

What is a qualifying event?

A qualifying event is a 30 day event set forth by the IRS/Sect. 125. It is a new IRS regulation that allows employees to make midyear election changes to their pre-taxed deductions when a change in a participant's status occurs. Events are as follow.

- Change in marital status---marriage, death of spouse, divorce, legal separation, or annulment. Note: Proof of event is needed when a change is to be made.
- Change in number of dependants---birth, death, or adoption of a child, or placement of a child for adoption. Note: Proof of event is needed when a change is to be made.
- Change in employment status---commencement or termination of employment, strike or lockout, commencement or return from an unpaid leave of absence, change in worksite, or any of these events that may apply to the employee, the employee's spouse, or the employee's dependant(s). Note: the IRS regulation specify that an employee must actually obtain coverage under the spouse's or dependent's plan for the election change to be consistent. The employee's certification that he or she either has or will obtain the coverage is sufficient proof. Note: Proof of event is needed when a change is to be made.
- Change of residence---change in the place of residence of the employee or the employee's spouse or dependent. If, for example, an employee and/or the employee's family move to another town, changing their coverage to a plan that provides coverage in the new location would be necessary. Note: Proof of event is needed when a change is to be made.
- Significant change in coverage---a significant cost increase or reduction in coverage. Under this reason, however, only the election for plan coverage may be change at midyear; medical flexible spending accounts (FSAs) may not be changed midyear on account of changes in cost of coverage. Note: Proof of event is needed when a change is to be made.
  - A substantial loss of providers available in a network option may be considered a coverage decrease: however, the loss of a single physician from a network where there are other physicians available in the network and in the geographic area covered by the plan would not be considered a coverage decrease.
  - If there is a significant cost decrease for a specific plan, an employee may be allowed to make a change to participate in that plan if he or she is not a current participant. Similarly, if there are significant improvements in the plan, employees may be allowed to make an election to participate.