



Interaction of Employee Life Events and Compliance Requirements

This chart provides guidance on the interaction of certain benefits compliance considerations when an employee experiences various events that impact benefits outside the plan's annual open enrollment period. The following examples assume the employer has adopted all standard and permitted § 125 events.

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Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>Employee marries outside of the plan's open enrollment window.</p>	<p>Medical, dental, vision, and all qualified benefit plans:</p> <ul style="list-style-type: none"> An employee may enroll themselves, their children, newly eligible spouse, and/or newly eligible stepchildren. An employee may drop coverage for themselves and/or their children if they are enrolling in their new spouse's plan. <p>HFSA: An employee may enroll in or increase their election, or decrease or stop elections, if they or their dependents become eligible under the new spouse's plan.</p> <p>DCFSA: An employee may stop elections if they no longer have a need as a result of the new spouse disqualifying (e.g., is not employed, is not disabled, or is not a full-time student).</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP.</p> <p>An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may change their benefit plan options for any non-excepted benefits (e.g., medical benefits) if the employer offers multiple plan options.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	<p>Not a COBRA qualifying event</p>	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required; usually within 30 days of the qualifying event. Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> Provide the employee with applicable enrollment forms, waiver forms, and instructions. Provide the employee and enrolled beneficiaries with applicable notices and documents upon new enrollment in the plan. Provide the employee with beneficiary designation forms for benefits requiring beneficiary designations (e.g., life insurance, retirement plans).

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
Employee or their spouse gives birth or adopts a child outside of the plan's open enrollment.	<p>Medical, dental, vision, and all qualified benefit plans:</p> <ul style="list-style-type: none"> An employee may enroll themselves, their new child, spouse, and/or existing children/stepchildren. An employee may drop coverage for themselves and/or their children if they are enrolling in their spouse's plan. <p>HFSA: An employee may enroll in or increase their election, or decrease or stop elections, if they or their dependents become eligible under the new spouse's plan.</p> <p>DCFSA: An employee may enroll in or increase elections if the spouse is employed, seeking employment, or is a full-time student.</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may change their benefit plan options for any non-excepted benefits (e.g., medical benefits) if the employer offers multiple plan options.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	Not a COBRA qualifying event	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required; usually within 30 days of the qualifying event. Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> Provide the employee with applicable enrollment forms, waiver forms, and instructions. Provide the employee and enrolled beneficiaries with applicable notices and documents upon new enrollment in the plan.
Employee's spouse becomes newly eligible for their employer-sponsored plan outside of the employee's open enrollment.	<p>Medical, dental, vision, and all qualified benefit plans:</p> <p>An employee may drop coverage for themselves, their spouse, and/or their children if they are enrolling in their spouse's plan.</p> <p>HFSA: An employee may decrease or stop elections if they or their dependents become eligible under the spouse's plan.</p> <p>DCFSA: An employee may stop or decrease elections if the spouse enrolls in a DCFSA plan with their employer.</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	N/A	Not a COBRA qualifying event	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required; usually within 30 days of the qualifying event. Provide documentation to the employer substantiating the qualifying event. <p>Employers must provide the employee with applicable change forms and instructions.</p>

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>Employee's covered spouse or dependents enroll in Medicaid.</p>	<p>Medical, dental, vision, and all qualified benefit plans:</p> <ul style="list-style-type: none"> An employee may drop coverage for the spouse or dependent enrolling in Medicaid. An employee may enroll themselves or their children who lose coverage under the spouse's plan as a result of the spouse enrolling in Medicaid. <p>HFSA: An employee may enroll in or increase their election, or decrease or stop elections if they or their dependents become eligible under the new spouse's plan.</p> <p>DCFSA: N/A</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may change their benefit plan options for any non-excepted benefits (e.g., medical benefits) if the employer offers multiple plan options.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	<p>Not a COBRA qualifying event</p>	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required, usually within 30 days of the qualifying event if the event causes the employee or dependent(s) to lose coverage under the spouse's plan. Notify the employer within the timeframe required, usually within 30 days of the qualifying event when the spouse or dependent is covered under the employee. Provide documentation to the employer substantiating the qualifying event. <p>Employers must provide the employee with applicable change forms and instructions.</p>

