

Flexible Benefit Plan Change in Status Overview

| Event | Health Insurance (medical, dental, vision) | Health FSA | Dependent Care FSA | Employee Group Life, AD&D and STD/LTD |
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| I. Change in Status | | | | |
| Note: In order for election changes to be permitted under this exception, the election change must be on account of and correspond with the change in status. | | | | |
| A. Change in Employee's Legal Marital Status | | | | |
| 1. Gain of Spouse (marriage). Note: HIPAA special enrollment rights may also apply. | Employee may enroll or increase election for newly eligible spouse and dependent children (under tag-along rule, pre-existing 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. | Employee may enroll or increase election for newly eligible spouse or dependents, or likely decrease election if employee or dependents become eligible under new spouse's health plan. | Employee may enroll or increase to accommodate newly eligible dependents or decrease or cease coverage if new spouse is not employed or makes a DCAP coverage election under spouse's plan. | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| 2. Loss of 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 also 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 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). | Employee may decrease election to reflect loss of spouse's eligibility. Employee may enroll or increase election where coverage is lost under spouse's health plan. | Employee may enroll or increase to accommodate newly eligible dependents (e.g., due to death of spouse) or cease coverage if eligibility is lost (e.g., due to dependent now residing with ex-spouse). | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| B. Change in 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, 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 or increase to accommodate newly eligible dependents (and any other dependents who were not previously covered, under tag-along rule). | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| 2. Loss of Dependent. | Employee may drop coverage only for the dependent who loses eligibility; coverage option (e.g., HMO to PPO) change may be made. | Employee may decrease or cease election for dependant who loses eligibility. | Employee may decrease election for dependent who loses eligibility. | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| 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 that 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. | 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 as to 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. | Employee may decrease or cease election if gains eligibility for health coverage under spouse's or dependent's plan. | Employee may make or increase election to reflect new eligibility (e.g., if spouse previously did not work). Employee may revoke election for dependent's coverage if dependent is added to spouse's plan. | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |

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| 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, etc.) 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. | Employee may revoke election to reflect loss of eligibility (note that under most health FSAs, employee loses coverage automatically). | Employee may revoke or decrease election to reflect loss of eligibility. | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| • 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. | Same as previous column. |
| • Termination and rehire after 30 days | Employee may make new elections. | Same as previous column. | Same as previous column. | Same as previous column. |
| 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 the "tag-along" rule. | Employee may enroll or increase election to reflect loss of eligibility for health coverage. | Employee may enroll or increase election if spouse or dependent loses eligibility for DCAP. Employee may decrease or cease election to reflect loss of eligibility for coverage (e.g., if spouse stops working). | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |
| D. Event Causing Employee's Dependent to Satisfy or Cease to Satisfy Eligibility Requirements | | | | |
| 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. | Employee may increase election or enroll only if dependent gains eligibility under health FSA. | Employee may increase election or enroll to take into account expenses of affected dependent. | 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, getting married, 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. | Employee may decrease or revoke election to take into account ineligibility of expenses of affected dependent, but only if eligibility is lost. If dependent remains a tax dependent and the health FSA provides that the dependent's expenses remain eligible for reimbursement, then the employee could increase health FSA election. | Employee may decrease or drop election to take into account expenses of affected dependent. | 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. | No change allowed, even if underlying health coverage change occurs. | Not applicable. DCAP eligibility is not generally affected by place of residence. | 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: Special enrollment rights may also apply. | Employee may revoke election and make a new election if the change in residence affects the employee's, spouse's or dependent's eligibility for coverage option. | No change allowed, even if underlying health coverage change occurs. | Not applicable. DCAP eligibility is not generally affected by place of residence. | Employee may enroll, increase, decrease or cease coverage even when eligibility is not affected. |

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| II. Automatic Small Cost Changes | | | | |
| Cost changes 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 uniform basis) affected employees' elective contributions under the plan, so long as the terms of the plan require employees to make such corresponding changes. | No change permitted. | Application is unclear. Presumably, 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 Health Insurance column. |
| III. Significant Cost Changes | | | | |
| | 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. Decrease: Employees may decrease election correspondingly or may elect coverage (even if had not participated before) with decreased cost and drop election for similar coverage option. Though unclear, it appears that tag-along concepts may apply. | No change permitted. | Same as health insurance column for significant cost increase, except no change can be made when the cost change is imposed by a dependent care provider who is a relative of the employee. | Same as Health Insurance column. |
| IV. Significant Curtailment of Coverage (with or without Loss of Coverage) | | | | |
| | Without Loss of Coverage: Affected participant may revoke election for curtailed coverage and make new prospective election for coverage under another benefit package option that provides similar coverage. With Loss of Coverage: Affected participant may revoke election for curtailed coverage and make new prospective election for coverage under another benefit package option that provides similar coverage, or drop coverage if no similar benefit package option is available. Though unclear, it appears that tag-along concepts may apply. | No change permitted. | Election change may apparently be made whenever there is a change in provider or a change in hours of dependent care. | Same as Health Insurance column. |
| V. 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. | No change permitted. | Eligible employees (whether currently participating or not) may revoke their existing elections and elect the newly added (or newly improved) option. | Same as previous column. |
| VI. Change in Coverage Under Other Employer's Plan | | | | |
| Note: In order for election changes to be permitted under this exception, the election change must be on account of, and correspond with, the change in coverage under the plan of the spouse's, former spouse's or dependent's employer. In addition, either 1) the plan of the spouse's, former spouse's or dependent's employer must permit elections specified under the Regulations (as specified in this matrix) and an election must actually be made under such plan; or 2) the employee's cafeteria plan must permit elections for a period of coverage different from that under the plan of the spouse's former spouses or dependent's employer (Election-Lock rule). | | | | |
| 2. 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. | No change permitted. | 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. | Same as Health Insurance column. |
| 3. Open enrollment under other employer plan/different plan year. | Corresponding changes can be made under employer's plan. | No change permitted. | Corresponding changes can be made under employer's plan. | Corresponding changes can be made under employer's plan. |

