



3.520A Addendum: RCUH Health Plans

I. Policy

It is the policy of the RCUH to provide health insurance benefits to domestic partners of eligible RCUH employees, provided the domestic partner and employee meet the eligibility requirements established by the RCUH.

II. Details of Policy

- A. **Purpose** – To provide medical and dental insurance coverage to RCUH employees and their eligible domestic partner who are in a committed relationship.
- B. **Eligibility Requirements** – To qualify as a domestic partner, the following eligibility criteria must be met.
 1. 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.
 2. The employee and the domestic partner have a common residence, and intend to reside together indefinitely.
 3. 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.
 4. Neither the employee nor the domestic partner is married or a member of another domestic partnership.
 5. 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 Hawai'i.
 6. The employee and the domestic partner are both at least eighteen (18) years of age and mentally competent to contract.
 7. The consent to the domestic partnership by the employee or the domestic partner has not been obtained by force, duress, or fraud.
 8. 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 of Directors may from time to time prescribe.

III. Procedures

- A. **Enrollment** – The following enrollment procedures must be followed to ensure that an employee and the domestic partner meet the eligibility requirements stated above.
 1. Complete the RCUH Declaration of Domestic Partnership form, and **have it notarized** by a State of Hawai'i Notary Public.

2. Complete the RCUH Affidavit of Dependency for Tax Purposes form, and **have it notarized** (if applicable) by a State of Hawai'i Notary Public if your Domestic Partner qualifies as your dependent for Federal tax purposes.
3. Complete enrollment on the Electronic Hiring System (EHS).
 - a. *New Hires and Rehires* – Access the Electronic Hiring System (EHS) to enroll in RCUH's group medical and/or dental insurance plans. Add eligible dependents under the "Covering Dependents Under My Group Health Plans" section. For your domestic partner, please indicate "Relationship" type as "Domestic Partner Adult."
 - b. *Changes/Enrollments (after initial hire)* – Complete a RCUH Group Health Enrollment/Change Form (B-5H). 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 (or earliest possible date to be determined by RCUH).
4. Submit forms to RCUH Human Resources Department
 - a. *New hires and Rehires* – Follow the instructions provided on the EHS system. You must attach the Declaration of Domestic Partnership and Affidavit of Dependency for Tax Purposes forms on the Final Step panel (under Additional Documents checklist).
 - b. *Changes/Enrollments (after initial hire)* – Scan/email the RCUH Group Benefits Enrollment/Change Application Form (Form B-5), RCUH Declaration of Domestic Partnership, and RCUH Affidavit of Dependency for Tax Purposes (if applicable) to rcuh_benefits@rcuh.com, fax to (808) 956-5022, or mail forms to RCUH Human Resources at John A. Burns Hall, 4th Floor Makai Wing, 1601 East-West Road, Honolulu, HI 96848.

B. Tax Considerations

The taxability of health insurance premiums depend on whether the domestic partner qualifies as a "dependent" under the Internal Revenue Service (IRS). To determine whether the employee's domestic partner qualifies as a "dependent" under the IRS, the Worksheet to Determine Dependent Status must be completed. 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.

1. If your domestic partner qualifies under the IRS as a dependent
 - a. The employee 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.
2. If your domestic partner does not qualify under the IRS as a dependent
 - a. 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.

- b. 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 Health Plan Hawai'i (HPH) Plus			
	Employee Portion	Employer Portion	Total Premium
Single	\$82.78	\$124.16	\$206.94
2-Party	\$181.22	\$271.82	\$453.04

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
<i>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 <u>pre-tax</u> basis.</i>	<i>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 <u>after-tax</u> payroll monies. <i>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.</i></i>

C. Termination of Coverage

Should the domestic partnership relationship end, a **RCUH Declaration of Termination of Domestic Partnership form must be completed and submitted to RCUH Human Resources within thirty (30) days of the date the domestic partnership relationship was dissolved.**

1. COBRA Continuation of Coverage

Should a qualifying event occur which results in the cancellation of coverage, (i.e., end of domestic partner relationship, 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/children 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 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.

D. Falsification of Documentation

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

IV. Governance of Policy

This policy may be modified or terminated at the discretion of the RCUH Board of Directors.

V. Contact

RCUH Benefits: (808) 956-6979

rcuh_benefits@rcuh.com

VI. Relevant Documents

[RCUH Group Benefits Enrollment/Change Application Form \(Form B-5\)](#)

[RCUH Group Health Enrollment Form \(ACA Eligible Non-Recruited Hires\)](#)

[RCUH Declaration of Domestic Partnership](#)

[RCUH Affidavit of Dependency for Tax Purposes](#)

[RCUH Declaration of Termination of Domestic Partnership](#)

[Worksheet to Determine Dependent Status](#)

[Policy 3.520 RCUH Health Plans](#)

Date Revised: 01/30/2008, 01/02/2012, 06/4/2012, 07/14/2014, 07/23/2014, 08/02/2016, 04/12/2017, 08/08/2017, 10/28/2017