

Administrative Policy

County of Ventura Group Health Insurance Plan Coverage For Domestic Partners and their Eligible Dependent Children

This policy applies to group medical, dental and vision insurance plans offered through the County of Ventura ("The County"), including Flexible Benefits Program medical plans offered by the Ventura County Deputy Sheriffs' Association and the Ventura County Professional Firefighters' Association. This policy also applies to coverage under the County's Retiree Health Benefits Program. The availability of coverage or enrollment of a Domestic Partner or his/her dependent children for coverage under these County and/or association plans does not confer or imply any rights, such as family member status, with respect to other benefit plans or programs offered by or through the County or associations. The implementation of this policy does not extend any vested rights to a Domestic Partner or his/her dependent children. The County reserves the right to modify or repeal any or all provisions of this policy at any time.

Information gathered in the course of administration of benefits will be respected as confidential and will be disclosed only as necessary in the course of the administration of benefits.

Preface

On September 19, 2000, the Board of Supervisors, upon the recommendation of the Joint Labor-Management Health Care Committee, voted to extend eligibility for County-sponsored medical, dental and vision group insurance plan coverage to registered domestic partners of County of Ventura employees and the Domestic Partner's eligible dependent children. On November 14th, this eligibility was extended to the County's Retiree Health Benefits Program. The Committee's recommendation was based on:

- Fairness (equal pay for equal work); married employees receive benefits for their spouses.
- Non-discrimination on the basis of marital status or sexual orientation.
- The County-sponsored medical, dental and vision group insurance plans have agreed to coverage with no increase in rates.
- Many other private and public employers already offer coverage, including the County of Los Angeles and the County of Santa Barbara. All public entities that contract with CalPERS for medical plan coverage also have the option of providing this coverage.
- The positive impact of recognition of workforce diversity on the County's ability to attract and retain qualified employees.

Definitions

COBRA Participant: An employee or former employee who is currently enrolled in a County-sponsored group health insurance plan through enrollment in the COBRA program maintained in compliance with the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986.

Dependent: Dependents who are eligible to be enrolled in a group medical, dental or vision group insurance plan through the County of Ventura include the employee's spouse or registered Domestic Partner. Dependent children of the Domestic Partner are eligible for coverage on the same basis as dependent children of a spouse.

Domestic Partner: The County of Ventura defines Domestic Partners as persons who have officially registered as one another's domestic partner with the State of California or any other California county or municipality official domestic partner registry. The County of Ventura does not itself maintain a domestic partner registry or define eligibility for domestic partnership, and accepts the eligibility criteria used by the government agency registry selected by the employee/retiree. The Domestic Partnership is dissolved when either partner files an official Notice of Termination of Domestic Partnership with the registry, or upon the death or marriage of either partner.

Employee: Except where specified, the term Employee refers to a County of Ventura current employee, and a retired employee currently participating in the Retiree Health Benefits Program.

Retiree: A former County of Ventura employee who is currently receiving a monthly pension payment from the Ventura County Employee's Retirement Association (VCERA).

Registry Locations and Parameters

The County will accept an official Certificate of Domestic Partnership from any California state, county or municipality registry that is listed in the City and County of San Francisco Human Rights Commission's *State and Local Domestic Partner Registries* document at the time the employee applies for County-sponsored or association group health insurance plan Domestic Partner coverage.

Registry Requirements for Domestic Partner status vary among government agencies maintaining registries. Some standard registry criteria include:

- Partners must be involved in a committed relationship,
- Partners must live together,
- Partners must be financially interdependent,
- Partners must be over age 18,
- Partners must be unmarried,
- Partners must be competent to contract,
- Partner must not be a blood relative of the employee.

Depending on the registry, the domestic partners can be same or opposite sex. Some registries have additional restrictions, such as the State of California registry's restriction on opposite sex registration to partners age 62 and above.

County Eligibility Criteria

Documentation Required:

- Enrollment: To enroll a domestic partner and/or the eligible dependent children of a domestic partner in a group medical, dental or vision group insurance plan, the employee must complete a **Flexible Benefits Program Enrollment & Change** form and a **Payroll Notice**, and attach an official **Certificate of Domestic Partner Registration** from the State of California or other California county or municipality registry.

- Cancellation: No documentation, other than a completed Health Plan Enrollment form, is required to cancel coverage for a domestic partner or dependent child. There does not have to have been a loss of eligibility. If cancellation is due to a loss of eligibility, it is recommended that documentation be attached, if available. See Replacement Enrollment, below.
- Replacement Enrollment: If the employee subsequently submits an enrollment form for a spouse or different domestic partner, he/she must attach an official Notice of Termination of the prior Domestic Partnership, a death certificate for the former partner, or a marriage certificate for one of the partners. This documentation requirement does not apply if the documentation was provided at the time of cancellation of a prior partner's coverage.