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
Employee's spouse or dependents become ineligible for Medicaid .	<p>Medical, dental, vision, and all qualified benefit plans: An employee may enroll their spouse or children who lose Medicaid eligibility.</p> <p>HFSA: An employee may enroll in or increase their election.</p> <p>DCFSA: N/A</p>	<p>HSA's included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may enroll their spouse and/or dependent(s) who lose Medicaid eligibility.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	Not a COBRA qualifying event	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required, usually within 60 days of the qualifying event if the event causes the employee or dependent(s) to lose coverage under the spouse's plan. Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> Provide the employee with applicable change forms and instructions. Provide the employee and enrolled beneficiaries with applicable notices and documents upon new enrollment in the plan.
Employee or their covered spouse enrolls in Medicare .	<p>Medical, dental, vision, and all qualified benefit plans: An employee may drop themselves and all dependents if they enrolled in Medicare, or just the spouse if the spouse enrolled in Medicare.</p> <p>HFSA: An employee may stop or decrease their election.</p> <p>DCFSA: N/A</p>	<p>HSA's included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may enroll themselves and their dependent children who lose coverage from their spouse's plan as a result of the spouse enrolling in Medicare.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	<p>If the employee enrolls in Medicare, this is typically not a COBRA qualifying event for their covered spouse and dependent. Exceptions may apply if the employer is not a primary payer for Medicare Secondary Payer purposes.</p> <p>If the covered spouse enrolls in Medicare, COBRA is not applicable.</p>	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required, usually within 30 days of the event. Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> Provide the employee with applicable enrollment forms, change forms, and instructions. Provide the employee and enrolled beneficiaries with applicable notices and documents upon new enrollment in the plan.

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>Employee gets divorced or legally separates from their spouse outside of the plan's open enrollment.</p>	<p>Medical, dental, vision, and all qualified benefit plans:</p> <ul style="list-style-type: none"> An employee may enroll themselves and their children who lose eligibility under the ex-spouse's plan. An employee may drop coverage for their ex-spouse and any other ineligible dependents (i.e., stepchildren). <p>HFSA: An employee may enroll in or increase their election, or decrease or stop elections due to the ex-spouse losing eligibility.</p> <p>DCFSA: An employee may enroll in, increase election, decrease election, or stop elections if their dependents become ineligible (e.g., dependents live with and are covered by the ex-spouse).</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>An employee may enroll themselves and their dependent children who lose coverage from the ex-spouse's plan.</p> <p>HIPAA generally does not include excepted benefits (e.g., standalone dental, vision, or HFSA with little or no employer contribution).</p>	<p>An ex-spouse and dependents are eligible for up to 36 months of COBRA continuation if benefits are lost.</p>	<p>Employees must:</p> <ul style="list-style-type: none"> Notify the employer within the timeframe required, usually within 30 days of the qualifying event. Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> Provide the employee with applicable enrollment forms, change forms, waiver forms, and instructions. Provide the employee and enrolled beneficiaries with applicable notices and documents upon new enrollment in the plan. Provide the employee with beneficiary designation forms for benefits requiring beneficiary designations (e.g., life insurance, retirement plans). Provide COBRA continuation qualifying event notice to ex-spouse and dependents losing coverage.

