories of status changes that are permitted</i>					
Gain in eligibility due to employee's change in employment status <ul style="list-style-type: none"> Class (e.g., salaried to hourly) Hours (e.g., part-time to full-time) Union (e.g., non-union to union) 	<ul style="list-style-type: none"> Enrollment of employee Enrollment of dependent 	Select from new options available	<ul style="list-style-type: none"> Enrollment <u>if</u> newly eligible 	<p>May only change election where eligibility for a benefit/plan affected (i.e., if different medical options for salaried and hourly or different contributions, make new elections). If eligibility has not changed (i.e., same FSA plan for salaried and hourly), no FSA change permitted.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Event	Permitted Changes to Salary Reduction Agreement to Reflect:			Comments	Event Applies to the Plan
	Health Plan	Ability to Change Coverage Option	Healthcare FSA		
Reduction in hours of service, where employee expected to average less than 30 hours per week	<ul style="list-style-type: none"> Revocation of coverage 	No	<ul style="list-style-type: none"> No change permitted 	<p>The employee must be in a position that was expected to average at least 30 hours of service per week and there was a change so that the employee will reasonably be expected to average less than 30 hours of service per week. Eligibility for the employer's health plan need not be affected by the change in the expected hours of service.</p> <p>The cancellation of coverage under the employer's health coverage corresponds to the intended enrollment of the employee (and any related individuals) in another plan that provides minimum essential coverage. Coverage under the new plan must be effective no later than the first day of the second month following the month that the employer coverage is cancelled.</p> <p>Employer may rely on a reasonable representation of an employee and related individual who have enrolled or intent to enroll in another plan.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Rehire employee within 30 days of termination¹	<ul style="list-style-type: none"> Reinstatement of old election Denial of reinstatement until the next plan year 	No	<ul style="list-style-type: none"> Reinstatement of previous election Denial of reinstatement until the next plan year 	<p>If another event occurs that permits a change (which must be specified in the plan), then rehired employee may be able to make new selections.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
Rehire employee 30 or more days after termination	<ul style="list-style-type: none"> Enroll employee, allowing new plan selections Reinstatement of previous election Denial of reinstatement until the next plan year 	Yes	<ul style="list-style-type: none"> Enroll employee, allowing new plan selections Reinstatement of previous election Denial of reinstatement until the next plan year 	<p>After 30 days, rehired employees are treated as new employees under the cafeteria plan election rules.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

¹ PPACA's employer shared responsibility requirement includes rules about counting hours for rehired employees. In general, employers must count hours for rehired employees unless the employee is rehired after a break in service of at least 26 weeks for an academic employee. An employer that denies reinstatement for rehired employees could be faced with an employer shared responsibility penalty if an employee who is not reinstated to health insurance is determined to be a full-time employee under PPACA's rules and receives a premium tax credit and/or cost sharing reduction under a qualified health plan purchased in a Marketplace.

Event	Permitted Changes to Salary Reduction Agreement to Reflect:			Comments	Event Applies to the Plan
	Health Plan	Ability to Change Coverage Option	Healthcare FSA		
Dependent gains eligibility under employer's plan (e.g., 27-year old child who is a dependent becomes a full-time student)	<ul style="list-style-type: none"> Enrollment of newly eligible dependent 	Yes	<ul style="list-style-type: none"> Enrollment Increase in dollar election 		<input type="checkbox"/> Yes <input type="checkbox"/> No
Change in residence that causes employee to gain eligibility (e.g., employee moves into an HMO's service area)	<ul style="list-style-type: none"> Enrollment of newly eligible employee and dependents 	Yes	<ul style="list-style-type: none"> No change permitted 	Previously eligible dependents may be added under the tag-along rule in addition to newly eligible spouse and dependents. Employee may only enroll in the plan he/she is newly eligible for. No other changes permitted.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Change in residence that causes employee to lose eligibility (e.g., employee moves out of an HMO's service area)	<ul style="list-style-type: none"> Drop coverage if moving out of network area Change to another similar option 	Yes	<ul style="list-style-type: none"> No change permitted 	HIPAA special enrollment rights may also apply due to a loss in coverage.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Change in residence that causes dependent to gain eligibility	<ul style="list-style-type: none"> Addition of newly eligible dependent 	Yes	<ul style="list-style-type: none"> No change permitted 		<input type="checkbox"/> Yes <input type="checkbox"/> No
Change in residence that causes dependent to lose eligibility	<ul style="list-style-type: none"> Drop coverage for dependent that loses eligibility 	Yes	<ul style="list-style-type: none"> No change permitted 	HIPAA special enrollment rights may also apply due to a loss in coverage.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Government Programs/Legal					
Loss of Medicare Eligibility	<ul style="list-style-type: none"> Enrollment of affected individual 	Yes	<ul style="list-style-type: none"> Enrollment Increase in dollar election 	Not a common event. Could occur if individual entitled to Medicare on the basis of disability or ESRD after a specified recovery period. Could allow employee to add coverage of family members as well under tag-along rule.	<input type="checkbox"/> Yes <input type="checkbox"/> No

