



Employee Health & Benefits

Compliance Center of Excellence

Qualifying Life Events Election Guide - Employee Health and Welfare Benefit Plans

Marsh & McLennan Agency, LLC

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ABOUT THE QUALIFYING LIFE EVENTS ELECTION GUIDE

This document (the “Election Guide” or “Guide”) is intended to provide a summary of the various events that may allow an employee to make a midyear election change in coverage. The Election Guide is written from the perspective of a client’s plan(s) and its employees, their spouses, and dependents. This Election Guide is not intended to address whether another employer’s benefit plan, government program, or other potential source of coverage must permit an election change.

What the Election Guide Covers

- This Guide focuses on benefits that are typically paid for on a pre-tax basis through salary deductions.
- Except where noted*, employers are not required to allow the election changes described in this Guide. An employer can pick and choose which events it wishes to recognize and which election changes to permit within those events. The allowed events must be incorporated into the employer’s Tax Code Section 125 cafeteria plan and many will frequently also need to appear in other materials, such as the summary plan descriptions for benefits.
- In real life, the overwhelming majority of employers adopt all of these events (with the exception of two specific events created under the Affordable Care Act that will be noted later in this Guide). This can be done through the use of broad language such as, “The Plan will allow all election changes permitted under 26 CFR Section 1.125-4,” without requiring each event to be specifically referenced.

The only qualifying life event that permits a pre-tax midyear election change retroactive to the date of the event is a timely election change on account of a birth, adoption or placement for adoption. All other election changes should be prospective (generally no later than the first of the following month or as soon as administratively practical thereafter). If allowed, other retroactive changes should be 100% employer-paid for the retroactive period of coverage or paid after-tax by the employee.

* Certain events are mandatory due to other laws, such as the HIPAA special enrollment rights, QMCSOs/NMSNs and the FMLA.

The Election Guide Does Not Address

- Health savings accounts – The rules permit an employee to make HSA election changes without a qualifying life event. The election changes are generally effective as soon as administratively practical.
- Benefits paid for on an after-tax basis – Election changes for benefits paid for on an after-tax basis can also be made without a qualifying life event. Fully insured benefits paid for on an after-tax basis do not even need to be incorporated into a cafeteria plan. The election changes are generally effective as specified by the insurance carrier or as soon as administratively practical thereafter.

Spouses and Dependents

When used in this Guide:

- A “spouse” is the legal spouse of the employee and includes both opposite-sex and same-sex spouses. It does not include domestic partners (see below).
- A “dependent” generally means the employee’s natural, adopted, step, or foster child(ren) through the end of the year in which they turn 26 years of age or who otherwise qualify as the employee’s federal tax dependent. A particular benefit plan may be more restrictive than the law allows, so it is always recommended to review the benefit eligibility provisions. For example, a benefit plan is not legally required to include foster children or legal guardianship children in its definition of eligible dependents.








Domestic Partners

Entering into or dissolving a domestic partnership will rarely be considered a qualifying life event permitting an employee to make a midyear pre-tax election change.














- A domestic partner is not a spouse for the purposes of the **Marriage or Divorce, Annulment, or Legal Separation** events described in this Guide.
- Many domestic partners will not qualify as the employee’s federal tax dependent for the purposes of the **Gain Other Dependent** or **Dependent No Longer Meets Eligibility Requirements** events.

We believe the majority of employers administer these events on the same basis as a marriage or divorce event for equality purposes, and we are not aware of the IRS engaging in any pattern of enforcement against employers for doing so.











We are providing this information to you in our capacity as consultants with knowledge and experience in the insurance industry and not as legal or tax advice. The issues addressed may have legal or tax implications to you, and we recommend you speak with your legal counsel and/or tax advisor before choosing a course of action based on any of the information contained herein. Changes to factual circumstances or to any rules or other guidance relied upon may affect the accuracy of the information provided. We are not obligated to provide updates on the information presented herein.

KEY	MEANING
	<p>HIPAA Special Enrollment Rights (SERs) extend to Medical and non-HIPAA-excepted group health benefits such as Dental, Vision, and Health Flexible Spending Accounts (hFSAs).</p> <p>HIPAA SERs require plan(s) to allow enrollment for the employee, spouse and <u>newly</u> eligible dependent(s). In other words, these changes must be permitted. Each HIPAA SER requires a minimum special enrollment period (SEP).</p>
	<p>Most Dental, Vision, and hFSAs will be considered HIPAA-excepted benefits. When this is true, the permitted election changes described are not mandatory, but the plan(s) can and still generally permit them.</p> <p>Dental/Vision Dental and Vision plans are HIPAA-excepted benefits if: (1) offered under a separate policy/certificate; or (2) the employee can decline coverage and/or claims are administered under a separate contract from medical coverage.</p> <p>hFSA* A hFSA is a HIPAA-excepted benefit if: (1) the employer offers other group health coverage that covers medical expenses; and (2) the maximum reimbursement cannot exceed the greater of twice the participant's hFSA election or \$500.</p> <p>*Note: An hFSA that can only be used to reimburse for dental and/or vision expenses may separately qualify as a HIPAA-excepted benefit under the dental/vision standard.</p>
	<p>The "tag-along rule" allows addition / enrollment of any other eligible dependent(s), even if they were eligible and not enrolled previously. The tag-along rule <u>is not</u> mandatory. Plans (including Section 125 cafeteria plans) frequently do not specifically address this. Clients wishing to use it should apply it consistently. It would be better if tag-along were described in plan materials.</p>
	<p>Federal COBRA applies. COBRA extends to Medical, Dental / Vision and Health Flexible Spending Accounts (hFSAs) for those individuals that lose coverage as a result of a COBRA qualifying event (QE). COBRA does not apply to the other benefits addressed in this Election Guide.</p>
	<p>Required</p>
	<p>Note</p>
	<p>Frequently asked questions or clarification</p>






