

Change in Status Rules: Introduction

By: HUB's EB Compliance Team

While it is a big selling point, the tax savings that cafeteria plans offer are not without their limitations and requirements. Contrary to widespread belief, Congress and the IRS do not give away tax revenues without strict restrictions. The IRS requires that all cafeteria plans meet at least three specific requirements: (1) having a written plan document, (2) making the pre-tax benefit available without disproportionately benefiting highly compensated employees, and (3) ensuring participant elections are generally irrevocable for 12-months. If these and other requirements are ignored, the pre-tax benefit of a cafeteria plan may be lost, resulting in unexpected tax obligations for both employers and employees.

Background

Cafeteria plans must follow the general principle that participant elections cannot be changed during the period of coverage (generally, the plan year) but there are some limited exceptions. Under IRS section 125, employers can choose whether to offer certain mid-year election changes. These mid-year election change opportunities are permissible as long as they are included in the cafeteria plan document and also permitted by the underlying benefit plan. The categories of changes include a change in job status (of the employee or the employee's spouse or dependents), certain cost changes to the underlying benefit plan, and other limited events. This article is the first in a series that will explore the various changes in status available under cafeteria plans.

Defining Terms

The terms HIPAA special enrollment rights, change in status, and qualifying life events are often used interchangeably. While related concepts, they are not the same. It is important for Plan Sponsors to understand the distinctions between each term to know the impacts each may have on an individual's eligibility.

A HIPAA special enrollment right can be triggered by two main events for individuals who previously declined health coverage: loss of other health coverage and certain life events. This protection provides additional opportunities for employees to enroll if they lose other health coverage, get married or add a new dependent. However, HIPAA special enrollment rights alone do not allow for pre-tax election changes. These changes must also be listed as permissible Section 125 election change events in the cafeteria document. Given that special enrollment rights are mandatory for health plans, employers typically include them in their cafeteria plans if employees are paying for any part of the coverage.

A change in status refers to any significant life event that affects an individual's eligibility for health insurance coverage. Common examples include marriage, divorce, birth or adoption of a child, and changes in employment status.

Qualifying life events (QLEs) are specific events that allow individuals to make changes to their health insurance coverage outside of the open enrollment period. Common examples include marriage, birth or adoption of a child, loss of other health coverage, and change in residence. There is often a lot of overlap between change in status events and QLEs.

Ultimately, HIPAA special enrollment rights are a specific type of enrollment opportunity triggered by certain life events or loss of other coverage. Change in status and qualifying life events are broader terms that describe the events that can trigger these special enrollment rights.

Employers are not required to allow employees to change their elections mid-year, but they may choose to design their plan to allow IRS approved events. These approved events must meet IRS regulations that include consistency rules, timing, and specific documentation requirements. They must also be available under the underlying coverage.

Conclusion

While change in status rules are common, they are not mandatory, but they also come with various conditions and rules. Over this series, we will take a deep dive into each event to provide much needed clarity for plan sponsors to comply with specific IRS regulations.

Change in Status Rules: Change in Residence

Regulatory Background

Under IRS Section 125 current regulations, a cafeteria plan may be drafted to permit a participant to change elections midyear on account of a change in status. Change in status events are the basis for most election change requests and have some complicated rules to follow. Two requirements must be met for a change in status 1) A specified change in status must have occurred and 2) The requested election change must be consistent with the event.

Events falling within six categories are considered change in status events. The categories include change in legal marital status, change in number of dependents, change in employment status, residence change, dependent satisfies or ceases to satisfy eligibility requirements, and adoption assistance provided through a cafeteria plan, as well as the commencement or termination of an adoption proceeding.

Defining Terms

A change in residence is not as simple as a plan participant might hope. The change in residence event allows for a change in the place of residence of an employee, spouse or dependent where the change affects their eligibility for coverage. Typically, an employee moving three blocks away will not trigger a change in status.

Evidence of Events

Qualifying event rules require plan participants to notify the plan of a status change request within a certain period as prescribed by the plan. Typically, a change in residence requires participants to request a change within 30 days from the date of the relocation. Employees who miss the notification deadline must wait until the next open enrollment period to make election changes. Employers should not allow pre-tax election change exceptions for participants who miss the deadline to notify the plan.

