SECTION 125
ADMINISTRATORS GUIDE
PERMISSIBLE MID-YEAR
INSURANCE PREMIUM CHANGES

www.flexbank.net ***Phone: 937.299.5515*** *~ Free Phone: 888.677.8373 ~ Fax: 937.299.7992 1250 W. Dorothy Lane, Suite 107, Dayton OH 45409*

Rev. March 2013 This guide is a very general compilation of the rules. It is not a comprehensive representation of the regulations. Future changes and/or clarifications by the IRS may void part or this entire table.

Event	Major Medical	Dental And Vision	Group Term Life, AD&D, and Disability Coverage
#1——Change in Status			
A. Change in Employee's Legal Marital Status			
1. Gain Spouse (marriage) Note: HIPAA special enrollment rights may also apply.	Employee may enroll or increase election for newly-eligible spouse and dependent children (Under IRS "tag-along" rule, preexisting dependents also may be enrolled); coverage option (e.g., HMO to PPO) change may be made; employee may revoke or decrease employee's or dependent's coverage only when such coverage becomes effective or is increased under the spouse's plan.	Same as previous column.	Employee may enroll, increase, decrease, or cease coverage even when eligibility is not affected.
2. Lose Spouse (divorce, legal separation, annulment, death of spouse) (see loss of dependent eligibility below for discussion of dependent eligibility loss following divorce, separation etc.) NOTE: HIPAA special enrollment rights may apply.	Employee may revoke election only for spouse; coverage option (e.g. HMO to PPO) change may be made. Employee may elect coverage for self or dependents who lose eligibility under spouse's plan if such individual loses eligibility as a result of the divorce, legal separation, annulment, or death. (under tag-along rule any dependents may be enrolled so long as at least one dependent has lost coverage under spouse's plan).	Same as previous column.	Employee may enroll, increase, decrease, or cease coverage even when eligibility is not affected.
B. Change in the Number of Employee's Dependents			
1. Gain Dependent (birth, adoption) Note: HIPAA special enrollment rights may also apply	Employee may enroll or increase coverage for newly-eligible dependent (under tag-along rule and any other dependents who were not previously covered may also be enrolled); coverage option (e.g., HMO to PPO) change may be made. Employee may revoke or decrease employee's or dependent's coverage if employee or dependent becomes eligible under spouse's plan.	Same as previous column.	Employee may enroll, increase, decrease, or cease coverage even when eligibility is not affected.
2. Lose Dependent	Employee may drop coverage only for the dependent who loses eligibility; coverage option change may be made.	Same as previous column.	Employee may enroll, increase, decrease, or cease coverage even when eligibility is not affected.

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C. Change in Employment Status of Employee, Spouse, or Dependent That Affects Eligibility			
1. Commencement of Employment by Employee, Spouse, or Dependent (or Other Change in Employment Status) That Triggers Eligibility			
a. Commencement of Employment by Employee or Other Change in Employment Status (e.g., PT to FT, hourly to salaried, etc.) Triggering Eligibility Under Component Plan.	Provided eligibility was gained for this coverage, employee may add coverage for employee, spouse, or dependents and coverage option (e.g., HMO to PPO) change may be made.	Same as previous column	Employee may enroll, increase, decrease, or cease coverage even when eligibility is not affected.
b. Commencement of Employment by Spouse or Dependent or Other Change in Employment Status Triggering Eligibility Under Spouse's or Dependent's Plan.	Employee may revoke or decrease election under employee's, spouse's, or dependent's coverage if employee, spouse or dependent is added to spouse's or dependent's plan; coverage option (e.g., HMO to PPO)change may be made.	Same as previous column.	Employee may enroll, increase, decrease, or cease coverage even when spouse's or dependent's eligibility is not affected.
2. Termination of Employment by Employee, Spouse, or Dependent (or Other Change in Employment-Status) That Causes Loss of Eligibility			
a. Termination of Employee's Employment or Other Change in Employment Status (e.g., unpaid leave, FT to PT, strike, salaried to hourly) Resulting in a Loss of Eligibility.	Employee may revoke or decrease election for employee, spouse or dependent who loses eligibility under the plan. Coverage option change may be made.	Same as previous column.	Employee may, enroll, increase, decrease, or cease coverage even when eligibility is not affected.
b. Termination of Spouse's or Dependent's Employment (or other change in employment status resulting in a loss of eligibility under their employer's plan) Note: HIPAA special enrollment rights may also apply.	Employee may enroll or increase election for employee, spouse or dependents who lose eligibility under spouse's or dependent's employer's plan. Also, coverage option (e.g., HMO to PPO) change may be made. In addition, other previously eligible dependents may also be enrolled under tag-along rule.	Same as previous column.	Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