GAIN / LOSS OF SPOUSE AND / OR DEPENDENT(S)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Marriage	 The minimum SEP is 30 days <ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan ■ Employee can change plan option  The rules permit tag-along	 Likely HIPAA-excepted benefits <ul style="list-style-type: none"> ■ Enroll employee (if HIPAA-excepted, must also add spouse or new dependent) ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan  The rules permit tag-along  Employee can change plan option	 Likely HIPAA-excepted benefit <ul style="list-style-type: none"> ■ Increase / start contributions ■ Decrease / stop contributions if gain coverage under spouse's plan 	<ul style="list-style-type: none"> ■ Increase / start contributions if there are newly eligible dependents ■ Decrease / stop contributions if gain coverage under spouse's plan or spouse does not work or attend school 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage
Divorce, Annulment or Legal Separation	 For loss of coverage; the minimum SEP is 30 days <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under ex-spouse's plan ■ Add eligible dependent(s) who lost coverage under ex-spouse's plan ■ Drop dependent(s) for those enrolled under ex-spouse's plan   Drop ex-spouse and step-children, if ineligible	 Likely HIPAA-excepted benefits <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under ex-spouse's plan ■ Add eligible dependent(s) who lost coverage under ex-spouse's plan ■ Drop dependent(s) for those enrolled under ex-spouse's plan   Drop ex-spouse and step-children, if ineligible	 Likely HIPAA-excepted benefit <ul style="list-style-type: none"> ■ Increase / start contributions if lost coverage under ex-spouse's plan ■ Decrease / stop contributions 	<ul style="list-style-type: none"> ■ Increase / start contributions if coverage lost for eligible dependent(s) under ex-spouse's plan ■ Decrease / stop contributions if eligible dependent(s) gain coverage under ex-spouse's plan 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage






GAIN / LOSS OF SPOUSE AND / OR DEPENDENT(S)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Birth, Adoption or Placement for Adoption	 The minimum SEP is 30 days <ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan ■ Employee can change plan option  The rules permit tag-along  if timely election, coverage must be retroactive to event date and can be paid for pre-tax	 Likely HIPAA-excepted benefits <ul style="list-style-type: none"> ■ Enroll employee (if HIPAA-excepted, must also add spouse or new dependent) ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan ■ Employee can change plan option  The rules permit tag-along  If a HIPAA-excepted benefit, retroactive coverage shouldn't be pre-tax	 Likely HIPAA-excepted benefit <ul style="list-style-type: none"> ■ Increase / start contributions ■ Decrease / stop contributions if gain coverage under spouse's plan  If a HIPAA-excepted benefit, retroactive coverage cannot technically be pre-tax	<ul style="list-style-type: none"> ■ Increase / start contributions 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage
Gain Other Dependent including Legal Guardianship / Conservatorship / Newly Discovered Dependent(s)	<ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan ■ Employee can change plan option  The rules permit tag-along	<ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and (newly) eligible dependent(s) ■ Drop coverage for those enrolled under spouse's plan ■ Employee can change plan option  The rules permit tag-along	<ul style="list-style-type: none"> ■ Increase / start contributions ■ Decrease / stop contributions if gain coverage under spouse's plan 	<ul style="list-style-type: none"> ■ Increase / start contributions 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage




GAIN / LOSS OF SPOUSE AND / OR DEPENDENT(S)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Death of a Spouse	 For loss of coverage; the minimum SEP is 30 days <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under deceased spouse's plan ■ Add any eligible dependent(s) who lost coverage under deceased spouse's plan *  Drop ex-spouse and step-children, if ineligible 	 Likely HIPAA-excepted benefits <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under deceased spouse's plan ■ Add any eligible dependent(s) who lost their coverage under deceased spouse's plan *  Drop ex-spouse and step-children, if ineligible 	 Likely HIPAA-excepted benefit <ul style="list-style-type: none"> ■ Increase / start contributions if coverage lost under deceased spouse's plan ■ Decrease / stop contributions for loss of spouse eligibility 	<ul style="list-style-type: none"> ■ Increase / start contributions if coverage lost for eligible dependent(s) under deceased spouse's plan 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage
Death of a Dependent (Other Than Spouse)	<ul style="list-style-type: none"> * Drop only the affected dependent 	<ul style="list-style-type: none"> * Drop only the affected dependent 	<ul style="list-style-type: none"> ■ Decrease / stop contributions 	<ul style="list-style-type: none"> ■ Decrease / stop contributions only if the deceased dependent was eligible for coverage under the DCFSA 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage
Qualified Medical Child Support Order (QMCSO) / National Medical Support Notice (NMSN)	<ul style="list-style-type: none"> * Enroll employee; add affected dependent ■ Drop affected dependent <u>only if</u> other parent is ordered to cover dependent under his/her plan + The rules do not address whether "tag-along rule" applies 	<ul style="list-style-type: none"> * Enroll employee; add affected dependent ■ Drop affected dependent <u>only if</u> other parent is ordered to cover dependent under his/her plan + The rules do not address whether "tag-along rule" applies 	<ul style="list-style-type: none"> ■ Increase / start contributions ■ Decrease / stop contributions if other parent ordered to provide medical, dental or vision coverage or cover under their hFSA 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed


GAIN / LOSS OF SPOUSE AND / OR DEPENDENT(S)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Dependent No Longer Meets Eligibility Requirements</p> <p>Examples:</p> <ol style="list-style-type: none"> 1. Dependent ages out of the plan; 2. A plan permits coverage for foster children and the foster child relationship terminates; 3. A plan permits coverage for dependent children under legal guardianship and the legal guardianship terminates; and 4. A plan permits coverage for individuals who are tax dependents of the employee but who are not the employee's children and tax dependent status is lost. 	<ul style="list-style-type: none">  Drop only the affected dependent  For the dependent losing coverage 	<ul style="list-style-type: none">  Drop only the affected dependent  For the dependent losing coverage 	<ul style="list-style-type: none"> ■ Decrease / stop contributions  For the dependent child losing coverage ⓘ A dependent child is eligible through the end of the year in which s/he turns 26 	<ul style="list-style-type: none"> ■ Decrease / stop contributions ⓘ A non-disabled dependent child will age out on the day in which s/he turns 13 years old 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage









EMPLOYER / EMPLOYMENT EVENT

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Has Change in Status Resulting in Gain of Eligibility in Employer Plan(s) Examples: 1. A change in employee classification (e.g., PT to FT; hourly to salaried; union to non-union); 2. Start employment; 3. Returning from an unpaid LOA (see FMLA Events); or 4. A change in the employee's work location.	<ul style="list-style-type: none"> ■ Enroll employee ■ Add any eligible dependent(s) ■ Employee can change plan option if change in employment status results in eligibility for new option(s) 	<ul style="list-style-type: none"> ■ Enroll employee ■ Add any eligible dependent(s) ■ Employee can change plan option if change in employment status results in eligibility for new option(s) 	<ul style="list-style-type: none"> ■ Start contributions 	<ul style="list-style-type: none"> ■ Start contributions 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage
Employee Has Change in Status Resulting in Loss of Eligibility in Employer Plan(s) Examples: 1. A change in employee classification (e.g., FT to PT; salaried to hourly; union to non-union); 2. Terminating employment; 3. Beginning an unpaid LOA (see FMLA Events); 4. A change in the employee's work location; or 5. A furlough or strike.	<ul style="list-style-type: none"> ■ Drop employee ■ Drop spouse/ dependent(s) ■ Employee can change plan option if change in employment status results in loss of eligibility for previously elected plan option  If loss in coverage is due to a termination or a reduction of hours 	<ul style="list-style-type: none"> ■ Drop employee ■ Drop spouse/ dependent(s) ■ Employee can change plan option if change in employment status results in loss of eligibility for previously elected plan option  If loss in coverage is due to a termination or a reduction of hours 	<ul style="list-style-type: none"> ■ Stop contributions  If loss in coverage is due to a termination or a reduction of hours 	<ul style="list-style-type: none"> ■ Stop contributions 	<ul style="list-style-type: none"> ■ Decrease coverage ■ Drop coverage








EMPLOYER / EMPLOYMENT EVENT

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Employee Has Change in Status While in an ACA Stability Period But Eligibility Not Affected</p> <p>Example: 1. A reduction of hours. 2. A transfer from a FT to PT position.</p> <p>Note: Due to a technicality, this event really cannot be incorporated into a cafeteria plan by broad reference and must be specifically referenced.</p>	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled under other coverage * Employee must enroll in other coverage effective no later than the 1st day of the 2nd month from the election change. Employer may rely on the employee's representation that s/he will enroll and is not required to police this. 	<ul style="list-style-type: none">  If a HIPAA-excepted benefit, no change allowed; otherwise, drop coverage for those enrolled under other coverage * Employee must enroll in other coverage effective no later than the 1st day of the 2nd month from the election change. Employer may rely on the employee's representation that s/he will enroll and is not required to police this. 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed
<p>Spouse / Dependent Change in Status Resulting in Gain of Eligibility Under Another Employer's Plan(s)</p>	<ul style="list-style-type: none"> ■ Drop coverage for employee, spouse and affected dependents if enrolled under another employer's plan 	<ul style="list-style-type: none"> ■ Drop coverage for employee, spouse and affected dependents if enrolled under another employer's plan 	<ul style="list-style-type: none"> ■ Decrease / stop contributions if gain coverage under another employer's plan 	<ul style="list-style-type: none"> ■ Increase / start contributions if newly eligible because spouse begins working ■ Decrease / stop contributions if dependent(s) gain coverage under spouse's plan through another employer 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage




EMPLOYER / EMPLOYMENT EVENT

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer's Plan(s)</p> <p>Event overlaps with the Loss of Other Employer Group Health Coverage or Other Health Insurance by Employee, Spouse, or Dependent(s) Event for Medical, Dental / Vision, and hFSA.</p>	<p> The minimum SEP is 30 days</p> <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under other employer's plan ■ Add spouse and newly eligible dependent(s) if coverage lost under other employer's plan ■ Employee can change plan option <p> The rules permit tag-along</p>	<p> Likely HIPAA-excepted benefits</p> <ul style="list-style-type: none"> ■ Enroll employee if coverage lost under other employer's plan ■ Add spouse and newly eligible dependent(s) if coverage lost under other employer's plan ■ Employee can change plan option <p> The rules permit tag-along</p>	<p> Likely HIPAA-excepted benefit</p> <ul style="list-style-type: none"> ■ Increase / start contributions if group health coverage lost under another employer's plan <p> A loss of medical or dental / vision coverage allows the employee to increase / start contributions in the employer's hFSA</p>	<ul style="list-style-type: none"> ■ Increase / start contributions for loss of eligibility under another employer's plan ■ Decrease / stop contributions if spouse is not working, looking for work, or attending school 	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage
<p>Employee*, Spouse or Dependent(s) Eligible for Coverage Under Another Employer's Plan with a Different Open Enrollment Period or Plan Year</p> <p>* This would involve a situation where an employee works for two or more employers at the same time (moonlighting) and is benefits eligible for both</p>	<ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and any eligible dependent(s) ■ Drop coverage for those enrolled under another employer's plan 	<ul style="list-style-type: none"> ■ Enroll employee ■ Add spouse and any eligible dependent(s) ■ Drop coverage for those enrolled under another employer's plan 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ Increase / start contributions ■ Decrease / stop contributions <p> The rules permit a DCFSA election change if a corresponding change has been made in another employer's plan. For example, if the spouse elects DCFSA coverage through another employer, the employee can decrease / stop contributions in his/her employer's plan.</p>	<ul style="list-style-type: none"> ■ Drop coverage if enrolled under spouse's plan <p> It's unlikely these benefits will be available to the employee-dependent in another employer's cafeteria plan; there are few instances where a corresponding election change could be made. Spouse and dependent term life insurance cannot be offered through a cafeteria plan.</p>


EMPLOYER / EMPLOYMENT EVENT

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Move / Relocation</p> <p> This event overlaps with the Employee Change in Status Event (as a change in the employee's work location). A loss of other coverage as a result of the move, such as a loss of coverage through a spouse's employer, can overlap with the Loss of Other Employer Group Health Coverage or Other Health Insurance by Employee, Spouse, or Dependent(s) Event.</p>	<p> If loss of HMO eligibility; the minimum SEP is 30 days</p> <ul style="list-style-type: none"> ■ Employee can change plan option if losing eligibility for existing plan option and/or gaining eligibility under a different plan option as a result of the move ■ Employee can enroll if not previously enrolled and add coverage for spouse and eligible dependent(s) ■ Employee can drop coverage even though another plan option may be available <p> The rules permit tag-along</p>	<p> Likely HIPAA-excepted benefits</p> <ul style="list-style-type: none"> ■ Employee can change plan option if losing eligibility for existing plan option and/or gaining eligibility under a different plan option as a result of the move ■ Employee can enroll if not previously enrolled and add coverage for spouse and eligible dependent(s) ■ Employee can drop coverage even though another plan option may be available <p> The rules permit tag-along</p>	<ul style="list-style-type: none"> ■ No change allowed <p> The rules are explicit that no change is permitted under this circumstance unless eligibility for the hFSA is somehow affected. The employee's place of residence will rarely affect hFSA eligibility, but it might be possible that hFSA eligibility is tied to the employee's work location and the employee moved because of a transfer (see Employee Change in Status Event).</p>	<ul style="list-style-type: none"> ■ No change allowed <p> The cafeteria plan rules do not permit a change unless eligibility for the DCFSA is affected. Employee's place of residence will rarely affect DCFSA eligibility, but it might be possible that DCFSA eligibility is tied to the employee's work location and the employee moved because of a transfer (see Employee Change in Status Event). It's also possible that fewer available providers near an employee's new residence may trigger a Significant Reduction of Coverage Event.</p>	<ul style="list-style-type: none"> ■ Enroll employee ■ Increase coverage ■ Decrease coverage ■ Drop coverage