Eligible Changes

When a change in status is triggered, a cafeteria plan should only permit employees to make election changes that are consistent with the event. An election change satisfies the consistency requirement for change in status if the election change is on account of and corresponds with a change in status that affects eligibility for coverage under an employer's plan. This could happen, for example, if an employee moves outside the service area of an HMO plan.

A move that results in the gain of eligibility allows the employee to enroll or increase election for the newly eligible employee, spouse, or dependent (including other previously eligible dependents under the tag-along rule). The change in residence would not allow for an election change under a health FSA, even if underlying health coverage change occurs. Eligibility for the FSA has not changed, only the underlying health, dental, or vision coverage eligibility may be impacted.

A move resulting in the loss of eligibility allows the employee to revoke their election or make a new election change if the change affects the employee's, spouse's or dependent's eligibility for coverage. Like a gain of eligibility, the loss of eligibility under the underlying health coverage will not allow for a change in a health FSA election.

Effective Date

Election changes for change in residence typically must be prospective, meaning in the future. Regulations refer to changes intended to be for the "remaining portion of the period" of coverage and to "prospective" election changes. Salary reduction elections may only be changed on a prospective basis, change in residence does not allow for retroactive coverage.

If a plan sponsor needs to offer retroactive major medical coverage, they must be willing to collect after-tax employee contributions. Plan sponsors should require employee contributions for coverage during the retroactive period to be made with after-tax dollars, outside the cafeteria plan. For coverage provided after the election change, the employer could permit the employee to pay with pre-tax salary reduction contributions, starting with the pay period in which the election change is made. Plan sponsors should confirm with their tax advisor or payroll advisor regarding all payroll tax considerations. In some instances, a payroll vendor may not easily be able to support post-tax retroactive premiums.

A plan sponsor may allow election changes for a limited period after the change in residence as provided in the plan documents (typically 30 or 60 days).

Conclusion

An employee has the obligation to notify the Plan Sponsor if a change in status occurs, employers are obligated to ensure tax implications are handled appropriately. Each change in status impacts the employee, employer, and the coverage differently. The plan sponsor is tasked with reviewing the facts of each situation individually to determine plan allowances, consistency rules, and IRS Section 125 allowances.

Post-tax retroactive premiums may be a new process for many employers. However, unless the federal government decides to start gifting new homeowners with retroactive health coverage, neither HIPAA nor Section 125 allow for retroactive premiums to be taken on a pre-tax basis. A plan sponsor should review their policy documents to understand plan allowances and align current practice with current

regulations. While ensuring compliance with plan documents and current practice, plan sponsors should also consider any additional burden that may be created, such as payroll complications.

Change in Status Rules: Change in Employment Status

Regulatory Background

Under IRS Section 125 current regulations, a cafeteria plan may be drafted to permit a participant to change elections midyear on account of a change in status. Change in status events are the basis for most election change requests and have some complicated rules to follow. Two requirements must be met for a change in status 1) A specified change in status must have occurred and 2) The requested election change must be consistent with the event.

In prior months, articles have broken down the complexity of the six categories that are considered change in status events. The categories include change in legal marital status, change in number of dependents, change in employment status, residence change, dependent satisfies or ceases to satisfy eligibility requirements, and adoption assistance provided through a cafeteria plan, as well as the commencement or termination of an adoption proceeding.

Defining Terms

Any change in employment status that affects eligibility under either the underlying benefit or the cafeteria plan, will also qualify as a change in status event. This category includes any of the following events that change the employment status of the employee, the employee's spouse, or the employee's dependent: termination or commencement of employment, strike or lockout, commencement of or a return from an unpaid leave of absence, or a change in worksite.

In addition, if the eligibility conditions of the cafeteria plan or other benefit plan of the employer of the employee, spouse, or dependent depend on the employment status of that person (as most do); and if there is a change in that employment status so that he or she becomes (or ceases to be) eligible, then that constitutes a change in employment. The classic example is termination of employment. For example, if an employee terminates employment, he or she will usually become ineligible for benefits (other than when continuation coverage applies, like COBRA). This change in employment status would also allow the employee to enroll in a spouse's plan, if one is available and allows this change in status.