Timing of dependent enrollment:

- Can enroll a new dependent within 31 days of date on Certificate of domestic partner registration.
- Can enroll an existing dependent upon the County's initial implementation of domestic partner eligibility or during an open enrollment period that includes enrollment of that category of existing dependent.

The Initial Eligibility Date for existing domestic partners and their dependents is

- December 24, 2000 for active employees and
- January 1, 2001 for retirees

Taxation and the Payroll System

There are tax differences between health care benefits provided by employers for spouses and Domestic Partners. When employers provide health care benefits for a spouse and/or the dependent children of a spouse or employee, the Internal Revenue Code (IRC) allows the money paid by the employer for these benefits to be excluded from the employee's gross income (Internal Revenue Code Sections 105 and 106). No such exclusion exists for benefits given to an employee for his/her domestic partner or the partner's dependents.

Even though the County's active employee premiums are composite (family) rated, the IRC requires the employer to assign a fair market value for the domestic partner coverage. Since County retiree premiums are the tiered equivalent of active employee premiums, retiree premiums are the basis on which the fair market value is determined, after conversion from a monthly to a biweekly basis. See the Domestic Partner Coverage Payroll Notice for further information.

Employee and Domestic Partner Responsibilities and Considerations

Before enrolling a Domestic Partner, employees are advised to consult an attorney regarding the possibility that domestic partner registration may have other legal and/or financial consequences, including the fact that it may, in the event of the termination of the domestic partnership, be regarded as a factor leading a court to treat the relationship as the equivalent of marriage for purposes of establishing and dividing community property, assigning community debt, and for the payment of support. Employees considering domestic partner registration should also keep in mind other factors:

- Where the premium is deducted from a pre-tax credit allowance, the fair market value of the coverage for the domestic partner and his/her dependent children is added to the employee's taxable income, and is subject to income tax and Social Security withholding. This will not apply

if the employee certifies that the domestic partner has been and is anticipated to continue to be the employee's dependent for tax purposes under Section 152 of the Internal Revenue Code.

- Employees may not wish to reveal sexual preference or living arrangements. Note: Employees may submit domestic partner enrollment documentation directly to the Human Resources Benefits Unit. No domestic partner coverage information will appear on the employee's paystub.
- Many partners have their own employer-provided coverage, making County coverage unnecessary.
- Federal COBRA laws and regulations do not apply to domestic partners.
- Under IRC regulations, domestic partners are not considered qualified Flexible Spending Account dependents, and the employee is not eligible for reimbursement of health care and dependent care expenses incurred by or on behalf of the Domestic Partner and his/her dependent children.
- The employee may be required to reimburse the employer or the health plan for any expenditure made by the employer or the health plan for medical claims, administrative charges, costs and attorney's fees on behalf of the domestic partner if any of the submitted documentation is found to be incomplete, inaccurate or fraudulent.

Continuation of Coverage

In no event shall the Domestic Partner (and his or her eligible dependent children) be permitted to continue group health plan coverage beyond the date that any of the following occur:

- ✓ The County of Ventura health plan subscriber's health plan coverage ends.
- ✓ Dissolution of Domestic Partner relationship, whether or not a formal termination notice has been filed with the registry.
- ✓ The County discontinues coverage for Domestic Partners.
- ✓ Premiums are not paid on a timely basis.
- ✓ The employer ceases to maintain any group health plan.

Consolidated Omnibus Budget Reconciliation Act (COBRA) regulations on continuation of coverage do not apply to Domestic Partners and their dependent children. Neither Domestic Partners of terminated employees, nor the partner's children, may participate in group health insurance plans offered through the County on a continuation of coverage basis. Individual conversion coverage may be available through the health plan that covered the Domestic Partner as a dependent.

Domestic Partners of Retiree Health Benefits Program participants, and the partner's eligible children, may participate in group health insurance plans under the same parameters as a retiree's spouse and the spouse's dependent children.

County of Ventura
Fair Market Value* of Domestic Partner Health Plan Coverage
Plan Year 2019