CHANGES TO PLAN DESIGN AND / OR COST

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Cost Changes That Are Considered Significant (Includes Premiums, Cost Sharing)</p> <p>Examples:</p> <ol style="list-style-type: none"> Increases/decreases as a result of switching from PT to FT and vice versa (overlaps with Employee Change in Status Event); Premium change to insured benefit based on insurance contract year that differs from the plan year; or Employer changes premiums mid-year for economic reasons. <p> “Significant” is not explicitly defined. It is determined based upon whether the employee would consider the change “significant.”</p> <p> A 10% cost change is generally a reasonable rule of thumb. If the change is not considered significant, see Cost Changes That Are Not Considered Significant Event.</p>	<ul style="list-style-type: none"> ■ Increase or decrease employee election based on whether cost increased or decreased ■ If existing plan option significantly increases in cost, employee may elect coverage under another plan option; if no plan option providing similar coverage is available, employee may drop coverage ■ If no change to existing plan option but the employer decreases the cost of another plan option, employee may elect coverage with decreased cost and drop existing plan option (if any) 	<ul style="list-style-type: none"> ■ Increase or decrease employee election based on whether cost increased or decreased ■ If existing plan option significantly increases in cost, employee may also elect coverage under another plan option; if no plan option providing similar coverage is available, employee may drop coverage ■ If no change to existing plan option but the employer decreases the cost of another plan option, employee may elect coverage with decreased cost and drop existing plan option (if any) 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ Increase or decrease contributions based on whether provider cost increased or decreased  No change permitted if cost change by dependent care provider who is a relative of employee 	<ul style="list-style-type: none"> ■ Increase or decrease employee election based on whether cost increased or decreased ■ If existing plan option significantly increases in cost, employee may elect coverage under another plan option; if no plan option providing similar coverage is available, employee may drop coverage ■ If no change to existing plan option but the employer decreases the cost of another plan option, employee may elect coverage with decreased cost and drop existing plan option (if any)







CHANGES TO PLAN DESIGN AND / OR COST

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Cost Changes That Are Not Considered Significant</p> <p> This event is for small, incremental cost changes and is the default event if the cost change is not significant. Start with determining whether the cost change is “significant” by reviewing Cost Changes That Are Considered Significant Event.</p>	<p>■ Employer may automatically increase or decrease employee election based on whether cost increased or decreased</p>	<p>■ Employer may automatically increase or decrease employee election based on whether cost increased or decreased</p>	<p>■ No change allowed</p>	<p>■ No change allowed</p>	<p>■ Employer may automatically increase or decrease employee election based on whether cost increased or decreased</p>














CHANGES TO PLAN DESIGN AND / OR COST

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Significant Reduction of Coverage (with / without loss of coverage)</p> <p>A reduction resulting in a loss of coverage under a plan option includes:</p> <ol style="list-style-type: none"> 1. Elimination of the plan option; 2. Elimination of a service area (for the affected participants); 3. Participant reaches a plan option's lifetime maximum benefit; 4. Substantial decrease in available providers; or 5. Elimination of a covered benefit under which the participant is currently receiving treatment (for the affected participants). <p>Note: Other reductions, such as a reduction in visit limits for a covered benefit, will generally be viewed as occurring <i>without</i> a loss of coverage.</p>	<p>■ With Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • If no plan option providing similar coverage is available, employee may drop coverage <p>■ Without Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • Dropping coverage completely is not available 	<p>■ With Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • If no plan option providing similar coverage is available, employee may drop coverage <p>■ Without Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • Dropping coverage completely is not available 	<p>■ No change allowed</p>	<p>■ Decrease / stop contributions when there is a loss of a provider or a change in hours of available dependent care who is not a relative of the employee</p> <p>❓ "Elimination of the plan option" does not include the loss of a single provider at a day care center employing multiple providers</p>	<p>■ With Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • If no plan option providing similar coverage is available, employee may drop coverage <p>■ Without Loss of Coverage:</p> <ul style="list-style-type: none"> • Employee may change plan option • Dropping coverage completely is not available










CHANGE TO PLAN OPTION(S)					
Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Addition or Significant Improvement of Benefit Option	<ul style="list-style-type: none"> ■ If not enrolled in a plan option, the employee may enroll in the newly added / improved option ■ Employee may change existing plan option to the newly added / improved option ⊕ The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s) 	<ul style="list-style-type: none"> ■ If not enrolled in a plan option, the employee may enroll in the newly added / improved option ■ Employee may change existing plan option to the newly added / improved option ⊕ The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s) 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ Increase / start contributions if DCFSA is newly added / improved ⊕ This includes the availability of a new provider in the employee’s area 	<ul style="list-style-type: none"> ■ If not enrolled in a plan option, the employee may enroll in the newly added/improved option ■ Employee may change existing plan option to the newly added / improved option
Addition or Significant Improvement of Other Employer’s Plan Covering the Employee’s Spouse / Dependent(s)	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled under other employer’s plan as a result of addition / improvement 	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled under other employer’s plan as a result of addition / improvement 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ Decrease / stop contributions if eligible dependent(s) gain coverage under other employer’s DCFSA 	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled under other employer’s plan as a result of addition / improvement ⊕ It’s unlikely these benefits will be available to the employee-dependent in another employer’s cafeteria plan; there are few instances where a corresponding election change could be made Spouse and dependent term life insurance cannot be offered through a cafeteria plan.

