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To: New York State Health Benefit Administrators

From: The Employee Benefits Division

Subject: Domestic Partner Instructions and Revised Forms

Date: June 1, 2011

This memo is to advise you that the instructions and application for Domestic Partnership for NY active employees and retired enrollees have been revised. All documents are attached to this memorandum. The information included in this memo provides the necessary guidance to HBA's regarding eligibility determination, effective coverage dates, and the NYBEAS enrollment process. **Please review this information carefully.**

Domestic Partner NYSHIP Eligibility

Unmarried NYSHIP enrollees may provide coverage to their same or opposite sex partners with whom they have resided with for at least six months, have a committed, long term relationship of mutual support and for whom they have assumed long term financial responsibility or have mutual financial responsibility.

Form PS-404, PS-425.1 Enrolling a Domestic Partner

To begin the enrollment process, provide your employee with Form PS-404 I (Instructions) and Form PS-404 Health Insurance Transaction to complete along with the domestic partner packet. The packet includes Form PS-425 Instructions, Form PS-425.1 Application and Affidavit of Domestic Partnership, Form PS-425.3 Dependent Tax Affidavit and Form PS-425.4 Termination of Domestic Partnership. Completed documents should be returned to the agency Health Benefits Administrator (HBA) along with copies of proof of financial interdependence and proof of residency documentation as required for establishing domestic partnership.

The HBA should never accept or agree to hold a partially completed packet. If an enrollee submits an incomplete Domestic Partner packet without all the required documentation, the packet should be returned to the employee with instructions that they have 30 days to correct the deficiencies and submit the packet again. If upon the second submission the packet remains deficient, the employee will need to complete and sign a new Form PS 404, and/or PS425.1 with all required documentation, for the request to be accepted.

Proof dated older than one year will not be accepted.

Once eligibility has been established you will need to process a transaction to add the Domestic Partner as described below. There are three ways a Domestic Partner can be added to an enrollee's plan; New enrollments, Change to family coverage, or Dependent add.

1. New Enrollments

Employees must satisfy their new enrollment waiting period before enrollment becomes effective. If the employee submitted domestic partnership documentation that shows they have already met the six month financial and residency requirement as of the new enrollment date established, the Domestic Partner may be included on the new enrollment transaction. If the documentation does not indicate the domestic partnership to be at least six months old as of the new enrollment date the following rules apply:

- If enrolled in individual coverage, addition of the Domestic Partner will result in a change to family coverage (see change to family coverage rules below).
- If enrolled in family coverage, the Domestic Partner can be added as of the later of the first date both proofs indicate the partnership to be at least six months old, or the request date on Form PS-404.

2. Change to Family Coverage Transactions

Once eligibility has been established, a CCO/ADP transaction should be entered in NYBEAS. The first date of eligibility (event date) will be the date that all proofs indicate the partnership to be in effect for a minimum of six months. The date family coverage begins will depend upon the enrollee's **promptness** in applying. The change to family coverage rules are as follows:

- **If you apply within 7 days of the event**, coverage begins on the day dependent(s) was first eligible.
- **If you apply more than 7 days but within 30 days after the event**, coverage begins on the first day of **next payroll period**.
- **If you apply more than 30 days after the event**, coverage begins on the first day of fifth payroll period.

Below are **three examples** to assist you with processing and determining effective dates for changes to family coverage due to Domestic Partnership.

The date of first eligibility is exactly six months following the date of the most recent proof submitted.

Proof of Residency dated **2/1/2011**

Proof of financial interdependence from Form PS-425.1 list A is **3/20/2011**

Proof of financial interdependence from Form PS-425.1 list B is **4/01/2011**

Date of request/signature on Form PS-404 is **10/3/2011**

10/1/2011 is the first date of eligibility, which is exactly six months following date of **4/1/2011**, the date of the most recent proof submitted.

Example # 1. The NYBEAS **Request Date is 10/3/2011**, not more than 7 days from date of event, 10/1/2011. Therefore, coverage will be effective on 10/1/2011, as described in the first bullet on previous page under Change to Family Coverage Transactions.

Example # 2. The NYBEAS **Request Date is 10/11/2011**, which is more than 7 days, but within 30 days of date of event, 10/1/2011. Therefore, coverage will be effective on 10/13/2011 for administration and 10/20/2011 for institution, as described in the second bullet on the previous page under Change to Family Coverage Transactions.

