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PA 05-19

TO: Health Benefits Administrator
FROM: Employee Benefits Division
SUBJECT: Domestic Partner Coverage
DATE: September 9, 2005

In 1995, New York State reached an agreement with representatives of all State employees bargaining units to extend health care coverage to domestic partners of State employees. This benefit was also extended to non-represented State employees and is offered, on an optional basis, to Participating Agencies.

A Participating Agency may elect to extend domestic partner coverage availability based on the classes or categories of active employees (eg: may elect to offer to teachers and not offer to custodial staff) as well as non-active employees (eg: retiree, vestees). Employers that contemplate providing this benefit should seek expert tax advice so that they are fully aware of the tax implications and reporting requirements for both employers and employees.

Enclosed are revised Domestic Partner Application/Enrollment Forms for Participating Agencies. Changes to the Domestic Partner waiting periods recently negotiated by NY State unions have been extended to the non-represented groups, including Participating Agency enrollees.

Please discard any old versions of the forms you have in stock. The enclosed form can be used as a duplicating master. Domestic Partner forms are also available on EBD Online at <http://www.cs.state.ny.us/ebdonline>.

Our memorandum PA95-02R dated **August 6, 1998** provided additional information concerning the optional domestic partner coverage you may extend to your employees who are enrolled in the New York State Health Insurance Program.

This memorandum will explain how to complete the PS-503.1 transaction form needed to enroll the Domestic Partner. Also, a schedule is attached which will assist you in **estimating** imputed income (taxable) income to the enrollee as a result of enrolling a domestic partner.

During your initial enrollment period, when coverage for the domestic partner will be effective on the first of the month following the date of request (enrollee's signature date) and after the initial enrollment period, when the regular effective date rules will apply, you should send the original PS-503.1 along with the affidavits to the Employee Benefits Division, Attention: PA Unit.

The memorandum PA95-02R stated that employers that elect to extend this benefit must provide it for active employees, vestees and retirees. This is not correctly stated. An employer may have different domestic partner coverage availability based on their classes or categories of active and non-active employees. The decision for one class or category has no bearing on the other classes or categories.

Adding a Domestic Partner to an Individual Coverage

A CCO/ADP transaction is used to change the coverage to family. The date of event should be the day that is exactly six (6) months after the latest date of the residency and financial inter-dependence documents submitted with your application. The request date should be the date the enrollee signed the PS-503.1. The effective date will be calculated using the same effective date rules as a CCO/MAR.

List of Eligible Dependents

Complete Section G of the PS-503.1 with the Domestic Partner specified under Relationship. Children of the domestic partner may also be eligible for coverage. They must meet the qualifications of "other children" (refer to Dependent Eligibility section in the PA Manual). A PS-457 for each such child should accompany the Domestic Partner Package. Any children of your employee being added to the family coverage can be listed in the usual manner (ex: son, daughter).

Adding a Domestic Partner to an Existing Family Coverage

A DEP/ADD transaction should be completed to add the domestic partner to the family coverage. The date of event should be the day that is exactly six (6) months after the latest date of the residency and financial inter-dependence documents submitted with your application. The effective date equals the date of event.

List of Eligible Dependents

Complete Section G of the PS503.1 with Domestic Partner specified under Relationship. Children of the domestic partner may also be eligible for coverage. They must meet the qualifications of "other children" (refer to Dependent Eligibility section in the PA Manual). A PS-457 for each such child should accompany the Domestic Partner Package. Any children of your employee being added to the family coverage can be listed in the usual manner (ex: son, daughter).

Deleting a Domestic Partner, Retaining Family Coverage

When the enrollee has dependent children who will remain eligible for health insurance the DEP/DPT transaction is used to remove a domestic partner when the relationship ends or a DEP/DPV transaction is used to voluntarily remove the partner.

Deleting a Domestic Partner, Changing to Individual Coverage

The enrollee may change to individual at any time, and a CCO is necessary to process this change. When the domestic partner is being deleted due to loss of eligibility (no longer qualifies as a domestic partner) a CCO/DPT transaction is used. If the partner is being voluntarily removed from the coverage a CCO/DPV transaction is used. In both cases the date of event is the date the event

occurred and the effective date is the first of the following month. If your agency participates in a pre-tax program for health insurance deductions, IRS 125 pre-tax contribution rules would apply.

Imputed Income

To **estimate** imputed income to an enrollee, you should find the correct amount of gross premium from the chart below; subtract from that amount the difference between the **enrollee's** individual and family contributions; and multiply by the number of months in the year that the enrollee covers the domestic partner. For example, if your agency offers Option 7 and charges \$94.50 for the individual coverage and \$235.14 for family coverage, and the enrollee covers the domestic partner for 12 months, imputed income would be calculated as follows:

GROSS PREMIUM	minus	DIFFERENCE IN CONTRIBUTION	times	NUMBER OF MONTHS	equals	IMPUTED INCOME
\$250.41	-	(\$235.14 - \$94.50)	X	12	=	\$1,317.24

Monthly Imputed Income Amounts for 2005:

Option 7	433.70
Option 8	404.29

Medicare Reimbursement

An enrollee with a domestic partner who is eligible for primary Medicare coverage should receive a Medicare reimbursement for that partner following the same rules used for other Medicare primary dependents. (See section 610 of the Participating Agency manual for further information on Medicare reimbursement). When imputed income is calculated for an enrollee in this situation, the amount of the Medicare reimbursements during the year should be added to the calculation as imputed income.

Remember, any other benefits that the employer makes available to domestic partners may also generate imputed income to the employee. Employers who offer these other benefits are cautioned to consult with their financial advisors or counsel for a full discussion of the tax implications.