Guidelines and Information on Domestic Partners/Reciprocal Beneficiaries

The Research Corporation of the University of Hawaii (RCUH) offers health plan coverage to domestic partners/reciprocal beneficiaries of eligible RCUH employees provided they meet the eligibility requirements established by the RCUH.

What are the eligibility requirements?

To qualify as a Domestic Partner, the following eligibility criteria must be met.

- The employee and the domestic partner are in an exclusive spouse-like relationship and intend to remain in a domestic partnership with each other indefinitely.
- The employee and the domestic partner have a common residence, and intend to reside together indefinitely.
- The employee and the domestic partner are and agree to be jointly and severally responsible for each other's basic living expenses incurred in the domestic partnership, such as food, shelter, and medical care.
- Neither the employee nor the domestic partner is married or a member of another domestic partnership.
- The employee and the domestic partner are not related by blood in a way that would prevent them from being married to each other in the State of Hawaii.
- The employee and the domestic partner are both at least 18 years of age and mentally competent to contract.
- The consent to the domestic partnership by the employee or the domestic partner has not been obtained by force, duress or fraud.
- The employee and the domestic partner agree to sign and file with the RCUH any and all declarations of domestic partnership and/or verifications of eligibility as the RCUH board may from time to time prescribe.

Enrollment Process:

To enroll your partner onto your health plans, you must do all of the following:

1) Complete the RCUH "**Declaration of Domestic Partnership**" form, and **have it notarized** by a State of Hawaii Notary Public.
2) Complete the RCUH "**Affidavit of Dependency for Tax Purposes**" form, and **have it notarized** (if applicable) by a State of Hawaii Notary Public.
3) Complete a "**RCUH Group Health Enrollment/Change Form (Form B-5H)**."
4) Submit all forms to RCUH Human Resources. Upon receipt of all required forms and RCUH approval, the domestic partner will be added to the employee's selected health plan the first of the following month.

What are the tax affects of enrolling a Domestic Partner?

The taxability of health insurance premiums depend on whether your domestic partner qualifies as a "dependent" under the IRS. To determine whether your domestic partner qualifies as a "dependent" under the IRS, you must complete the **"Worksheet to Determine Dependent Status".** Employees are also encouraged to seek advice from their tax counsel, accountant, or other advisor in determining whether their domestic partner is their dependent for federal tax purposes.

If your domestic partner qualifies under the IRS as a dependent:

- You may participate in the Premium Conversion Plan (PCP) whereby the entire employee-portion of the 2-party premium contributions is deducted on a pre-tax basis.
- ***IMPORTANT NOTE:*** *Once the domestic partner is enrolled as a qualified dependent, the employee will not be able to change or cancel the PCP enrollment during the plan year if there should be any changes with regard to the domestic partnership. This is due to another section of the IRC, which governs the pre-tax benefit (Section 125), which does not recognize domestic partner relationships. As such, the employee must understand that changes or cancellations of the pre-tax benefit enrollment may only be made during the annual Open Enrollment Periods. The employee must also notify RCUH of the termination of the Domestic Partnership immediately upon change in status. Upon notification, RCUH will terminate benefits for the Domestic Partner, but the employee will still be responsible for paying the full "2-Party" or premium.*

If your domestic partner does not qualify under the IRS as a dependent:

- Only the amount equivalent to the Self Only health plan premium contribution will be deducted on a pre-tax basis. The difference between the self and the 2-party employee contribution will be paid with after-tax payroll monies.
- Additionally, the difference between the Self-Only premium and 2-Party premium will be included as imputed income for the employee.

Example:

Assuming the following:

HMSA HPH Plus

Single	$ 82.78 (employee portion)	$124.16 (employer portion)	$206.94 (total premium)
2-party	$181.22 (employee portion)	$271.82 (employer portion)	$453.04 (total premium)

Employee has HMSA HPH and currently pays $82.78 for single coverage on a pre-tax basis. Employee adds a "domestic partner" onto the plan.

Qualifies as a Dependent under IRS Section 125	Does NOT Qualify as a Dependent under IRS Section 125
If the domestic partner qualifies as a "dependent" under Section 125 of the Internal Revenue Code, the employee portion of the 2-party tier, $181.22 will be deducted on a pre-tax basis.	*If the domestic partner does NOT qualify as a "dependent" under Section 125 of the Internal Revenue Code, the employee portion of the single tier, $82.78 will be deducted on a pre-tax basis. The difference between the employee portion of the Single and 2-party Tier, $98.44, will be taken out after-tax payroll monies.* *In addition, the difference between the total premium of the self-only premium and the 2-party premium, $246.10 will be included as the imputed income for the employee.*

Termination of Domestic Partnership/Reciprocal Beneficiary Status:
Should the domestic partnership/reciprocal beneficiary relationship end, a "**RCUH Declaration of Termination of Domestic Partnership**" Form must be completed and submitted to RCUH Human Resources within 30 days from the date the domestic partnership relationship was dissolved.

COBRA Continuation of Coverage:
Should a qualifying event occur, which results in the cancellation of coverage, (i.e. domestic partner relationship ends, employee's termination of employment, employee's reduction in FTE, or employee's leave of absence), the employee and their natural or legally adopted children will be eligible for Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation of coverage, provided that the employee and the eligible child(ren) were enrolled in the plans while the employee was actively employed with RCUH.

However, coverage for the employee's domestic partner **cannot** be continued. Coverage end date will be consistent with RCUH Policy & Procedure #3.520 Health Plans. ERISA, the federal law that regulates COBRA continuation coverage in conjunction with the Internal Revenue Code, permits only "qualified beneficiaries" to receive COBRA benefits. Under IRS 1999 final regulations, a qualified beneficiary is defined only as a covered employee, the spouse of a covered employee, or the dependent child of a covered employee.

Falsification of Documentation:
Falsification of documentation provided to the RCUH (ex., domestic partnership does not exist) or failure to notify the RCUH of changed circumstances pursuant to the "ELIGIBILITY REQUIREMENTS" stated above, may lead to disciplinary actions, including discharge from employment. In addition to possible termination of employment, any health benefits (ex., monthly premiums, claims, etc.) paid by the RCUH health plans on behalf of the Employee's domestic partner will reversed and become the responsibility of the Employee.

Any Questions:
Should you have any questions regarding Domestic Partnership/Reciprocal Beneficiaries, please:

1) Send a confidential email to the RCUH Human Resources department at: rcuhhr@rcuh.com.
2) Call RCUH Human Resources at 808-956-3100