
Welcome! We will begin at 3:00 ET.

There will be no sound until we begin the webinar.

Thank you to the following Assurex Global Partners for sponsoring this event:

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Henderson Brothers, Inc.
- The Horton Group
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- MJ Insurance
- Oswald Companies
- Parker, Smith & Feek, Inc.
- The Partners Group
- R&R Insurance
- RCM&D
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- WA Group
- Watkins Insurance Group
- Woodruff Sawyer
- York International

2024

Mid-Year Election Changes

Presented by Benefit Comply

Assurex Global Partners

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Henderson Brothers, Inc.
- The Horton Group
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- MJ Insurance
- Oswald Companies
- Parker, Smith & Feek, Inc.
- The Partners Group
- R&R Insurance
- RCM&D
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- WA Group
- Watkins Insurance Group
- Woodruff Sawyer
- York International

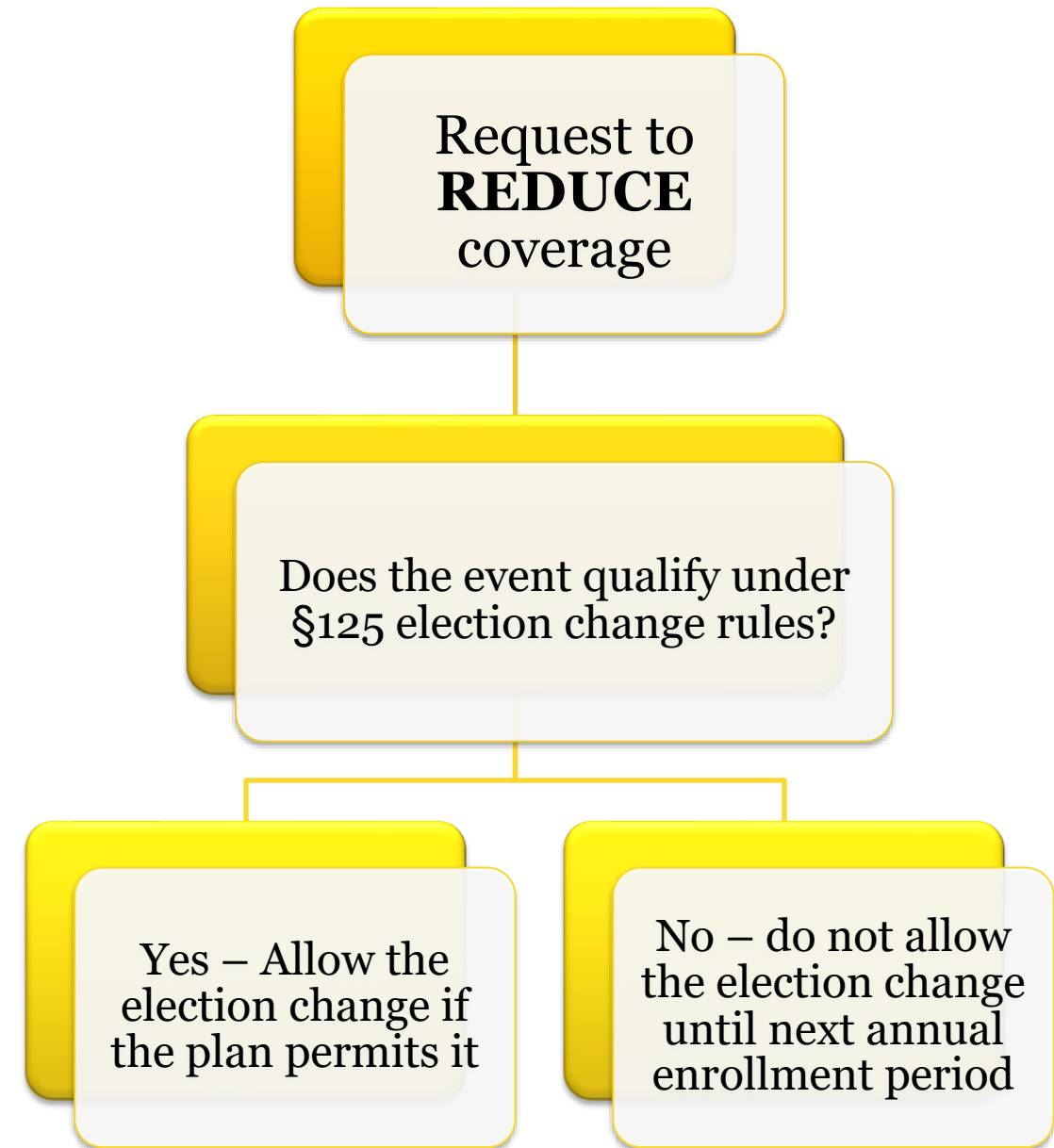
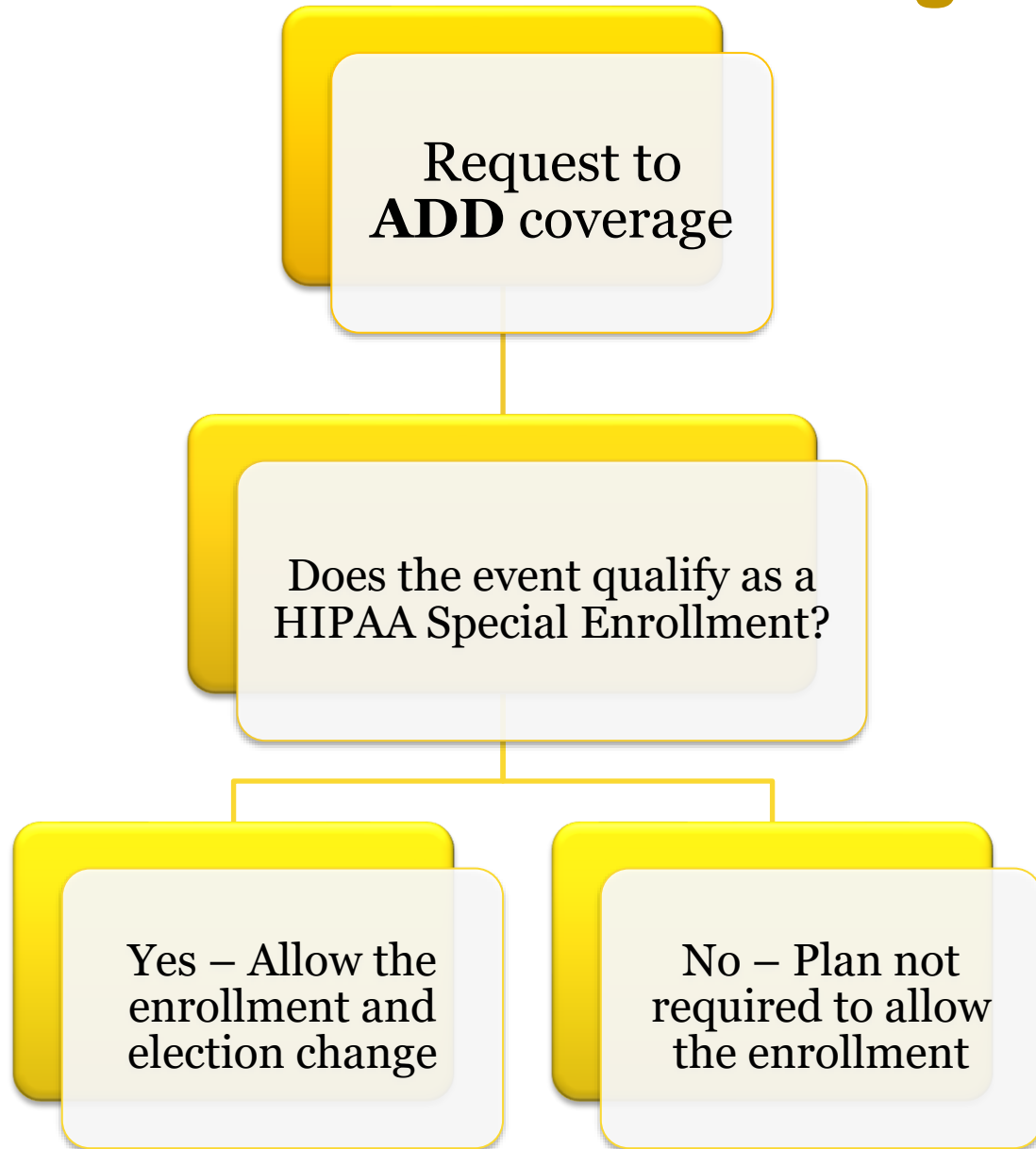
Mid-Year Enrollments

Employee wants to add coverage mid-plan year? Can you tell me if _____ is a qualifying event that would allow enrollment?