Eligible Changes

When a change in status is triggered, a cafeteria plan should only permit employees to make election changes that are consistent with the event. An election change satisfies the consistency requirement for change in status if the election change is on account of and corresponds with a change in status that affects eligibility for coverage under an employer's plan.

If a plan covers only salaried employees, and an employee moves from salaried to hourly then the move impacts the eligibility of coverage. An individual moving to a non-eligible position would constitute a change in employment status. Another common change that could impact eligibility is moving from part-time to full-time.

Effective Date

Election changes for change in employment status typically must be prospective, meaning effective in the future. Regulations refer to changes intended to be for the “remaining portion of the period” of coverage and to “prospective” election changes. Pre-tax salary reduction elections cannot be changed retroactively.

If a plan sponsor needs to offer retroactive major medical coverage, they must be willing to collect after-tax employee contributions. Plan sponsors should require employee contributions for coverage during the retroactive period to be made with after-tax dollars, outside the cafeteria plan. For coverage provided after the election change, the employer could permit the employee to pay with pre-tax contributions, starting with the pay period in which the election change is made.

A plan sponsor may allow election changes for a limited period after the change in employment status as provided in the plan documents (typically 30 or 60 days).

Conclusion

An employee generally has the obligation to notify the plan sponsor if a change in status occurs, employers are obligated to ensure tax implications are handled appropriately. Each change in status impacts the employee, employer, and the coverage differently. The plan sponsor is tasked with reviewing the facts of each situation individually to determine plan allowances, consistency rules, and IRS Section 125 allowances. While employment status changes are some of the easier changes to administer, plan sponsor should be aware of the potential effects so they can appropriately guide employees through their options.

Change in Status Rules: Change in Marital Status

Regulatory Background

Under IRS Section 125 current regulations, a cafeteria plan may be drafted to permit a participant to change elections midyear on account of a change in status. Change in status events are the basis for most election change requests and have some complicated rules to follow. Two requirements must be met for a change in status 1) A specified change in status must have occurred and 2) The requested election change must be consistent with the event.

Events falling within six categories are considered change in status events. The categories include change in legal marital status, change in number of dependents, change in employment status, residence change, dependent satisfies or ceases to satisfy eligibility requirements, and adoption assistance provided through a cafeteria plan, as well as the commencement or termination of an adoption proceeding.

Navigating IRS rules surrounding these change in status events can be complex and confusing for employers. Over the coming months, future articles will break down the six distinct categories to help clarify the rules and plan sponsor’s obligations under current regulations.

Defining Terms

Events that change an employee’s marital status are considered a change in status. According to the IRS, this change includes marriage, divorce, death of spouse, legal separation, and annulment. In 2013, the IRS began acknowledging both same-sex and opposite sex as legal marriages; meaning same-sex

marriage will qualify as an election change event and trigger HIPAA special enrollment rights for major medical coverage. See the Change in Status Rules: Introduction article for a better understanding of special enrollment rights versus change in status events. Under IRS regulations, the term spouse includes all legally married same sex or opposite sex spouses, it does not include domestic partners.

Legal separation, as it pertains to a change in status, can be difficult to define. The regulations do not define legal separation for purposes of Section 125 or change in status events. Typically, what constitutes a legal separation is controlled by applicable state family law principles. Although not all states recognize legal documentation of separation, most will. Due to consistency rules, no change would be allowed for legal separation if eligibility under the applicable plan is not lost because of that legal separation. Most plans do not change eligibility until the divorce has been finalized.

Evidence of Events

Qualifying event rules require participants to notify the plan of a status change request within a certain period prescribed by the plan. For example, if an employee gets married, the employee typically has 30 days from the date of the marriage to notify the plan. The employee can add the new spouse to the employee's coverage or drop the coverage and enroll on the spouse's plan. Employers should not allow pre-tax election changes for employees who miss the notification deadlines. Employees who miss the notification deadline must wait until the next open enrollment period to make election changes.

While regulations do not require proof of a status change be obtained, HUB recommends requiring documentation if it is done in a consistent manner. Examples of potentially appropriate proof would be a marriage certificate, divorce decree, court approved legal separation document, death certificate, or page one of a federal tax return. This is not an exhaustive list; other proof may also be appropriate.