Example #3. The NYBEAS **Request Date is 11/4/2011**, which is more than 30 days after date of event, 10/1/2011, and is therefore, subject to late enrollment. Coverage will be effective on 01/05/2012 for administration and 01/12/2012 for institution, as described in the third bullet on the previous page under Change to Family Coverage Transactions.

Date of Event	Date of Request	ADMIN effective date	INST effective date
Example #1 10/1/2011	10/3/2011	10/1/2011	10/01/2011
Example #2 10/1/2011	10/11/2011	10/13/2011	10/20/2011
Example #3 10/1/2011	11/4/2011	01/05/2012	01/12/2012

3. Add Transactions

Domestic Partner

When adding a Domestic Partner to a family plan the date of first eligibility is exactly six months following the date of the most recent proof submitted. A dependent can be added as of the later of their first date of eligibility or the request date on Form PS-404. Once eligibility has been established, a DEP/ADP transaction should be entered in NYBEAS.

Domestic Partner Children

Coverage is also available to the children of domestic partners. Children of domestic partners are eligible on the same basis as natural children, dependent stepchildren, and adopted children. The same documentation is required for adding the child of a domestic partner as that of a natural child, adopted child or step child (i.e. birth certificate, SS card).

Procedure to Add the Child of Domestic Partner

- Process the DEP/ADD transaction for Domestic Partner child using the relationship of son or daughter.
- Indicate Domestic Partner Child, and note the child's name in the NYBEAS comment panel.

State Administered Dental and Vision Coverage

If an employee enrolls a domestic partner in NYSHIP and is eligible for the State administered dental and vision programs, the partner may be enrolled in all three plan types, medical (10), dental (11), and vision (14) coverage on NYBEAS.

Enrollment in Dental and Vision Coverage ONLY, (Employee Benefit Fund Administered)

This procedure should be used for employees who want to add their Domestic Partner to their union Employee Benefit Fund Dental and Vision coverage. The HBA must approve the Application Form PS425.1 and PS 425.3, and submit it to EBD. **The HBA should note in the NYBEAS comments panel that the completed application was sent to EBD.** EBD will forward the domestic partner application, forms and documents to the appropriate Employee Benefit Fund to advise them of the partner's eligibility and of the effective date of coverage. Based on this information, to verify the addition of the partner to the coverage, the Benefit fund will send an enrollment form to their members for them to sign and return.

Dental, Vision, Only (State Administered)

If the employee is choosing to apply for State Administered dental, vision coverage's **only**, the HBA processes enrollment.

Domestic Partner Life Insurance, (M/C)

Enrollment for Domestic Partner Life Insurance is processed by EBD.

- If the Domestic Partner is being enrolled in NYSHIP, the HBA must send EBD completed Form PS-934 M/C Life Insurance Transaction Form and Form PS 425.1, Application for Domestic Partner (not documentation of proof) noting the effective date for EBD to process.
- For life insurance **only**, the enrollee should complete the form PS-934 (M/C Life Transaction Form) as well as the Domestic Partner Application Form PS-425.1. Completed forms, as well as the required proof should be sent directly to the M/C Life Unit for processing. The effective date of the coverage will be the first day of the pay period following the date of the request, as long as the application and proofs are submitted within 6 bi-weekly pay periods of the date on which the domestic partner qualified for coverage. The HBA must send documentation of proof, Form PS-934, and the Form PS-425.1 to EBD to process.

To designate a Domestic Partner as a beneficiary for M/C Life Insurance, the enrollee must complete the Beneficiary Designation (G.Bene Des) and submit the form to the M/C Life Unit. The effective date of the designation is the date of signature on the form.

Form PS-425.3 Domestic Partnership Tax Affidavit

Employees must indicate whether their partner is a federally qualified dependent by completing Form PS-425.3 Domestic Partnership Tax Affidavit. **Completion of this form is required.** It is recommended that employees seek the advice of a tax professional or tax advisor before submitting the affidavit.

