



Plan Document Amendment Options Pursuant to IRS Notice 2014-55

Additional Permitted Election Changes for Health Coverage under section 125 Cafeteria Plans

On Sept. 18, 2014, the IRS published [Notice 2014-55](#), which creates two new Section 125 midyear qualifying events. The two new events apply in very specific situations and – like all Section 125 events – are optional. Employers who wish to include these new Section 125 qualifying events as options in their plan design need to amend the plan document accordingly. These events will be especially relevant for employers sponsoring non-calendar-year plans and those utilizing look-back measurement periods for variable and seasonal workforces.

The first new event is known as “Revocation Due to Reduction in Hours of Service,” and it applies when an employee is expected to average less than 30 hours of service per week due to a reduction in hours, yet eligibility for coverage under the employer’s group health plan is not affected. In this case, the employee may revoke their election even if they continue to be eligible for group health coverage (such as when a look-back measurement period is being utilized), and enroll in another plan that provides minimum essential coverage (MEC) for more information see IRS [Notice 2014-49](#). For this event, employers may rely on a representation from the employee that they have enrolled or intend to enroll in new coverage. The employee does not actually have to provide proof of enrollment to drop coverage.

_____ We would like to instate the Revocation Due to Reduction in Hours of Service

The second new qualifying event is known as “Revocation Due to Enrollment in a Qualified Health Plan,” and it applies when an employee has experienced a midyear special enrollment event such as marriage, birth or adoption, making them eligible to enroll in a qualified health plan (QHP) available in a state health insurance exchange. It also applies during the exchange’s annual open enrollment period, which may be especially useful to employers sponsoring non-calendar-year plans. Under this qualifying event, the employee may revoke their election under the group health coverage as long as they enroll, or intend to enroll, in a QHP. Again, employers may rely on a representation from the employee. The employee does not actually have to provide proof of enrollment to drop coverage.

_____ We would like to instate the Revocation Due to Enrollment in a Qualified Health Plan

The Plan Document Amendment Fee to add either or both of the above options is \$895.

Employer Name Authorized Signature

Printed Name Title Date