The plan sponsor's cafeteria plan document, health plan document, and health insurance policy must allow for the election change the employee wants to use.

Eligible Changes

Eligible changes will be dependent upon the event that occurred, and which change in status was triggered for the employee and their spouse. Gaining a spouse allows the employee to enroll or increase their election for their newly eligible spouse and dependent children. The employee may also change their coverage options, while changing elections for dental, vision, FSA, and potentially group term life, AD&D and disability coverages.

The loss of a spouse through a divorce, legal separation, annulment or death only allows the employee to revoke the election for the spouse. The loss does not allow the employee to also terminate their own coverage.

Effective Date

Generally, election changes for change in marital status must be prospective, or in the future. The regulations refer to changes intended to be for the "remaining portion of the period" of coverage and to "prospective" election changes. Unlike the change in number of dependents, change in status rules do not allow retroactive coverage under a change in marital status. Salary reduction elections may only be changed on a prospective basis.

If a plan sponsor wants to offer retroactive major medical coverage to the date of marriage, they must be willing to collect after-tax employee contributions. Plan sponsors should require employee contributions for coverage during the retroactive period to be made with after-tax dollars, outside the cafeteria plan. For coverage provided after the election change, the employer could permit the employee to pay with pre-tax salary reduction contributions, starting with the pay period in which the election change is made.

Plan Sponsor's may allow election changes for a limited period after the event as provided in the plan documents (typically 30 or 60 days). However, HIPAA special Enrollment rights require the election be available for a minimum period.

Conclusion

Employees must be sure to notify their employer of the change in status, while employers must be sure tax implications are handled properly. Unfortunately, there isn't a clear blanket answer that covers all change in status scenarios. A plan sponsor is tasked with reviewing the facts of each situation and determining plan allowances, consistency rules, and IRS Section 125 allowances.

Post-tax retroactive premiums may be a new process for many employers. However, until the federal government produces a "congratulations on your nuptials" federal act, neither HIPAA nor Section 125 allow for retroactive premiums to be taken on a pre-tax basis. Plan sponsors are often faced with carriers allowing for retroactive coverage without informing the plan sponsor of possible tax obligations. Plan Sponsor's should review policy documents to understand what their current plan allows and how that plays into their current practice and regulations.

Plan sponsors should confirm with their tax advisor or payroll advisor regarding all payroll tax considerations. In some instances, a payroll vendor may not easily be able to support post-tax retroactive premiums. Plan sponsors should not only ensure plan documents agree with their practice, but also think about any additional administrative burden that may be created.

Change in Status Rules: Change in Number of Dependents

Regulatory Background

Under IRS Section 125 current regulations, a cafeteria plan may be drafted to permit a participant to change elections midyear on account of a change in status. Change in status events are the basis for the majority of election change requests and have some complicated rules to follow. Two requirements must be met for a change in status 1) A specified change in status event must have occurred and 2) The requested election change must be consistent with the event.

Under the regulations, events falling within the following six categories are change in status events.

1. Change in legal marital status
2. Change in number of dependents
3. Change in employment status
4. Dependent satisfies or ceases to satisfy dependent eligibility requirements
5. Residence change

6. Adoption assistance provided through a cafeteria plan (including the commencement or termination of an adoption proceeding).

Navigating IRS rules surrounding these change in status events can be complex and confusing for employers. Over the coming months, future articles will break down the six distinct categories to help clarify the rules and an employer's obligations under current regulations.

Defining Terms

The IRS defines a "change in the number of dependents" to include birth, adoption, placement for adoption, and death. Typically, birth, adoption, or placement for adoption will also trigger HIPAA special enrollment rights for major medical coverage. See [Change in Status Rules: Introduction](#) article for a better understanding of special enrollment rights versus change in status definitions.

The regulations define a dependent as a qualifying child or a qualifying relative bearing a required age and relationship to the taxpayer (with exceptions).