If the employee indicates that the Domestic Partner is federally qualified, the HBA must check the federally qualified box in the plan types selected (i.e., Medical 10, Dental 11, Vision 14) in NYBEAS when enrolling the Domestic Partner. If nothing is chosen on NYBEAS, the system will default to non-federally qualified. Only EBD can make midyear tax status changes. If the Domestic Partner's tax status changes anytime during the tax year, the employee must complete another Form PS-425.3, and provide it to the HBA, who will forward to EBD for processing.

Note: Form PS-425.3 is also used to document the tax status of an Enrollee when adding a spouse in a same sex marriage when no Domestic Partner Application is required.

Imputed Income/Covering a Non-Federally Qualified Domestic Partner

Covering a non-federally qualified Domestic Partner will result in imputed income. It is recommended that the employee consult their tax advisor or their accountant in response to questions concerning whether their Domestic Partner is a "federally qualified" dependent, or for questions regarding the effect of these requirements on their taxes. Internal Revenue Service (IRS) rules require the fair market value of the coverage provided to the Domestic Partner to be considered imputed income to the employee. If the enrollee's Domestic Partner is a non-federally qualified dependent, a biweekly imputed income amount will be reported to the New York State Office of the State Comptroller for each payroll period as additional income for tax purposes only. The fair market value cost of the Domestic Partner's coverage is considered additional income to the enrollee. This means that the amount of taxable income reported on the employee's W-2 form will be increased by the fair market value of that coverage.

Imputed income is **not** an additional amount added to the total premium paid. It is additional taxable income based upon the fair market value of the non-federally qualified dependent's coverage.

It is recommended that you provide your employees with the imputed income amount. Imputed income amounts are located on the NYBEAS flat rate summary panel.

Removing a Domestic Partner from Coverage

Once an enrollee submits either; Transaction Form PS-404, or PS-425.4 Termination of Domestic Partnership to remove their Domestic Partner, the Partner may be removed. There are three ways to remove a Domestic Partner from an enrollee's plan; a change to individual Domestic Partner Termination transaction, a voluntary change to individual coverage transaction, and a dependent delete transaction. See rule on the Pre-Tax Contribution Program (PTCP) on the following page when choosing to remove a Domestic Partner voluntarily.

1. Change to Individual Transaction (Partnership Terminated) to remove a Domestic Partner (and Child of a Domestic Partner if applicable)

Upon receipt of Form PS-425.4 to show that the domestic partnership ended, a CCO/DPT transaction should be processed. The date of event to use is the date indicated on Form PS-425.4 Termination of Domestic Partnership. The request date is the signature date. The transaction is effective the day following the event date.

2. Change to Individual Transaction (Voluntary Request) to remove a Domestic Partner (and Child of a Domestic Partner, if applicable)

A Change to Individual Voluntary Transaction (CCO/DPV) should be processed upon receipt of a signed Form PS-404. See PTCP rule below. The signature date of the CCO/DPV should be used as the request date. The transaction is effective on the first day of the pay period following the signature date.

3. Removing a Domestic Partner (Remain with Family Coverage)

Employees may remove a dependent from their coverage at anytime, as long as the dependent is not the last remaining dependent resulting in a change in coverage. Form PS-425.4 is required if the partnership is terminated. The transaction to process is a DEP/DPT. If the partner is being removed voluntarily, only a Form PS-404 is required and the transaction to process is a DEP/DPV. The signature date should be used as the date of event. The transaction is effective on the day following the event date.

Children of Domestic Partners Must Also Be Removed

When covering a child of a Domestic Partner, the child's coverage will also end. A transaction to remove the child of a Domestic Partner (DEP/DEL) must be processed at the time the transaction to remove the Domestic Partner from coverage is done, unless the enrollee can document the child's eligibility as an "Other Child", as explained on Form PS-457 Statement of Dependence (not included in this packet).

Pre-Tax Contribution Program (PTCP)

NYSHIP enrollees who are eligible for the Pre-Tax Contribution Program (PTCP) and who cover a Domestic Partner may have their full premium contribution for the cost of Family health insurance coverage deducted from their wages before taxes are withheld.

Important: Once an enrollee adds a Domestic Partner, they may not change their election back to Individual coverage unless there is a qualifying event (such as a terminated partnership) and the change is requested within 30 days of the qualifying event. Only those NYSHIP enrollees who are not enrolled in the PTCP may make a change to individual anytime during the year.

Please discard all previous versions of the Domestic Partner forms.

If you have any questions, please contact your processor.