

IRS Announces Additional Permitted Election Changes for Health Coverage

October 1, 2014

In Notice 2014-55, the IRS added two situations in which a cafeteria plan participant may elect to discontinue coverage under the employer's group health plan (the "**Employer Plan**") to obtain coverage on an exchange established under Section 1311 of the Affordable Care Act (the "**Exchange**"). In the first situation, the participant's hours of service are reduced such that the participant is expected to work less than 30 hours per week, but will remain eligible for participation in the Employer Plan. In that case, the participant may terminate coverage in the Employer Plan so long as he obtains coverage on the Exchange starting no later than the first day of the second month following the month in which the Employer Plan coverage is terminated. In the second situation, a participant may terminate coverage in the Employer Plan to obtain coverage through the Exchange with no overlap or gaps in coverage. A copy of IRS Notice 2014-55 can be found [here](#).