- A relationship exists if the individual is
 - a child of the taxpayer or a descendent of such a child, or
 - a brother, sister, stepbrother, or stepsister of the taxpayer or a descendant of any such relative
- An individual meets the age requirements if such individual
 - is younger than the taxpayer claiming such individual as a qualifying child,
 - has not attained the age of 19 as of the close of the taxable year,
 - is a student who has not attained the age of 24 as of the close of the taxable year or
 - the individual is permanently and totally disabled

Health care reform requires groups that offer dependent medical coverage to continue to make that coverage available for children until age twenty-six, regardless of a child's residency, financial dependence, student status, employment, or other factors.

Evidence of Events

Qualifying event rules require participants to notify the plan of a status change request within a certain period prescribed by the plan. For example, after the birth of a child, the employee typically has 30 days from the birth to notify the plan. The employee can add the new dependent to the employee's coverage. The employee may also drop their coverage and enroll on the spouse's plan if the employee and dependent become eligible for a spouse's plan. Employees who notify the plan after the deadline cannot change their elections until the next open enrollment or another qualifying event occurs.

While the regulations do not require employers to obtain proof of a status change, HUB recommends requiring documentation if it is done in a consistent manner. Examples of potentially appropriate proof would be a birth certificate, adoption court order, or a death certificate. This is not an exhaustive list; other proof may also be appropriate.

Eligible Changes

Generally, gaining a dependent allows an employee to enroll themselves, the newly eligible dependent, and any other dependents who were not previously covered prior to the change in status. This change allows for major medical, dental and vision elections and coverage option changes (e.g., HMO to PPO). The employee may also revoke or decrease their current elections if the employee or dependent becomes eligible under a spouse's group health plan. Employees may also make election changes to their Health and Dependent Care FSA accounts to accommodate the newly eligible dependents.

The loss of a dependent provides stricter regulations by limiting the employee's election change options. The employee may only drop coverage for any dependent who loses eligibility, they may not terminate coverage for any other members previously elected.

Effective Date

Generally, election changes must be prospective; however, there is one exception to this rule. The HIPAA special enrollment rules require group health plans to provide coverage retroactively when there is a special enrollment due to birth, adoption, or placement for adoption. This exception allows change in dependent election changes to be placed retroactive to the date of the event. However, any premiums can only be collected from pay that has not yet been earned, so while the coverage can be retroactive, the payroll deductions must be prospective.

Plan Sponsor's may allow election changes for a limited period after the event, as provided in the client's plan documents (typically 30 or 60 days). However, HIPAA special enrollment rights require the election be available for a minimum period.

Conclusion

While the birth of a child or the completing of an adoption are an exciting time for employees, employees must be sure to notify their employer of the change in status. Employees may have a limited time to utilize their change in status based on the employer's plan design.

While an employer is under no obligation to track down new parents, they should be diligent in evaluating election change requests to ensure the change is permitted for the specified event. It is important to review plan documents to ensure the election change is allowed and all change in status event requirements are followed.

Change in Status Rules: Dependent Eligibility and Adoption Assistance

So far this change of status series has discussed more widely used change in status event categories. Two lesser-known categories are dependent satisfies or ceases to satisfy dependent eligibility requirements and the commencement or termination of an adoption proceeding.

Dependent Satisfies (or Ceases to Satisfy) Dependent Eligibility Requirements

There are certain circumstances that may allow a tax dependent to begin to satisfy or cease to satisfy eligibility requirements. These include attainment of a certain age, gain or loss of student status, marriage, or other similar circumstances. While health care reform eliminates marriage and loss of student status as eligibility criteria for children under the age of twenty-six for health coverage, these events could still affect eligibility for coverage extending beyond age twenty-six, or eligibility for coverage under excepted benefits.

Under the applicable consistency rule, if a dependent becomes ineligible for health coverage due to attaining a certain age, marrying, or losing student status, then the employee may change his or her election to drop the dependent. This is also true for the reverse; an employee may add coverage for a dependent upon the dependent satisfying eligibility criteria for the specific plan. For example, assume Mike is a single parent who is enrolled in his health plan's employee plus child coverage for him and his daughter Melissa. Mike is also enrolled in health FSA coverage through his employer's cafeteria plan. A change in status occurs when Melissa turns twenty-six as she no longer meets the health plan's eligibility requirements. Whether Mike can also make a health FSA election change depends on the health FSA's definition of a dependent. If the health FSA's definition of dependent includes employee's children who are under age 27 as of the end of the taxable year, then Melissa continues to qualify as a dependent under the health FSA's definition through the end of the year she turns twenty-six. In this case, a decrease in Mike's health FSA coverage election would not be permitted.

