

KNOW YOUR BENEFITS



Midyear Qualifying Events



Navigating your employee benefits can sometimes feel overwhelming, especially when life throws changes your way. Fortunately, if you are under a cafeteria plan (also known as a Section 125 plan), your employer, who is limited under IRS rules, may allow you to adjust your benefits outside the annual open enrollment period. Employers don't have to allow all midyear election changes, only those allowed under the Health Insurance Portability and Accountability Act (HIPAA) special enrollment rights. To maintain adequate coverage for you and your family, it's important to understand midyear qualifying events and other considerations for midyear benefits alterations.

What Is a Midyear Qualifying Event?

A midyear qualifying event is a specific life change that allows you to alter your cafeteria plan elections outside the typical open enrollment period. Usually, your elections for benefits like health insurance, dental coverage and flexible spending accounts (FSAs) are locked in for the entire plan year once open enrollment ends. However, the IRS recognizes that certain events may necessitate adjustments to your benefits.

When a midyear qualifying event occurs, you may be able to adjust your benefits elections to suit your new circumstances. This flexibility ensures that your benefits continue to align with your needs.

Common Midyear Qualifying Events

The IRS identifies the following "change in status" events that enable you to make alterations to your benefit elections during the plan year:

- Change in employee's legal marital status (e.g., marriage, legal separation, divorce/annulment or death of a spouse)
- Change in number of dependents (e.g., birth, death or adoption of a child)
- Change in employment status (e.g., starting a new job, working at a different site or transitioning from part time to full time)
- Change in dependent status (e.g., when a child reaches the age limit for dependent coverage)
- Change in place of residence (e.g., if your family moves to a new location that affects your eligibility for a health maintenance organization plan)

Additionally, you may be allowed to adjust your benefits if there are changes in cost or coverage for your plan's qualified benefits. Other midyear qualifying events that may prompt changes include court orders (such as those requiring the addition of a dependent to a health insurance plan), qualifying events under the Consolidated Omnibus Budget Reconciliation Act, HIPAA special enrollment rights, eligibility for Medicare or Medicaid, Family and Medical Leave Act leave, and Health Insurance Exchange enrollment.

If your employer allows, you may be able to do the following when you experience a midyear qualifying event:

- Add or remove dependents
- Enroll in or drop coverage
- Change plan options

- Adjust coverage levels

Employee Considerations

While your health care plan must follow IRS rules for midyear election changes, your employer might set stricter limits on when you can adjust your benefits. If your plan allows midyear changes, make sure you understand which qualifying events are covered and know that these changes might be more restrictive depending on the plan's specifics. It's also important to note that some midyear changes apply only to certain benefits like health FSAs, and not all IRS-approved changes are available across all benefits. If you experience any of these events, act quickly, as you typically have a limited window (usually 30 days from the date of the qualifying event) to modify your elections.

Speak with your employer to learn more about your health care plan.

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