CHANGE TO PLAN OPTION(S)					
Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Reduction / Termination of Other Employer's Plan Covering the Employee*, Spouse or Dependent(s) * This would involve a situation where an employee works for two or more employers at the same time (moonlighting) and was benefits eligible for both	 If employer terminates coverage (n/a if only a reduction of coverage); the minimum SEP is 30 days ■ Enroll employee, spouse, and affected dependent(s) if coverage dropped in the other employer's plan  The rules do not address whether "tag-along rule" applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s)	 Likely HIPAA-excepted benefits ■ Enroll employee, spouse, and affected dependent(s) if coverage dropped in the other employer's plan  The rules do not address whether "tag-along rule" applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s)	■ No change is generally allowed  In the unusual case that the hFSA is subject to HIPAA's SER, an employee may be permitted to increase/start contributions	■ Increase / start contributions if contributions decreased/stopped in the other employer's DCFSA	■ Enroll employee if coverage dropped in the other employer's plan  It's unlikely these benefits will be available to the employee-dependent in another employer's cafeteria plan; there are few instances where a corresponding election change could be made.

GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Loss of Other Employer Group Health Coverage or Other Health Insurance by Employee, Spouse, or Dependent(s)</p> <p>To qualify for this event, the individual must have had other health coverage when the previous opportunity to enroll in the employer’s plan was declined</p> <p>“Other Health Insurance” includes individual health insurance</p> <p>This event can overlap with the Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer’s Plan(s) Event.</p>	<p> The minimum SEP is 30 days</p> <ul style="list-style-type: none"> ■ If employee loses other health coverage, enroll employee and spouse and/or dependent(s), if any ■ If spouse or dependent(s) lose other health coverage, add spouse or (newly) eligible dependent(s) and enroll employee if not already enrolled ■ Employee can change plan option <p> The rules do not address whether “tag-along rule” applies</p>	<p> Likely HIPAA-excepted benefits</p> <ul style="list-style-type: none">  If a HIPAA-excepted benefit, no change allowed  In rare case subject to HIPAA SER, the same election changes described under medical apply  If overlaps with the Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer’s Plan(s) Event, please see that event for election changes that can be permitted 	<p> Likely HIPAA-excepted benefit</p> <ul style="list-style-type: none">  If a HIPAA-excepted benefit, no change allowed  In rare case subject to HIPAA SER, increase / start contributions if other health coverage lost  If overlaps with the Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer’s Plan(s) Event, please see that event for election changes that can be permitted 	<ul style="list-style-type: none"> ■ No change allowed  If overlaps with the Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer’s Plan(s) Event, please see that event for election changes that can be permitted 	<ul style="list-style-type: none"> ■ No change allowed  If overlaps with the Spouse / Dependent Change in Status Resulting in Loss of Eligibility Under Another Employer’s Plan(s) Event, please see that event for election changes that can be permitted
<p>Employee Enrolls in Medicare or Medicaid</p>	<ul style="list-style-type: none"> ■ Drop coverage 	<ul style="list-style-type: none"> ■ Appears that employee can drop coverage  The regulation indicates the employee can drop “health plan” coverage which includes dental / vision. This seems inconsistent with gaining Medicare or Medicaid which do not provide traditional dental / vision coverage. 	<ul style="list-style-type: none"> ■ Decrease / stop contributions 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed

GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Gains Medicaid or CHIP Coverage Premium Subsidy Assistance for a Dependent in Employer's Plan	 The minimum SEP is 60 days <ul style="list-style-type: none"> ■ Enroll employee ■ Add dependent(s) who become eligible for subsidy assistance ■ Employee can change plan option  The rules do not address whether "tag-along rule" applies	 Likely HIPAA-excepted benefits  If a HIPAA-excepted benefit, no change allowed  In rare case subject to HIPAA SER, the same election changes described under medical apply	<ul style="list-style-type: none"> ■ No change allowed  This has not been addressed in guidance, but permitting an employee to increase / start contributions does not appear to be consistent with this event as the subsidy is not toward hFSA coverage and hFSA eligibility will not be affected	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed
Employee is Eligible and Enrolls in Marketplace Plan During Special or Open Enrollment Marketplace coverage must be effective by the day after the employer coverage ends. Employer may rely on the employee's representation and is not required to verify. Note: Due to a technicality, this event really cannot be incorporated into a cafeteria plan by broad reference and must be specifically referenced.	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled under Marketplace coverage 	 Likely HIPAA-excepted benefits  If a HIPAA-excepted benefit, no change allowed  In rare case subject to HIPAA SER, drop coverage for those enrolled under Marketplace coverage	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed







GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Spouse or Dependent Enrolls in Medicare, Medicaid or CHIP	<ul style="list-style-type: none"> ■ Drop the individual(s) who enroll ■ Enroll employee if coverage lost under other employer's plan as a result ■ Add spouse and affected dependent(s) if coverage lost under other employer's plan ⊕ The rules do not address whether "tag-along rule" applies 	<ul style="list-style-type: none"> ■ Appears that employee can drop the individual(s) gaining entitlement ■ Enroll employee if coverage lost under other employer's plan ■ Add spouse and affected dependent(s) if coverage lost under other employer's plan ⊕ The rules do not address whether "tag-along rule" applies ❓ The regulation indicates the employee can drop "health plan" coverage which includes dental / vision. This seems inconsistent with gaining Medicare or Medicaid which do not provide traditional dental / vision coverage. 	<ul style="list-style-type: none"> ■ Increase / start contributions if losing coverage under spouse's plan ■ Decrease / stop contributions 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed
Spouse or Dependent Gains Medicaid or CHIP Premium Subsidy Assistance in Other Employer's Plan	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled in the other employer's plan 	<ul style="list-style-type: none"> ■ Drop coverage for those enrolled in the other employer's plan * May not result in the gain of coverage under other employer's plan 	<ul style="list-style-type: none"> ■ Decrease / stop contributions if gain coverage under the other employer's plan * May not result in the gain of coverage under other employer's plan 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed

GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Loses Medicare Entitlement ? This will be very rare. It may occur, for example, if the employee loses Medicare eligibility because he/she recovers from a disability.	■ Enroll employee + The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s)	■ Enroll employee + The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s) ? The regulation indicates the employee can drop “health plan” coverage which includes dental / vision. This seems inconsistent with losing Medicare which does not provide traditional dental / vision coverage.	■ Increase / start contributions	■ No change allowed	■ No change allowed





GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Loses Medicaid Entitlement	 The minimum SEP is 60 days ■ Enroll employee  The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s)	 Likely HIPAA-excepted benefits ■ Enroll employee  The rules do not address whether “tag-along rule” applies, but seems counter-intuitive to let the employee enroll in coverage and be unable to add a spouse and eligible dependent(s)  The regulation indicates the employee can add “health plan” coverage which includes dental / vision. This seems inconsistent with losing Medicaid which does not provide traditional dental / vision coverage.	 Likely HIPAA-excepted benefit ■ Increase / start contributions	■ No change allowed	■ No change allowed

GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Spouse or Dependent Loses Medicare Entitlement ? This will be very rare. It may occur if individual loses Medicare eligibility because s/he recovers from a disability	<ul style="list-style-type: none"> ■ Enroll employee and the employee's affected spouse or dependent(s) ⊕ The rules do not address whether "tag-along rule" applies 	<ul style="list-style-type: none"> ■ Enroll employee and the employee's affected spouse or dependent(s) ⊕ The rules do not address whether "tag-along rule" applies ? The regulation indicates the employee can add "health plan" coverage which includes dental / vision. This seems inconsistent with losing Medicare which doesn't provide traditional dental / vision. 	<ul style="list-style-type: none"> ■ Increase / start contributions 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed
Spouse or Dependent Loses Medicaid or CHIP Entitlement	<ul style="list-style-type: none"> ♥ The minimum SEP is 60 days ■ Enroll employee and the employee's affected spouse or dependent(s) ⊕ The rules do not address whether "tag-along rule" applies 	<ul style="list-style-type: none"> ⚡ Likely HIPAA-excepted benefits ■ Enroll employee and the employee's affected spouse or dependent(s) ⊕ The rules do not address whether "tag-along rule" applies ? The regulation indicates the employee can add "health plan" coverage which includes dental / vision. This seems inconsistent with losing Medicaid which does not provide traditional dental / vision coverage. 	<ul style="list-style-type: none"> ⚡ Likely HIPAA-excepted benefit ■ Increase / start contributions 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed

GAIN / LOSS OF OTHER COVERAGE

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
<p>Loss of Group Health Coverage Sponsored by Governmental or Educational Institution by Employee, Spouse, or Dependent(s)</p> <p>Includes:</p> <ol style="list-style-type: none"> 1. TRICARE; 2. Federal employee health benefit program; 3. State high risk pool; 4. Indian tribal coverage; and 5. A foreign government group health plan <p> This event would also include Medicare, Medicaid, and CHIP, but these are better addressed in the events specific to losses of those coverages.</p>	<ul style="list-style-type: none"> ■ Enroll employee if coverage lost under other employer's plan ■ Add spouse and affected dependent(s) if coverage lost under other employer's plan <p> The rules do not address whether "tag-along rule" applies</p>	<ul style="list-style-type: none"> ■ Enroll employee if coverage lost under other employer's plan ■ Add spouse and affected dependent(s) if coverage lost under other employer's plan <p> The rules do not address whether "tag-along rule" applies</p> <p> From a consistency standpoint, the coverage lost should include dental / vision in order to permit enrollment in the employer's dental / vision plan(s)</p>	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed 	<ul style="list-style-type: none"> ■ No change allowed