Mid-Year Enrollments

- **HIPAA Special Enrollment** events require group health plans, but not excepted benefits, to allow mid-year enrollment
- **§125 Election Change** events permit an individual to make changes to their pre-tax elections mid-year

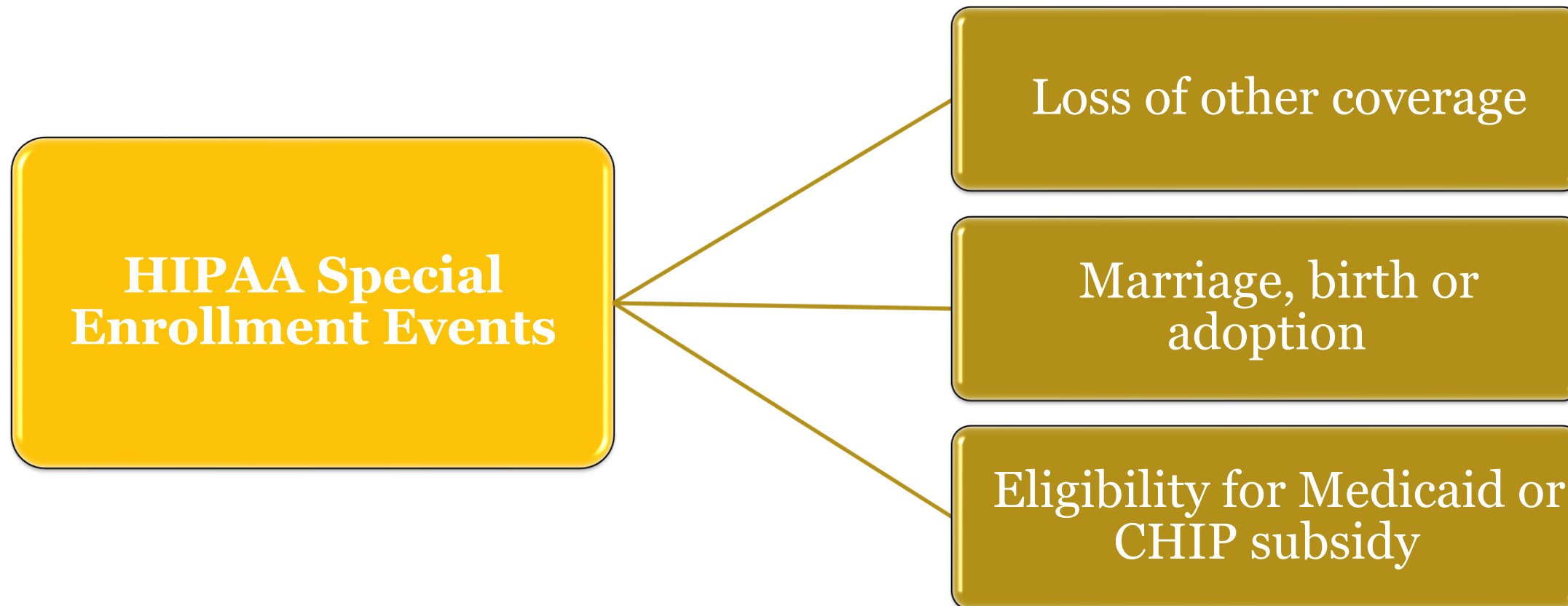
Mid-Year Election Changes



HIPAA Special Enrollments

HIPAA Special Enrollment

- HIPAA Special Enrollment Events
 - Certain events **require** group health plans to allow mid-year enrollment



Loss of Coverage

- Loss of Coverage
 - Includes loss of coverage under a group health plan, individual health plan, Medicaid or CHIP
 - Does not include loss of coverage under TRICARE or Medicare
 - Loss of coverage =
 - Loss of eligibility
 - Does not include voluntary termination of coverage or termination due to nonpayment
 - Termination of all employer contributions
 - Does not include a mere change in the cost of coverage
 - Reaching the participant's COBRA maximum coverage period
 - Does not include voluntarily terminating COBRA coverage

HIPAA Special Enrollment

- Affected Plans
 - Group health plans, but not excepted benefits (e.g., limited-scope dental or vision and health FSA)
 - All benefit packages or options must be available
 - Enrolled employees could potentially switch plans, but accumulators may start over
- Notice Requirements
 - Enrollment must be requested within 30 days of the event (60 days for loss of Medicaid or eligibility for a Medicaid/CHIP subsidy)
- Effective Date
 - Coverage must be available by 1st of the month following receipt of notice, except for birth/adoption (retroactive to date of birth/adoption)

