



## MULTNOMAH COUNTY

### Impacts of Enrolling your Domestic Partner in County Benefits

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Multnomah County focuses on providing a comprehensive benefits program that meets the County's family friendly policy. One building block in that policy is to provide equal treatment for Domestic Partners of County Employees to the extent possible under current law. At Multnomah County, Domestic Partners are eligible for most of the benefits offered to Spouses. However, there are some important considerations County Employees should be aware of when enrolling a Domestic Partner for benefit coverage. This handout is designed to provide an overview of items to consider and may not address every situation.

The information in this handout may not apply if your Domestic Partner is disabled and satisfies the requirements as your tax dependent under Federal law. Please contact a tax professional for more information.

The Employee Benefits Office is unable to provide specific legal or tax advice. Employees are encouraged to discuss their situation with tax professionals, legal counselors and/or representatives from state or federal programs, if applicable, to learn more. Information below is provided in accordance with state and federal laws in effect as of February 1, 2011. Provisions are subject to change due to passage of new laws or updates/changes to regulation interpretation.

#### **Providing Health Insurance Coverage**

- **Health Insurance Premiums:** The Employee's payroll deduction to purchase health insurance for a Domestic Partner is withheld from Employee's paycheck on a post-tax basis. While it is unlikely these premiums are eligible to be deducted on federal income tax return – that matter should be discussed with your tax professional.
- **Additional Taxation:** The County is required to tax the Employee on the value of their Domestic Partner's health plan coverage. This value is often referred to as *Imputed Income*. The tax calculation on an employee's paycheck will be based on the sum of Employee's *Semi-Monthly Gross Pay* PLUS the *Imputed Income* value for the Domestic Partner's coverage(s). As a result, the amount of state and federal income taxes withheld from an Employee's paycheck will increase. Please review the handout called *IRS Dependent Status – Impact on your Pay Check* for an in-depth explanation. If an Employee has registered their partnership with the State of Oregon Domestic Partner registry (available to same-gender partners only), Employee may be able to request a refund of a portion of the imputed state income tax paid to Oregon when they file their Oregon income tax return. Please contact the Oregon Department of Revenue or your tax professional for more information.
- **Impact on Medicare Eligibility:** Under Federal law, an individual who becomes (or is) eligible for Medicare AND is covered by a group health plan available due to active employment, can usually delay their enrollment in Medicare Part B until no longer covered by the active employment coverage and avoid Medicare's late-enrollment premium penalty. Although this Medicare provision might apply to a Domestic Partner who becomes eligible for Medicare based on disability, it does not apply to Domestic Partners who become eligible for Medicare based on age. Domestic Partners who are Medicare eligible based on age cannot avoid the Medicare late enrollment penalty if they delay Medicare enrollment based on coverage they receive from Multnomah County. A Domestic Partner who is eligible for Medicare and does not enroll when initially eligible will be subject to Medicare's late enrollment premium penalty at the time they do enroll in Medicare Part B. This is true even if the Domestic Partner is covered by health plan coverage available due to their partner's active employment. In addition to the premium penalty, the Domestic Partner may also experience a gap in coverage because they will be unable to enroll in Medicare Part B until Medicare's annual open enrollment (held October-December for coverage beginning the following July). You should always contact the Social Security Administration for information pertaining to individual Medicare eligibility, premiums and possible penalties.
- **Dual Coverage by Medicare and Group Health Coverage:** When a Domestic Partner is enrolled in both Medicare and a group health plan, benefits paid out will be coordinated. Medicare will generally be the primary payer, and the group health plan will generally be the secondary payer. Please review plan materials or contact your health plan for more information.

- **Continuation Offers (COBRA):** In the event health insurance is terminated for your Domestic Partner for a reason that would have required a Federal COBRA offer had the individual been your Spouse, the County will make an offer to continue coverage on a self-pay basis to that partner on COBRA-like coverage. The County will also make coverage available under ORS 243.303 (which allows certain dependents to continue Retiree coverage individually) to all Domestic Partners who were covered at the time of the event. Coverage under ORS 743.600 (for divorced or surviving spouses age 55 or older) is only be available to a Domestic Partner if the partnership was registered through the State or Oregon Domestic Partnership Registry before the Employee/Retiree's divorce or death occurs.

### **Other Benefit Programs**

- **MERP and VEBA Programs:** Employees are prohibited from submitting expenses incurred by Domestic Partners for reimbursement from their Health Flexible Spending Account (MERP) or HRA VEBA account, unless the Domestic Partner is disabled and can be claimed as a dependent on the Employee's federal tax return. Employees can only submit expenses incurred by their Domestic Partner's children, if those children are born to or adopted by the County Employee, or if the children can be claimed as dependents on the Employee's federal tax return. Please contact the Flexible Spending Account Administrator for more information.
- **DCAP Program:** Employees can only submit expenses for reimbursement from their Dependent Care Flexible Spending Account (DCAP) if the expenses were for children are born to or adopted by the County Employee, or if the children can be claimed as dependents on the Employee's federal tax return. Employees may be able to submit expenses for Adult Care for their Domestic Partners, if the Domestic Partner is disabled and can be claimed as a dependent on the Employee's federal tax return. Please contact the Flexible Spending Account Administrator for more information.
- **Long Term Care Plan:** All premiums for this coverage are withheld from post-tax earnings. You may request coverage for your Domestic Partner.

### **Beneficiary Designation**

- **PERS Beneficiary:** PERS may define Domestic Partner differently than Multnomah County defines the term, and may require registration in the State of Oregon Domestic Partnership Registry. If you name your Domestic Partner as your PERS Beneficiary, there may be exceptions when tax qualification requirements mean that PERS will provide benefits to registered Domestic Partners differently than would be provided to a spouse. Please contact PERS for more information.
- **County Term Life or Optional Life Insurance Beneficiary:** You can name your Domestic Partner as your beneficiary for either term life or optional life insurance coverage. There is no additional tax levied on proceeds in the event of your death if payment is made to a Domestic Partner.
- **Deferred Compensation Beneficiary:** If you are participating in the deferred compensation program, please contact your provider for more information about designation of a Domestic Partner as your beneficiary for this account.

### **Medical or Family Leave of Absence**

- **Family Medical Leave under FMLA:** FMLA regulations do not extend protection to same or opposite-gender Domestic Partners (or their children). However, Multnomah County provides FMLA-like protection to employees for these family members. Please contact your HR Department for more information.
- **Oregon Family Leave under OFLA:** Under OFLA, the definition of family member includes a same-gender Domestic Partner and the parents or children of the same-gender Partner. Additionally, Multnomah County provides OFLA-like protection to employees for opposite-gender Partners and the parents or children of the opposite-gender Partner. Please contact your HR Department for more information.
- **Catastrophic Leave Program:** If you are otherwise eligible, this program applies to your leave to handle a serious health condition of an immediate household member. This would apply to same-gender or opposite-gender Domestic Partners.
- **Sick Leave/Bereavement Leave:** You may be able to take sick leave for the care of your Domestic Partner, or bereavement leave in the event of their death. Please review your union contract or Personnel Rules for non-represented employees for more information.

**Employee Benefits Office**

**503-988-3477**

[employee.benefits@multco.us](mailto:employee.benefits@multco.us)