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>Employee's covered dependent reaches the maximum age for eligibility under a parent's plan outside of the plan's open enrollment period.</p>	<p>Medical, dental, vision, and all qualified benefit plans: An employee may drop coverage for the dependent who loses eligibility.</p> <p>HFSA: An employee may decrease or stop elections due to the dependent losing eligibility.</p> <p>DCFSA: An employee may decrease election, or stop elections if a dependent becomes ineligible.</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>N/A</p>	<p>A dependent losing coverage for reaching the age of ineligibility is eligible for up to 36 months of COBRA continuation.</p>	<p>Employees must:</p> <ul style="list-style-type: none"> • Notify the employer within the timeframe required, usually within 30 days of the qualifying event. • Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> • Provide the employee with applicable change forms and instructions. • Provide COBRA continuation qualifying event notice to the dependent losing coverage. • Consider providing the Department of Labor Exchange Notice, which provides information about the individual Marketplace.

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>Death of an employee with enrolled spouse and/or dependents.</p>	<p>Medical, dental, vision, and all qualified benefit plans: See COBRA</p> <p>HFSA: Surviving spouse and dependent(s) may submit qualified expenses for reimbursement for expenses incurred prior to the employee's death.</p> <p>DCFSA: Surviving spouse and dependent(s) may submit qualified expenses for reimbursement for expenses incurred prior to the employee's death.</p>	<p>HSA transfers to the beneficiary named and according to the terms of the plan.</p>	<p>N/A</p>	<p>A surviving spouse and dependent(s) are eligible for up to 36 months of COBRA continuation.</p>	<p>Employees must:</p> <ul style="list-style-type: none"> • An employee's surviving spouse or dependent(s) must notify the employer within the timeframe required, usually within 30 days of the event. • An employee's surviving spouse or dependent(s) must generally provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> • Provide the spouse and dependent(s) with COBRA continuation qualifying event notice. • Provide spouse and dependent(s) with claim forms for any applicable benefits of the deceased employee (e.g., life insurance, retirement plan, AD&D plan). • Consider providing the Department of Labor Exchange Notice, which provides information about the individual Marketplace.

Event	§ 125 Cafeteria Plan	HSA	HIPAA	COBRA	Requirements
<p>An employee moves to another state.</p>	<p>Medical, dental, vision, and all qualified benefit plans: If the employee's change of residence affects eligibility or availability of coverage, an employee may enroll themselves, their spouse, and their children to available plan options in the new location.</p> <p>HFSA: N/A</p> <p>DCFSA: An employee may enroll in, increase election, decrease election, or stop elections if the move affects DCFSA expenses.</p>	<p>HSAs included in a § 125 plan must be permitted to make contribution election changes at least monthly and for any reason. No permitted election change event is required. An employer may allow more frequent changes.</p> <p>HSA contribution amounts are limited by IRS regulations and must be in coordination with enrollment in an HDHP. An employee who enrolls in their new spouse's plan may be unable to continue contributing to their own HSA if the new plan is not a qualifying plan.</p>	<p>N/A</p>	<p>Not a COBRA qualifying event</p>	<p>Employees must:</p> <ul style="list-style-type: none"> • Notify the employer within the timeframe required, usually within 30 days of the event. • Provide documentation to the employer substantiating the qualifying event. <p>Employers must:</p> <ul style="list-style-type: none"> • Review whether the plan provides the same level of coverage and access at the employee's new location. • Provide the employee with applicable enrollment forms, change forms, waiver forms, and instructions. • Provide the employee with beneficiary designation forms for benefits requiring beneficiary designations (e.g., life insurance, retirement plans). • Update employee's address in all files.

Glossary

COBRA – The Consolidated Omnibus Budget Reconciliation Act. In the context of this chart, COBRA qualifying events and COBRA continuation coverage refer to benefits provided an employee after termination.

DCFSA – Dependent care flexible spending account

HDHP – High deductible health plan

HFSA – Health flexible spending account

HIPAA – Health Insurance Portability and Accountability Act

HSA – Health savings account

Qualified Benefit Plans – Generally include employer-provided accident and health plans such as health savings accounts, medical, dental, vision, term life, disability, hospital indemnity, and adoption assistance plans.