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***Termination and Rehire Within 30 Days.**	Prior elections at termination are reinstated unless another event has occurred that allows a change (As an alternative, employer may prohibit participation until next plan year.)	Same as previous column.	Same as previous column.
***Termination and Rehire After 30 Days**	Employee may make new elections.	Same as previous column.	Same as previous column
D. Event Causing Employee's Dependent to Satisfy or Cease to Satisfy Eligibility Requirements (also see discussion of gain/loss of eligibility under dependent or spouse's employer's plan)			
1. Event by Which Dependent Satisfies Eligibility Requirements Under Employer's Plan (attaining a specified age, becoming single, becoming a student, etc.)	Employee may enroll or increase election for newly eligible dependent. In addition, other previously eligible dependents may also be enrolled under tag-along rule; coverage option (e.g., HMO to PPO) change may be made.	Same as previous column.	Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.
2. Event by Which Dependent Ceases to Satisfy Eligibility Requirements Under Employer's Plan (attaining a specified age, marriage, ceasing to be a student, etc.)	Employee may decrease or revoke election only for affected dependent; coverage option (e.g., HMO to PPO) change may be made.	Same as previous column.	Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.
E. Change in Place of Residence of Employee, Spouse, or Dependent			
1. Move Triggers Eligibility	Employee may enroll or increase election for newly eligible employee, spouse, or dependent. Also, other previously-eligible dependents may be enrolled under tag-along rule; coverage option (e.g., HMO to PPO) change may be made.	Same as previous column.	Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.
2. Move Causes Loss of Eligibility (e.g., employee or dependent moves outside HMO service area) Note: HIPAA special enrollment rights may apply.	Employee may revoke election or make new election if the change in residence affects the employee's, spouse's, or dependent's eligibility for coverage option.	Same as previous column.	Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected.

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#2——Cost Changes			
A. With Automatic Increase / Decrease in Elective Contributions (including employer motivated changes and changes in employee contribution rates)	Plan may automatically increase or decrease (on a reasonable and consistent basis) affected employees' elective contributions under the plan, so long as the terms of the plan require employees to make such corresponding changes.	Same as previous column.	Same as major medical column.
#3——Significant Cost Changes			
A. Increase	Employee may increase election correspondingly OR may revoke election and elect coverage under another benefit package option providing similar coverage. If no option providing similar coverage is available, employee may revoke election.	Same as previous column.	Same as major medical column.
B. Decrease	Employees may decrease election correspondingly or may elect coverage (even if had not participated before) with decreased cost, and may drop election for similar coverage option. Though unclear, it appears that tag-along concepts may apply.	Same as previous column.	Same as major medical column.
#4——Significant Coverage Curtailment			
A. Without Loss of Coverage	Affected participant may revoke election for curtailed coverage and make new prospective election for coverage under another benefit package option which provides similar coverage.	Same as previous column.	Same as major medical column.
B. With Loss of Coverage	Affected participant may revoke election for curtailed coverage and make new prospective election for coverage under another benefit package option which provides similar coverage or drop coverage if no similar benefit package option is available. Though unclear, it appears that tag-along concepts may apply.	Same as previous column.	Same as major medical column.

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#5——Addition or Significant Improvement of Benefit Package Option			
	Eligible employees (whether currently participating or not) may revoke their existing election and elect the newly-added (or newly improved) option. Though unclear, it appears that tag-along concepts may apply.	Same as previous column.	Same as previous column.
#6——Change in Coverage Under Other Employer Cafeteria Plan or Qualified Benefits Plan			
A. Other Employer Plan Increases Coverage	Employee may decrease or revoke election for employee, spouse, or dependents if employee, spouse, or dependents have elected or received corresponding increased coverage under other employer plan.	Same as previous column.	Same as previous column.
B. Other Employer Plan Decreases or Ceases Coverage	Employee may enroll or increase election for employee, spouse, or dependents if employee, spouse, or dependents have elected or received corresponding decreased coverage under other employer plan. Though unclear it appears that tag-along concepts may apply.	Same as previous column.	Same as previous column.
C. Open Enrollment Under Other Employer Plan / Different Plan Year	Corresponding changes can be made under employer's plan.	Corresponding changes can be made under employer's plan.	Corresponding changes can be made under employer's plan.
#7——FMLA Leave			
A. Employee's Commencement of FMLA Leave	Employee can make same election changes as employee on non-FMLA leave. In addition, an employer must allow an employee on unpaid FMLA leave either to revoke coverage or to continue coverage but allow employee to discontinue payment of his or her share of the contribution during the leave (the employer may recover the employee's share of contributions when the employee returns to work). FMLA also allows an employer to require that employees on paid FMLA leave continue coverage if employees on non-FMLA paid leave are required to continue coverage	Same as previous column.	Same as previous column.