| <u>Plan Name</u> | <u>Fair Market Value</u> | <u>Indicator</u> | <u>Plan Name</u> | <u>Fair Market Value</u> | <u>Indicator</u> |
|--|--------------------------|------------------|--|--------------------------|------------------|
| <u>Ventura County Health Care Plan</u> | | | <u>VCDSA - Anthem Blue Cross HDHP/HSA</u> | | |
| Partner | \$322.14 | (01) | Partner | \$301.07 | (01) |
| Partner + Partner Dependent (s) | \$405.62 | (02) | Partner + Partner Dependent (s) | \$547.40 | (02) |
| <u>OCS - Ventura County Health Care Plan</u> | | | <u>VCPFA - BlueShield Trio Low HMO</u> | | |
| Partner | \$322.14 | (01) | Partner | \$261.72 | (01) |
| Partner + Partner Dependent (s) | \$405.62 | (02) | Partner + Partner Dependent (s) | \$382.52 | (02) |
| <u>Blue Shield HMO Access+</u> | | | <u>VCPFA - BlueShield Full Low HMO</u> | | |
| Partner | \$310.54 | (01) | Partner | \$304.82 | (01) |
| Partner + Partner Dependent (s) | \$496.87 | (02) | Partner + Partner Dependent (s) | \$445.50 | (02) |
| <u>Blue Shield HMO Trio</u> | | | <u>VCPFA - BlueShield Full High Option</u> | | |
| Partner | \$272.66 | (01) | Partner | \$370.86 | (01) |
| Partner + Partner Dependent (s) | \$436.25 | (02) | Partner + Partner Dependent (s) | \$542.03 | (02) |
| <u>Blue Shield PPO/HDHP</u> | | | <u>VCPFA - BlueShield Full PPO</u> | | |
| Partner | \$225.38 | (01) | Partner | \$434.36 | (01) |
| Partner + Partner Dependent (s) | \$360.61 | (02) | Partner + Partner Dependent (s) | \$634.83 | (02) |
| <u>VCDSA - Anthem Blue Cross HMO base</u> | | | <u>MetLife Dental</u> | | |
| Partner | \$214.65 | (01) | Partner | \$18.53 | (01) |
| Partner + Partner Dependent (s) | \$390.27 | (02) | Partner + Partner Dependent (s) | \$38.51 | (02) |
| <u>VCDSA - Anthem Blue Cross HMO buy up</u> | | | <u>MES Vision</u> | | |
| Partner | \$323.15 | (01) | Partner | \$1.63 | (01) |
| Partner + Partner Dependent (s) | \$587.54 | (02) | Partner + Partner Dependent (s) | \$3.21 | (02) |
| <u>VCDSA - Anthem Blue Cross PPO</u> | | | | | |
| Partner | \$426.80 | (01) | | | |
| Partner + Partner Dependent (s) | \$775.99 | (02) | | | |

* Fair Market Value Taxation (Applies to Section A of this Payroll Notice)

There are tax differences between health care benefits provided by employers for spouses and Domestic Partners. When employers provide health care benefits for a spouse and/or the dependent children of a spouse or employee, the Internal Revenue Code (IRC) allows the money paid by the employer for those benefits to be excluded from the employee's gross income (Internal Revenue Code Sections 105 and 106). No such exclusion exists for benefits given to an employee for his/her domestic partner or the partner's dependents.

Even though the County's active employee premiums are composite (family) rated, the IRC requires the employer to assign a fair market value for the domestic partner coverage. Since County retiree premiums are the tiered equivalent of active employee premiums, retiree premiums are the basis on which the fair market value is determined, after conversion from a monthly to a biweekly basis. For a domestic partner, the value is the difference between the retiree only and retiree plus one premiums. For a domestic partner plus the partner's dependents, the value is the difference between the retiree only and retiree plus family premiums.

PAYROLL NOTICE OF TAX IMPLICATIONS FOR DOMESTIC PARTNER COVERAGE

Please review the following information and complete either Section A or B.

Deliver to: County of Ventura, Human Resources Division, Benefits Unit
800 S. Victoria Avenue
Hall of Administration - Main Plaza
Ventura, CA 93009-1970

For new enrollments, attach the Certificate of Domestic Partner Registration and an Enrollment and Change Form.

A. I declare that the person I am enrolling as a domestic partner, including any dependents of a domestic partner, is/are not tax dependents as **defined** by the Internal Revenue Code Section 152. I understand that the Internal Revenue Service regulations require that the fair market value of domestic partner coverage will be included in my taxable income for FICA, Medicare, and Federal withholding, and that the County of Ventura is obligated to withhold and report taxes on the fair market value of the domestic partner coverage. Beginning in 2002, the cost of employer provided domestic partner coverage is not includable in the employee California taxable income.

I understand that each pay period the imputed income on the fair market value of domestic partner coverage, based on my Plan election from the list on the reverse of this Payroll Notice, will be included in my taxable income. Applicable FICA, Medicare and Federal withholding tax will be applied to the increased taxable income as a result of the fair market value of domestic partner coverage. I understand that I am responsible for reviewing and adjusting my withholding allowances.

I elect the following Plan(s) from the list on the reverse side of this Payroll Notice:

- Partner
 Partner + Partner Dependent(s)

_____ Plan Name(s)/Payroll Code(s)

_____ Print Name

_____ Signature

_____ Date

_____ Social Security Number

B. I declare that the person I am enrolling as a domestic partner, including any dependents of a domestic partner, has been and I anticipate will continue to be a tax dependent. I understand that no imputed income on the fair market value of domestic partner coverage will be allocated to my gross taxable salary due to this status. Should this status change, I will immediately complete and file a revised Payroll Notice with the Benefits Unit of County Human Resources. I agree to provide proof of tax dependent eligibility upon request.

_____ Print Name

_____ Signature

_____ Date

_____ Social Security Number

BENEFITS USE ONLY:

DP Coverage Effective Date: _____ Authorization: _____