It is not enough that the IRS allows election changes for this event, the employer must also have written language allowing this change in their cafeteria plan. The cafeteria plan may also allow the tag-along rule which permits previously eligible dependents to be enrolled and include language permitting a plan change (ex. HMO to PPO).

It is also worth noting that HIPAA special enrollment rights may also apply in situations involving a dependent with a loss of major medical eligibility.

Commencement or Termination of Adoption Proceedings

One of the least used change in status categories but gaining popularity is the commencement or termination of adoption proceedings. Anyone that has experience with adoption can confirm that it is a very costly process. Average costs of adoptions may run between \$20,000 to \$50,000. Because of this costly process, more employers are offering adoption assistance programs.

Under IRS Code Section 137, amounts paid (subject to dollar limits and other requirements) for "qualified adoption expenses" incurred in connection with the adoption (or attempted adoption) of a child are excludable from an employee's gross income if furnished pursuant to an adoption assistance program of the employer. This program is a type of flexible spending account that allows participants to set aside pre-tax money into a designated account to pay for eligible adoption related expenses. Just like health care FSAs and dependent care FSAs, adoption assistance FSAs need to be listed in the cafeteria plan document and follow the rules of the cafeteria plan.

If an employer offers adoption assistance benefits, the cafeteria plan may include a change in status event that permits a change in election for commencement or termination of adoption proceeding. Inclusion of the change in status event may reduce the effects of the use it or lose it FSA requirement. If at the time of commencement or termination of adoption proceeding a participant has salary reductions coming out of future paychecks, they may change their election to stop future salary reductions. Election changes must be prospective; previously deducted salary amounts may not be recouped. The reverse is also allowed: if at the time of commencement or termination of adoption proceeding, the participant has not elected any salary reductions, they may elect to start salary deductions for the adoption assistance FSA.

Conclusion

Employers should be aware of and educate themselves about these two dependent eligibility change in status event categories. If the employer wants to allow mid-year election changes for these events, then employers need to make sure those events are listed as permissible mid-year election change in status events in the cafeteria plan. The cafeteria plan should also list the time employees have to notify the employer of these changes. Lastly, the employer should decide if evidence of these changes is necessary and if so, what documents will be accepted.

Leon County Plan Verbiage

5.4 CHANGE IN STATUS

- (a) Change in status defined. Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if, under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control.

In general, a change in election is not consistent if the change in status is the Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or Dependent, or a Dependent ceasing to satisfy the eligibility requirements for coverage, and the Participant's election under the Plan is to cancel accident or health insurance coverage for any individual other than the one involved in such event. In addition, if the Participant, Spouse or Dependent gains or loses eligibility for coverage, then a Participant's election under the Plan to cease or decrease coverage for that individual under the Plan corresponds with that change in status only if coverage for that individual becomes applicable or is increased under the family member plan.

Regardless of the consistency requirement, if the individual, the individual's Spouse, or Dependent becomes eligible for continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, then the individual may elect to increase payments under this Plan in order to pay for continuation coverage. However, this does not apply for COBRA eligibility due to divorce, annulment or legal separation.

Any new election shall be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. All new elections must be submitted via the form determined by the Administrator within 30 days of the change in status, notwithstanding any rule or regulation to the contrary. For the purposes of this subsection, a change in status shall only include the following events or other events permitted by Treasury regulations:

- (1) Legal Marital Status: events that change a Participant's legal marital status, including marriage, divorce, death of a Spouse, legal separation or annulment;
- (2) Number of Dependents: Events that change a Participant's number of Dependents, including birth, adoption, placement for adoption, or death of a Dependent;

- (3) Employment Status: Any of the following events that change the employment status of the Participant, Spouse, or Dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, Spouse, or Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection;
- (4) Dependent satisfies or ceases to satisfy the eligibility requirements: An event that causes the Participant's Dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstance; and
- (5) Residency: A change in the place of residence of the Participant, Spouse or Dependent, that would lead to a change in status (such as a loss of HMO coverage).