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B. Employee's Return from FMLA Leave	Employee may make a new election if coverage terminated while on FMLA leave. In addition, an employer may require an employee to be reinstated in his or her election upon return from leave if employees who return from non-FMLA leave are required to be reinstated in their elections.	Same as previous column.	Same as previous column.
#8——Changes in 401(k) Contributions			
	No change.	No change.	No change.
#9——HIPAA Special Enrollment Rights			
A. Special Enrollment for Loss of Other Health Coverage	Employee may elect coverage for employee, spouse, or dependent who has lost other coverage. Coverage option change (e.g., HMO to PPO) may be made. Though unclear, it appears that tag-along concepts may apply.	Same as previous column if plan is subject to HIPAA portability rules; otherwise, no change permitted.	No change permitted.
B. Special Enrollment for Acquisition of New Dependent by Birth, Marriage, Adoption, or Placement for Adoption (see subsection K.3.b regarding salary reductions to pay for retroactive coverage when the HIPAA special enrollment is for birth, adoption, or placement for adoption. For marriage, salary reductions may only be changed prospectively.	Employee may elect coverage for employee, spouse, or dependent; coverage option change (e.g., HMO to PPO) may be made. Under the tag-along rule, election of coverage may also extend to previously eligible (but not yet enrolled) dependents.	Same as previous column if plan is subject to HIPAA portability rules; otherwise, no change permitted.	No change permitted.
C. Special Enrollment for Loss of Medicaid or CHIP Coverage (applies beginning April 1, 2009). Note: There is a 60-day special enrollment period for this event.	Employee may elect coverage for employee or dependent who has lost Medicaid or CHIP coverage; coverage option change (e.g., HMO to PPO) may be made. Though unclear, it appears that tag-along concepts may apply.	Same as previous column if plan is subject to HIPAA portability rules; otherwise, no change permitted.	No change permitted.

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D. Special Enrollment Due to Eligibility for State Premium Assistance Subsidy from Medicaid or CHIP (applies beginning April 1, 2009). Note: There is a 60-day special enrollment period for this event.	Employee may elect coverage for employee or dependent who has become eligible for premium assistance subsidy from Medicaid or CHIP; coverage option change (e.g., HMO to PPO) may be made. Though unclear, it appears that tag-along concepts may apply.	Same as previous column if plan is subject to HIPAA portability rules; otherwise, no change permitted.	No change permitted.
E. Special Enrollment Under Health Care Reform Transition Rules (applies for first plan year beginning on or after September 23, 2010). Unclear whether IRS would allow pre-tax funding of retroactive coverage if retroactive special enrollment is required.	Employee may elect coverage for newly eligible employee or dependent; coverage option change (e.g., HMO to PPO) may be made. Though unclear it appears that tag-along concepts may apply.	Same as previous column if plan is subject to HIPAA portability rules; otherwise, no change permitted.	No change permitted.
#10——COBRA Qualifying Events			
COBRA Qualifying Events	Employee may increase pre-tax contributions under employer's plan for coverage if COBRA event (or similar state law continuation coverage event) occurs with respect to the employee, spouse or dependents (such as loss of eligibility for regular coverage due to loss of dependent status or a reduction of hours, etc.) and , if applicable, the individual still qualifies as a tax dependent for health coverage purposes.	Same as previous column.	No change permitted.
#11——Judgment, Decree, or Orders			
A. Order That Requires Coverage for the Child Under Employee's Plan	Employee may change election to provide coverage for the child. Though unclear, it appears that tag-along concepts may apply.	Same as previous column.	No change permitted.
B. Order That Requires Spouse, Former Spouse, or Other Individual to Provide Coverage for the Child	Employee may change election to cancel coverage for the child.	Same as previous column.	No change permitted

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#12——Medicare or Medicaid Entitlement			
A. Employee, Spouse, or Dependent Enrolled in Employer's Accident or Health Plan Becomes Entitled (entitled means enrolled) to Medicare or Medicaid (other than coverage solely for pediatric vaccines)	Employee may elect to cancel or reduce coverage for employee, spouse, or dependent, as applicable.	Though not entirely clear, our reference source believes that an employee should be able to drop dental or vision coverage. But, there is an argument that an employee would be prohibited from dropping such coverages.	No change permitted.
B. Employee, Spouse, or Dependent Loses Eligibility for Medicare or Medicaid (other than coverage solely for pediatric vaccines) Note: In the event of a loss of coverage under Medicaid, HIPAA special enrollment rights may also apply beginning April 1, 2009.	Employee may elect to commence or increase coverage for employee, spouse, or dependent, as applicable. While unclear, tag-along concepts might apply, allowing the employee to add coverage for family members as well.	Though not entirely clear, our reference source believes that an employee should be able to commence or increase dental or vision coverage. But, there is an argument that an employee would be prohibited from electing such coverages.	No change permitted.
Loss of Group Health Coverage Sponsored by Government or Educational Institution. (Note: In the event of a loss of CHIP coverage, HIPAA special enrollment rights may also apply.)	Employee may enroll or increase election for employee, spouse or dependent if employee, spouse or dependent loses group health coverage sponsored by governmental or educational institution. Though the issue is unclear, tag-along concept might apply, allowing the employee who loses individual coverage to add coverage for family members as well.	Same as previous column, although there is an argument that a consistency requirement would prohibit an employee from electing such coverages if only major medical coverage was lost (and not dental and vision coverage) under the governmental or educational institution's plan.	No change permitted.
#13 Pre-Tax HSA Contributions			
	No change.	No change.	No change.