§125 Cafeteria Plans

Cafeteria Plan Basics

- **Tax Savings**

- §125 allows employees to use what would be treated as taxable compensation to purchase certain benefits on a pre-tax basis
- Also provides payroll tax savings for the employer

- **Plan Requirements**

- Must have a written plan document
- Cannot defer income or benefits from one plan year to another
- Benefits must not favor highly compensated or key employees in violation of nondiscrimination rules
- Pre-tax elections must generally be made prospectively and are irrevocable (subject to election change rules)

Cafeteria Plan Election Change Rules

Election Change Rules

#1 Pre-tax elections must be prospective unless for birth/adoption or within 30 days of hire

#2 Mid-year changes permitted only when there is a recognized change in status or life event

Events Permitting Election Changes

Change in Status

- change in employee's legal marital status (gain or lose a spouse);
- change in number of dependents;
- change in employment status (employee, spouse or dependent) affecting eligibility;
- dependent satisfies (or ceases to satisfy) eligibility requirements;
- change in residence; and
- commencement or termination of adoption proceedings

Change in Cost of Benefits

Significant Curtailment or Improvement of Coverage

Change in Coverage Under Other Employer Plan (employers have different plan years)

Loss of Health Coverage Sponsored by Governmental or Educational Institution

HIPAA Special Enrollments

COBRA Qualifying Events

Judgments, Decrees, or Orders

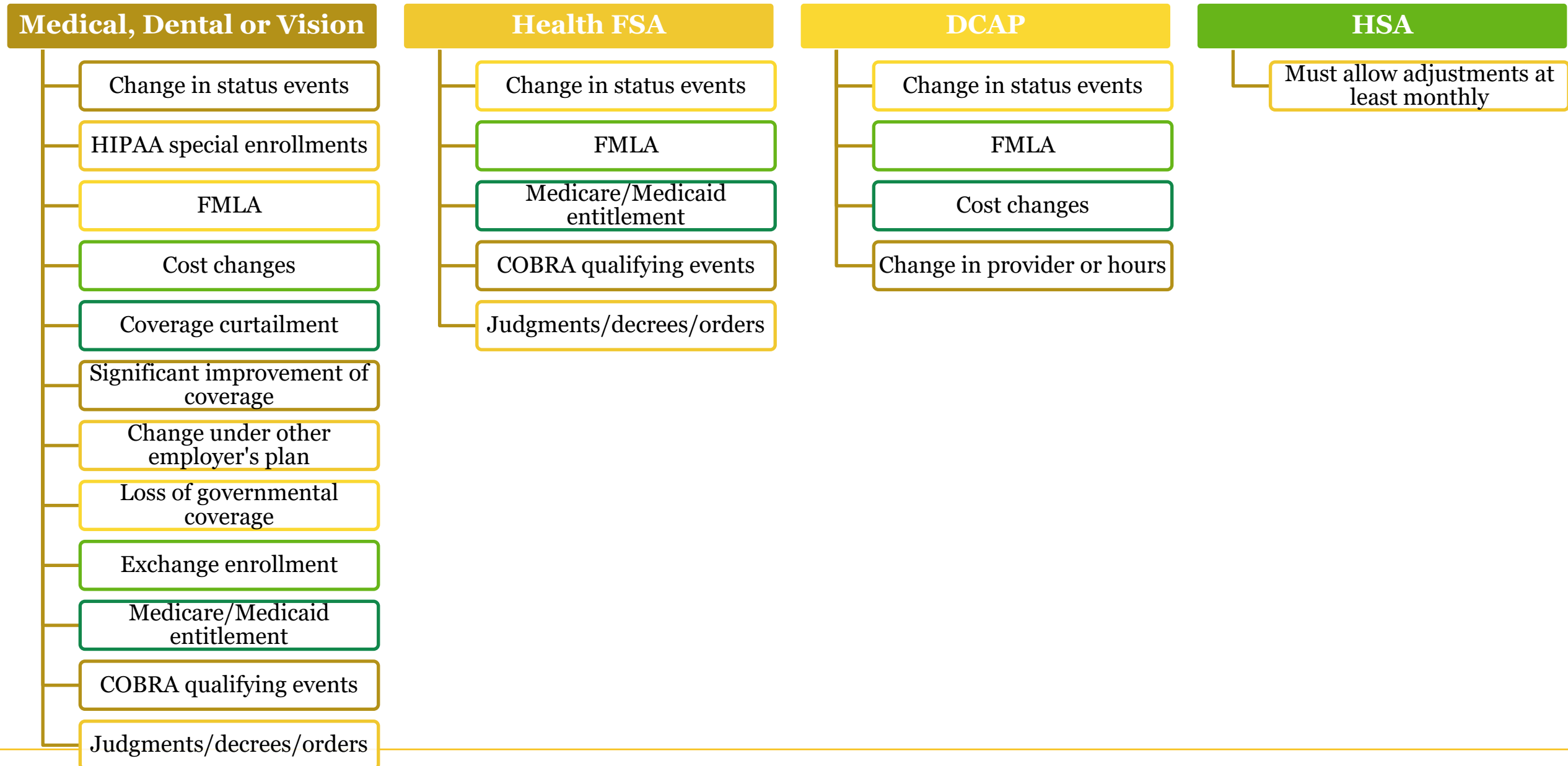
Medicare or Medicaid Entitlement

FMLA

HSA Contribution Adjustments

Individual Plan Enrollment through Public Exchange

Election Changes Differ by Plan Type



Election “Mistakes” & Exceptions

- Mistakes
 - Corrections should be retroactive back to the beginning of the plan year as if the mistake never occurred
 - Easier to confirm employer mistakes (e.g., administrative errors) versus employee mistakes, which may simply be the employee wanting a change
- Exceptions
 - Outside of what is permitted under §125 election change rules, there are sometimes situations in which an exception is appropriate. Employers should follow §125 election change rules whenever possible, but making infrequent exceptions is unlikely to put the entire cafeteria plan at risk

Examples

Election Change Process

Request to Reduce Coverage



Is the change permissible under §125 rules?



Is the change consistent with the event?



Is the event included in the plan document?

Request to Increase Coverage



Is it a HIPAA special enrollment right?



Will the carrier (or stop-loss carrier) allow enrollment if it is not required by HIPAA?



Is the change permissible under §125 rules?



Is the change consistent with the event?



Is the event included in the plan document?

Mid-Year Enrollments – Common Questions

