

HEALTH WAY OF SAN DIEGO COUNTY TRUST FUND

DOMESTIC PARTNER COVERAGE

RULES AND PROCEDURES

INTRODUCTION

The trustees of the Health Way of San Diego County Trust Fund (“Trust Fund”) have approved the participation of domestic partners as dependents under benefit plans offered by the Trust Fund. These policies and procedures are adopted for the purpose of explaining the rules and procedures regarding domestic partner coverage. These rules and procedures may be modified by the trustees in their discretion.

POLICIES AND PROCEDURES

- I. How Does an Employee Elect Domestic Partner Coverage?
 - A. The Trust Fund administrative office will provide these rules and procedures to each employer that elects domestic partner coverage. In addition, other plan related documents which may be needed to secure coverage will be provided.
 - B. The employee electing domestic partner coverage will complete the application for domestic partner coverage.

- II. How Does an Employee Qualify for This Benefit?
 - A. If an employee and his or her partner are domestic partners, as described below, they can qualify for medical benefits.
 1. “Domestic Partners” are defined as two adults who have chosen to share their lives in a committed relationship of mutual caring.
 2. To be eligible, the employee and his or her domestic partner must not be related by blood in a way that would prohibit marriage; must both be at least the minimum age of consent in the state in which they reside; must both be capable of consenting to the domestic partnership; must have a common residence; and must not be married to anyone else or a member of another domestic partnership.
 - B. Enrollment of domestic partners may only occur during the Plan’s annual enrollment period. The effective date must coincide with the beginning of the Plan year.
 - C. If an employee chooses to exercise this option, he or she will be able to choose from medical care plans providing spousal and/or dependent coverage.

- D. The effective date of coverage may only be on the annual enrollment date for the Plan that next follows the receipt of the application for domestic partner coverage.

III. What Happens to the Domestic Partner's Coverage When the Employee Leaves Employment or Dies?

- A. Although a domestic partner does not have a mandatory right to COBRA coverage under current federal law, the Plan will offer the same continued coverage to domestic partners under COBRA that would be available to other Plan participants.
- B. The Plan may allow a covered domestic partner, and his or her dependents, if any, to continue coverage at the COBRA rate applicable to the Plan.
- C. The domestic partner and his or her dependents shall be permitted to continue coverage as provided under the COBRA Continuing Coverage Section of the Summary Plan Description.

IV. What Are the Tax Consequences of Electing This Benefit?

- A. THE TRUST FUND CANNOT PROVIDE TAX OR LEGAL ADVICE ON THE IMPLICATIONS OF ADDING DOMESTIC PARTNER COVERAGE. INDIVIDUALS SHOULD REVIEW THE IMPLICATIONS WITH THEIR OWN LEGAL OR TAX COUNSEL.
- B. Unless the domestic partner also is considered the employee's dependent for tax purposes under Section 152 of the Internal Revenue Code, the Internal Revenue Service currently treats as imputed income of the employee the value of the health coverage provided domestic partners and their dependents, if any, less any contribution paid by the employee for this coverage.
- C. To calculate an employee's income attributable to the domestic partner coverage, you may want to use the following formula:

$$I = F - S - C, \text{ where:}$$

F = applicable COBRA rate (less the 2% administrative fee) for family or two-party coverage;

S = applicable COBRA rate (less the 2% administrative fee) for single coverage;

C = additional after-tax contribution to cover nondependent(s); and

I = imputed income to employee with respect to nondependent(s) coverage.

V. Are There Other Legal Consequences To Electing This Benefit?

A. Employees wishing to opt for this benefit are advised to consult an attorney regarding the possibility that the filing of domestic partnership may have other legal consequences, including that it may, in the event of termination of the domestic partner relationship, be regarded as a factor leading a court to treat the relationship as the equivalent of marriage for the purpose of establishing and dividing community property, or for ordering payment of support.

B. Coverage For Domestic Partnership

1. To extend coverage to his or her domestic partner, and the domestic partner's eligible dependents, if any, an employee must complete any necessary Health Care Enrollment Statements, which include attachments notifying the employee as to the estimated value of the benefit for tax purposes, and the continuation of coverage benefit in the event of a COBRA qualifying event.
2. The effective date of coverage may only be on the annual enrollment date for the Trust Fund that follows the receipt of any signed Health Care Enrollment Statement.
3. Copies of any signed Health Care Enrollment Statement must be sent to the Trust Fund's Administrator or designated representative.
4. The Administrator or designated representative will determine whether additional information is required. Employees and domestic partners will be reported under a separate billing/eligibility code to facilitate a smoother audit trail.

VI. Domestic Partner Definitions

1. For purposes of the definition of "domestic partner," the following terms have the following meanings:


a. "Have a common residence" means that the two individuals share the same residence. It is not necessary that the legal right to possess the residence be in both of their names (i.e., the lease or deed need not be in both names). The two may "have a common residence" even if one or both have additional residences. Domestic partners do not cease to reside together if one leaves the shared residence but intends to return.


2. Generally, an employee will only be requested to provide documentation establishing the existence of a marriage or domestic partner relationship domestic partner if the Plan Administrator has received information suggesting that the claimed domestic partner relationship does not, in fact, exist.

VII. Health Care Enrollment Statement

1. A Health Care Enrollment Statement is required of any employee wishing to opt for group health coverage of his or her domestic partner.
2. If the employee elects to enroll his or her domestic partner in the Plan's group health coverage, the domestic partner's eligible dependent children will also receive coverage, if requested.
3. Coverage of the employee's domestic partner, and his or her eligible dependent children, if any, will end, according to the terms of the Plan; when the criteria for a domestic partner relationship are no longer met; or when the domestic partner dies.

Effective this 16th day of June, 2005.

By: 
Barbara Alderson, Chairperson

By: 
Donald V. Tartre, Secretary