

# List of Qualifying Status Change Events Based on IRS Final Regulations

Effective July 1, 2001

CMU's Flexible benefit program [CMU Choices](#)

Each year, during Open Enrollment, employees have the opportunity to make new benefit elections in the [CMU CHOICES](#) flexible benefits program. The only exception is for the dental program, which is a two-year election. Open enrollment occurs annually and is typically held in May prior to the beginning of a new Plan year (July 1<sup>st</sup> of all years).

Once elections are made for a given Plan Year, they cannot be changed until the following year except under certain circumstances. [CMU CHOICES](#) allows Status Changes under the following circumstances:

## **CHANGES IN FAMILY OR EMPLOYMENT STATUS.**

IRS regulations include these examples:

1. An employee's marriage, divorce, legal separation, or annulment.
2. The death of an employee's spouse or a dependent.
3. The birth, adoption, placement for adoption, or legal guardianship of a child.
4. The commencement or termination of employment by the employee's spouse.
5. A change from part-time to full-time employment status or vice versa by the employee or the employee's spouse except for a Health Care Flexible Spending Account (HCFSA). A HCFSA may not be changed in the event of a change in the employee's status from part-time to full-time or full-time to part-time.
6. An unpaid leave of absence taken by either the employee or the employee's spouse.
7. A significant change in an employee or spouse's health coverage that is attributable to the spouse's employment.

## **IRS Consistency Rule:**

- An election must be "on account of" and "correspond with" a change in status event that affects eligibility for coverage. Many events do not necessarily affect eligibility for the coverage per se. For example, the request to decrease a health care FSA due to losing a dependent would not be permissible, if the employee still remains eligible for the health care FSA election. In the event of a marital or employment status change, an employee may drop the election only if he or she actually enrolls in the spouse or dependent's plan.

## **Prospective Election Changes**

- Election changes must be made using the [status change form](#), which is a salary reduction agreement. Both funding and coverage for a qualifying status change must be on a prospective basis except for the retroactive enrollment that applies in the case of an election made within 30 days of a birth, adoption or placement for adoption.
- All status changes except for birth, adoption and placement for adoption must be executed prospectively. For example, in the case of a marriage, spousal coverage would be effective only after the date of the status change event, if the request is made within 30 days of the event and after a status change form is completed. The start date of coverage for a prospective status change will be the first day in the effective pay period, which may or may not be the actual date of the status change event.

Request for a status change must use a [status change form](#) and be made within 30 days of the qualifying change in event.

### **SEPARATION FROM SERVICE.**

An employee who terminates employment may revoke the benefit elections and stop receiving the benefits. However, if he or she returns as an employee of CMU during the Plan Year, new benefit elections cannot be made for the remainder of the Plan Year.

### **CESSATION OF REQUIRED CONTRIBUTIONS.**

**CMU CHOICES** can terminate coverage if an employee fails to make the required premium payments for the benefits elected and the employee may not make new elections for the remainder of the Plan Year.

### **PLAN COST CHANGES.**

**CMU CHOICES** can allow for an adjustment of employee contributions if the cost of a health plan is increased or decreased by an insurance company or other independent third-party provider of benefits.

### **PLAN COVERAGE CHANGES.**

An employee may also change to a *similar* health plan if a third-party provider of health benefits *significantly* curtails or stops providing health coverage during the Plan Year.

### **STATUS CHANGES FOR LIFE INSURANCE AND DISABILITY.**

An employee can increase or decrease coverage in the event of a change in status in all events listed above.

### **HEALTH CARE FLEXIBLE SPENDING ACCOUNTS.**

Plan cost and coverage provisions (see above) do not apply to Health Care Flexible Spending Accounts. In addition, IRS final regulations clarify that if an employee goes from full-time to part-time status or part time to full time status, he or she may not change the health care FSA election. Despite going part-time, the employee remains eligible to participate in the flexible spending account plan.

**YOU MUST CONTACT HUMAN RESOURCES/STAFF BENEFITS OFFICE,  
108 ROWE HALL, WITHIN 30 DAYS OF A STATUS CHANGE.**

**ACTUAL START DATE OF COVERAGE WILL DEPEND ON THE STATUS CHANGE AND IF  
IT IS ELIGIBLE FOR A RETROACTIVE ELECTION.**

**IF POSSIBLE, CONTACT THE BENEFIT OFFICE PRIOR TO AN ANTICIPATED STATUS  
CHANGE SO WE CAN WORK WITH YOU TO DETERMINE THE EFFECTIVE DATE OF  
COVERAGE**