

## **Domestic Partnership Health Care Coverage Frequently Asked Questions and Answers**

**Q. Will I have additional tax liability if my domestic partner is named on my health plan?**

A. It depends. You will have additional tax liability if your domestic partner is not your dependent. You will NOT have any additional tax liability if your domestic partner is your dependent for health plan purposes as defined by the Internal Revenue Code.

**Q: Does my domestic partner qualify as my “dependent?”**

A: To qualify as a “dependent” for purposes of the health plan, a domestic partner must satisfy the test set forth by the Internal Revenue Code,<sup>1</sup> which generally requires that:

- 1 A domestic partner must live in the employee’s home as the principal place of abode and be a member of the employee’s household during the entire taxable year;
- 2 In general, the domestic partner must receive more than half of her/his support from the employee;
- 3 The domestic partner must be a U.S. citizen, a U.S. national, or a resident of the U.S., Canada, or Mexico at some time during the calendar year in which the employee is claiming her/him as a dependent; AND
- 4 The domestic partner cannot be claimed as anyone else’s dependent.

In order to add your domestic partner to your coverage, you are required to complete an affidavit provided by your agency personnel office declaring the “dependent” status of your domestic partner and submit it to your agency personnel officer with your enrollment forms. You must notify the Office of Employee Benefits if the dependency status of your domestic partner changes.

**Q: What will my additional tax liability be if I add a “non-dependent” domestic partner onto my plan?**

All employees who elect to cover a “non-dependent” domestic partner will have an additional deduction on their paycheck equal to their personal tax liability on the cost of an individual plan for medical, dental, and vision coverage.

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<sup>1</sup> Section 152, as modified by Section 105(b).

For example, if the cost of the individual plans is as follows:

	<u>Medical</u>		<u>Dental</u>		<u>Vision</u>		<u>Total Cost</u>
<u>Biweekly Cost:</u>	\$200.00	+	\$12.00	+	\$3.00	=	\$215.00

For Example: If the tax rate based on the employee's personal deductions and earnings is 35%, then the employee's additional payroll deduction would be calculated by multiplying the 35% tax rate times the \$215.00 cost of the individual coverage, which equates to a \$75.25 reduction in take home pay per biweekly check. Thus, the annual employee payroll deductions for health insurance for the domestic partner would be the \$75.25 biweekly reduction in pay x 26 biweekly paychecks = \$1,956.50.<sup>2</sup>

Note: Beginning in 2006, a provision in Rhode Island law waived the state taxes incurred due to the extension of health coverage to a domestic partner.

**Q: I already have my children on my health plan. Will I have additional tax liability if I add my non-dependent domestic partner to my plan?**

A. Yes. If you add a non-dependent domestic partner to your family plan, you will be taxed on the cost of an individual plan. See the above example.

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<sup>2</sup> Employees whose co-shares are based on "percent of premium" will also pay an increased co-share to change their policy from individual to family if they are not already paying family coverage for dependent children. Please consult with your agency HR staff to obtain the applicable co-shares.