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| VII. FMLA Leave of Absence | | | | |
| Note: Employees can fund this coverage by 1) prepaying their contribution obligations on a pretax basis provided the leave does not straddle two plan years; 2) making contributions on a month-by-month basis (pretax if they are receiving salary continuation payments); or 3) catching up on their contributions upon returning from the leave provided the leave does not straddle two plan years. | | | | |
| 1. 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 this 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 Health Insurance column. | Employee may revoke election and make another election as provided under FMLA. | Same as Health Insurance column. |
| 2. 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 a non-FMLA leave are required to be reinstated in their elections. | Same as health insurance column. Upon return, employee whose coverage has lapsed has the right to resume coverage at prior coverage level (and make up unpaid premiums) or at a level reduced pro rata for the missed contributions. | 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 a non-FMLA leave are required to be reinstated in their elections. | Same as previous column. |
| VIII. Changes in 401(k) Contributions | | | | |
| | No Change. | No Change. | No Change. | No Change. |
| IX. HIPAA Special Enrollment Rights | | | | |
| 1. Special enrollment for loss of other coverage. | Employee may elect coverage for employee, spouse, or dependent who has lost other coverage. Though unclear, it appears that tag-along concepts may apply. | Same as health insurance if plan is subject to HIPAA portability rules. | No Change. | No Change. |
| 2. Special enrollment for acquisition of new dependent by birth, marriage, adoption or placement for adoption. (If newborn or newly-adopted child is enrolled under HIPAA's special rules, child's coverage may be retroactive to date of birth, adoption or placement for adoption; employee may change salary reduction election within 30 days to pay for cost of child's coverage retroactive to date of birth, adoption or placement for adoption. (For marriage, salary reductions may only be changed prospectively.) | Employee may elect coverage for employee, spouse, or dependent. Under the tag-along rule, election coverage may also extend to previously eligible (but not yet enrolled) dependents. | No change permitted unless plan is subject to HIPAA. | No Change. | No Change. |
| 3. Special enrollment for loss of Medicaid or SCHIP coverage. 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 SCHIP coverage. Though unclear, it appears that tag-along concepts may apply. | Same as health insurance if plan is subject to HIPAA portability rules. | No Change. | No Change. |
| 4. Special enrollment due to eligibility state premium assistance subsidy from Medicaid or Children's Health Insurance Program (CHIP). Coverage retroactive if elected within 60 days of event. | Employee may elect coverage for employee or dependent who has become eligible for premium assistance subsidy from Medicaid or SCHIP. Though unclear, it appears that tag-along concepts may apply. | Same as health insurance if plan is subject to HIPAA portability rules. | No Change. | No Change. |

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| X. 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 a 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 health insurance column. | No Change. | No Change. |
| XI. Judgment, Decree or Orders | | | | |
| 1. 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 tag-along rule concepts may apply. | Same as Health Insurance column. | No Change. | No Change. |
| 2. 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 provided the child is enrolled in the plan of the spouse, former spouse or other individual required to provide coverage. | Same as Health Insurance column. | No Change. | No Change. |
| XII. Medicare or Medicaid Entitlement | | | | |
| 1. Employee, spouse or dependent enrolled in employee's plan becomes entitled 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. | Employee may decrease or revoke election under employer plan. | No Change. | No Change. |
| 2. Employee, spouse, or dependent loses eligibility for Medicare or Medicaid (other than coverage solely for pediatric vaccines). See IX HIPAA Special Enrollment Rights | 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 member as well. | Employee may commence or increase election under employer plan. | No Change. | No Change. |
| XIII. Loss of Governmental or Educational Institution Group Health Coverage | | | | |
| Loss of group health coverage sponsored by governmental or educational institution. Note: In the event of a loss of coverage under SCHIP, HIPAA special enrollment rights may 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 concepts might apply, allowing the employee who loses individual coverage to add coverage for family members as well. | No Change. | No Change. | No Change. |

About WageWorks, Inc.

WageWorks is dedicated to being a world-class provider of benefit services delivering the easiest-to-use and most convenient solutions that enable employers, individuals and their families to maximize savings on health, commuting, and other tax-advantaged accounts. Today, WageWorks is the leading provider of tax-advantaged solutions and services in the United States, consistently setting industry standards for high-quality service and innovation. WageWorks specializes in delivering enterprise level functionality and service excellence designed specifically for growth-oriented employers and entrepreneurial businesses.