- **Employee covered by employer's PPO plan and gets married. Can employee add spouse?**
 - **YES – Marriage triggers a HIPAA special enrollment right so long as enrollment is requested within 30 days**
- **Can employee change to employer's HDHP option upon getting married?**
 - **YES – Marriage triggers a HIPAA special enrollment right for the employee, spouse and any newly acquired dependents which generally allows the individuals to pick from any benefit package offered**

Mid-Year Enrollments – Common Questions

- **Employee was covered under an individual health plan and chose not to make premium payments (or chose not to renew the plan). Can employee join the employer's group health plan mid-year?**
 - **NO – A voluntary termination of coverage, or coverage due to nonpayment, does not trigger a HIPAA special enrollment right requiring the plan to allow mid-year enrollment**

Mid-Year Enrollments – Common Questions

- **Spouse terminated employment, but spouse was not covered by a health plan at the time of termination. Can employee add spouse to employer's group health plan mid-year?**
 - **NO – No loss of coverage occurred that would trigger a HIPAA special enrollment right requiring the plan to allow mid-year enrollment**

Mid-Year Enrollments – Common Questions

- **Employee and spouse are enrolled in spouse's employer's plan, which has a different plan year than employee's employer's plan. Can they drop the spouse's plan during open enrollment and enroll in employee's plan mid-plan year?**
 - **NO – A voluntary termination of coverage does not trigger a HIPAA special enrollment right requiring the plan to allow mid-year enrollment**
- **Can they enroll in employee's plan during open enrollment and drop spouse's plan mid-year?**
 - **YES – When employers have different plan years, §125 rules permit a mid-year election change to correspond with open enrollment**

Mid-Year Enrollments – Common Questions

- **Can employee and spouse join the employer’s plan mid-year because the spouse’s employer increases the cost of coverage?**
 - **NO – A change in the cost of coverage does not trigger a HIPAA special enrollment right requiring the plan to allow mid-year enrollment. §125 rules permit a mid-year election change upon a change in the cost of coverage (e.g., drop coverage if it becomes more expensive), but a plan is not required to allow new enrollees due to a change in the cost of coverage**

Mid-Year Enrollments – Common Questions

- **Employee experienced a reduction in hours and corresponding reduction in pay, but is still eligible for coverage, can the employee drop the coverage?**
 - **MAYBE – A reduction in pay on its own does not allow for a mid-year election change under §125 rules, but upon a reduction in hours, §125 rules permit a mid-year election change if the employee attests to enrolling in other minimum essential coverage**

2024

Mid-Year Election Changes

Presented by Benefit Comply