LEAVE UNDER THE FAMILY MEDICAL LEAVE ACT (FMLA)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Begins FMLA Leave	<ul style="list-style-type: none"> * Employee must be given the option to continue while on leave ■ 3 payment options if coverage continued: <ol style="list-style-type: none"> 1. Pre-payment, 2. Pay-as-you-go, or 3. Catch-up when leave ends 	<ul style="list-style-type: none"> * Employee must be given the option to continue while on leave ■ 3 payment options if coverage continued: <ol style="list-style-type: none"> 1. Pre-payment, 2. Pay-as-you-go, or 3. Catch-up when leave ends 	<ul style="list-style-type: none"> * Employee must be given the option to continue while on leave ■ 3 payment options if coverage continued: <ol style="list-style-type: none"> 1. Pre-payment, 2. Pay-as-you-go, or 3. Catch-up when leave ends 	<ul style="list-style-type: none"> ■ Employee may change election and pay for benefit consistent with employer's permitted election changes for non-FMLA leave 	<ul style="list-style-type: none"> ■ Employee may change election and pay for benefit consistent with employer's permitted election changes for non-FMLA leave
FMLA Concurrent with Paid Leave (e.g., STD, PTO)	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage and pay for contributions as required under the paid leave 	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage and pay for contributions as required under the paid leave 	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage and pay for contributions as required under the paid leave 	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage and pay for contributions as required under the paid leave 	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage and pay for contributions as required under the paid leave
FMLA Not Concurrent with Paid Leave	<ul style="list-style-type: none"> ■ Employer can require employee continue coverage if employer pays for premiums during leave 🔗 Employer can recover premiums when leave ends using catch-up method ■ If employer does not require employee to continue coverage, employee can drop coverage during leave 	<ul style="list-style-type: none"> ■ Employer can require employee continue coverage if employer pays for premiums during leave 🔗 Employer can recover premiums when leave ends using catch-up method ■ If employer does not require employee to continue coverage, employee can drop coverage during leave 	<ul style="list-style-type: none"> ■ Employer can require employee to continue coverage if employer pays for premiums during leave 🔗 Employer can recover premiums when leave ends using catch-up method ❓ Employers rarely require continuation of hFSA coverage during unpaid leave ■ If employer does not require employee to continue coverage, employee can drop coverage during leave ❓ If coverage is dropped, claims during leave cannot be reimbursed 	<ul style="list-style-type: none"> ■ Employer can require employee continue coverage if employer pays for premiums during leave 🔗 Employer can recover premiums when leave ends using catch-up method ❓ Employers rarely require continuation of DCFSA coverage during unpaid leave ■ If employer does not require employee to continue coverage, employee can drop coverage during leave ❓ If coverage is dropped, claims during leave cannot be reimbursed 	<ul style="list-style-type: none"> ■ Employer can require employee continue coverage if employer pays for premiums during leave 🔗 Employer can recover premiums when leave ends using catch-up method

LEAVE UNDER THE FAMILY MEDICAL LEAVE ACT (FMLA)

Event	Medical	Dental / Vision	Health FSA (hFSA)	Dependent Care FSA (DCFSA)	Other Pre-Tax 125 Plan Benefits (non-HSA)
Employee Returns from FMLA Leave	<ul style="list-style-type: none"> ■ Employer may require reinstatement of previous election if employees who return from non-FMLA leave are required to reinstate election 🔍 The employee should be able to change his/her election if the leave period overlaps with the annual enrollment period or the employee experiences another election change (e.g., birth) ■ Employee may resume coverage or make a new election if the employee dropped coverage while on FMLA leave and the employer does not require reinstatement of previous election 	<ul style="list-style-type: none"> ■ Employer may require reinstatement of previous election if employees who return from non-FMLA leave are required to reinstate election 🔍 The employee should be able to change his/her election if the leave period overlaps with the annual enrollment period or the employee experiences another election change (e.g., birth) ■ Employee may resume coverage or make a new election if the employee dropped coverage while on FMLA leave and the employer does not require reinstatement of previous election 	<ul style="list-style-type: none"> ■ Employer may require reinstatement of previous election if employees who return from non-FMLA leave are required to reinstate election 🔍 The employee should be able to change his/her election if the leave period overlaps with the annual enrollment period or the employee experiences another election change (e.g., birth) ■ Employee may resume coverage or make a new election if the employee dropped coverage while on FMLA leave and the employer does not require reinstatement of previous election 📄 Cannot exceed annual limit 	<ul style="list-style-type: none"> ■ Employer may require reinstatement of previous election if employees who return from non-FMLA leave are required to reinstate election 🔍 The employee should be able to change his/her election if the leave period overlaps with the annual enrollment period or the employee experiences another election change (e.g., birth) ■ Employee may resume coverage or make a new election if the employee dropped coverage while on FMLA leave and the employer does not require reinstatement of previous election 📄 Cannot exceed annual limit 	<ul style="list-style-type: none"> ■ Employer may require reinstatement of previous election if employees who return from non-FMLA leave are required to reinstate election 🔍 The employee should be able to change his/her election if the leave period overlaps with the annual enrollment period or the employee experiences another election change (e.g., birth) ■ Employee may resume coverage or make a new election if the employee dropped coverage while on FMLA leave and the employer does not require reinstatement of previous election

* Administration should generally be consistent with non-FMLA leave except that the employee must be allowed to continue group health coverage while on FMLA leave and must be allowed to re-enroll for group health coverage when FMLA leave ends (including under the cafeteria plan).