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	Health Plan	Ability to Change Coverage Option	Healthcare FSA		
Gain eligibility for premium tax credits in Marketplace	<ul style="list-style-type: none"> No change 		<ul style="list-style-type: none"> No change permitted 	Under current regulations, this is not a status change that would permit an election change.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Drop Medicare Coverage (not loss of eligibility)	<ul style="list-style-type: none"> No change 	No	<ul style="list-style-type: none"> No change permitted 	This is not a change in status that would permit a new election unless there is a loss of eligibility for Medicare. Voluntarily terminating coverage by discontinuing premium payments is not a loss of eligibility.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Lose eligibility for premium tax credits in Marketplace	<ul style="list-style-type: none"> No change 	No	<ul style="list-style-type: none"> No change permitted 	Under current regulations, this is not a status change that would permit an election change.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Event	Permitted Change(s) to Reflect:	Ability to Change Coverage Option	Comments	Event Applies to the Plan
Insignificant decrease	<ul style="list-style-type: none"> Automatic decrease in cost 	No	A cost decrease may be the result of employee action or employer action. The plan document must require the automatic election change in the event of an insignificant cost change.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Significant decrease	<ul style="list-style-type: none"> Enrollment Payment of decreased cost Enrollment of in a more expensive option 	Yes, but limited	<p>The IRS has not provided guidance on what is a “significant” change in coverage. Employers must look at the facts and circumstances to determine if the decrease is significant.</p> <p>Not an “open” enrollment. Only specified changes permitted. For example, if medical cost decreases employee may select a more expensive medical option. The employee may not make other changes such as add dental coverage.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Event	Permitted Change(s) to Reflect:	Ability to Change Coverage Option	Comments	Event Applies to the Plan
Mid-Year Plan Coverage Changes				
Plan coverage improvement (e.g., addition of a new option under the plan)	<ul style="list-style-type: none"> Enrollment Election of improved plan option 	Yes, but limited	Employees may enroll in the option even if they did not previously enroll in another plan option. May enroll dependent(s) not previously covered. Employees enrolled in an existing option may change to the new option. Not an open enrollment. No other changes permitted. For example, if a new option is added to the medical plan, employees may not make changes to other health coverage such as dental or vision.	<input type="checkbox"/> Yes <input type="checkbox"/> No
New plan	<ul style="list-style-type: none"> Enrollment in new plan 	Yes, but limited	May enroll employees and dependents in the new plan. Not an open enrollment. No other changes permitted. For example, if an employer offers dental for the first time, employees may enroll in the dental plan, but may not make changes in other plans such as a new medical plan election.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Significant coverage curtailment without loss of coverage	<ul style="list-style-type: none"> Revocation of election Election of coverage, on a prospective basis, that provides similar coverage 	Yes, but limited	A significant curtailment in coverage is defined as an overall reduction in coverage provided to participants under the plan so as to constitute reduced coverage to participants generally. This includes: a significant increase in employees' plan deductibles, copayments, or out-of-pocket cost-sharing limits. Might involve substantial changes to providers in a network (e.g., 1/3 of the hospitals leave the network), but would not be available for situations such as the loss of a single physician even if that physician is the employee's primary care physician.	<input type="checkbox"/> Yes <input type="checkbox"/> No
Significant coverage curtailment with loss of coverage	<ul style="list-style-type: none"> Election of a similar plan Drop coverage, but only if a similar plan is not available 	Yes, but limited	Curtailment must apply overall and be considered a virtual loss of coverage. This includes: elimination of a benefits option or an HMO ceasing to be available in the coverage area. It could also include reduction in benefits for a specific condition or treatment that participant in undergoing.	<input type="checkbox"/> Yes <input type="checkbox"/> No