

MEMORANDUM NO: 035-11HR

TO: Agency Administrators

FROM: Bobbie Chappell

VIA: Rip Colvin, Executive Director

RE: Reduction in Salary is not a Qualifying Event

The Department of Management Services [Management Advisory #11-012](#) is a reminder to all staff that the Qualifying Status Change (QSC) event related to significant cost increase is specific to the insurance premium rate itself. For example, moving from Career Service to SES or full-time to part-time employment affects the actual premium rate the employee pays and is a QSC event to make allowable health insurance changes.

A change in salary without a corresponding employment status change that impacts insurance premiums is not a QSC event. Recent legislation, if signed by the governor, will require employees to pay 3 percent of their salary toward their retirement. Although this is a salary reduction, insurance premiums are not affected. Consequently, per IRS guidelines, this is not a QSC event that allows employees to make changes to health insurance or other pre-tax insurance products.

Employees may make changes to their coverage if they experience an appropriate life or work QSC event or during open enrollment—September 26 through October 21, 2011.

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