

Memorandum

TO: Eastern Michigan University Employees

FROM: Jeanette Hassan, Director
Benefits Programs

RE: Additional Eligible Adult Benefits

Any employee who is eligible for coverage under the University's health care and dental plans and who does not currently enroll a spouse under those plans will be eligible to add an "Additional Eligible Adult" (also known as "AEA") to his/her plan. The enclosed packet of information contains the criteria and identifies the necessary documentation required for the eligibility for enrollment in EMU's health care and/or dental plans. Additional Eligible Adult (AEA) enrollment in the health and dental plans must be done within the first thirty (30) days of employment or during the University's Annual Open Enrollment typically held in the Fall.

Forms and documentation must be turned in to the Benefits Office, 140 McKenny Hall. If you have any questions regarding this benefit, feel free to contact the Benefits Office at (734) 487-3195.

EASTERN MICHIGAN UNIVERSITY ADDITIONAL ELIGIBLE ADULT COVERAGE

INFORMATION SHEET

1. DEFINITION AND ELIGIBILITY FOR COVERAGE

If you are a member of the Athletic Coaches, Administrative Professional, Confidential Clerical, Campus Police, Clerical/Secretarial, Faculty, Food Service & Maintenance, 100% Lecturers, Police Sergeants or Professional Technical employee group at EMU, you can add an additional eligible adult (AEA) to your EMU health and/or dental care coverage. In order to add an AEA, you must meet the criteria outlined in the following two sections:

1. Primary Place of Residence

- a. The AEA resides in the same primary dwelling as the employee and has done so for a minimum of twelve (12) continuous months other than as a tenant; OR
- b. The AEA currently co-owns and has so owned for at least twelve (12) months a dwelling unit as his/her primary residence with the employee even though one of the two individuals is temporarily living away from the primary dwelling unit; OR
- c. The AEA currently co-leases and has so leased for at least twelve (12) months a dwelling unit as his/her primary residence with the employee even though one of the two individuals is temporarily living away from the primary dwelling unit. An individual who meets only this residency term must also demonstrate the following:
 - i. The employee and AEA have a joint checking account, joint savings account, or joint credit account.
 - ii. The AEA has been designated as the primary beneficiary under the employee's EMU life insurance contract, the employee's will or a retirement contract held by the employee.

2. Relationship to Employee

- a. The AEA is not a dependent of the employee as defined by the IRS.
- b. The AEA is not eligible to inherit from the employee under the laws of intestate succession in the State of Michigan.
- c. The AEA is not related to the employee as his/her:
 - i. Spouse
 - ii. Child or any of child's descendents
 - iii. Parent or any of either parent's descendents (i.e. siblings, nieces, nephews)
 - iv. Grandparents or any of either grandparent's descendents (i.e. aunts, uncles, cousins)
 - v. Step relative or step relative's descendents
 - vi. Renter, boarder, tenant, lessee, etc.

If you and your AEA meet these criteria, you may add him or her to your health and dental coverage.

FREQUENTLY ASKED QUESTIONS

1. HOW DO I ADD MY AEA TO MY BENEFITS?

There are several ways to add your AEA to your benefits at Eastern Michigan University. They are:

- **New Hire:** If you are newly hired at the University, you have a 30-day enrollment period for most plans. If you wish coverage for your AEA, you will need to list him or her on the application you complete and return to the Benefits Office. Both you and your AEA will have the same effective date of coverage based upon your employee group. In addition to the enrollment forms for the applicable benefits, an Affidavit for adding the Additional eligible Adult Benefits (**Attachment A**) is required.
- **Annual Open Enrollment Period:** Each Fall Term, the Benefits Office holds the annual Open Enrollment Period during which you can change benefits, including adding or deleting persons covered under your benefits. Any additions made during Open Enrollment are effective January 1 of the following calendar year.
- **Commercial Transfer:** If your AEA involuntarily loses his/her group health benefits, he or she can be enrolled in your EMU coverage based upon your employee group. A letter from your AEA's employer is required indicating the date and reason of termination of coverage. This addition must be done within thirty (30) days of the date of your AEA's loss of coverage. If not completed within the first thirty (30) days, the AEA must wait to be added during the annual Open Enrollment Period.

2. WHEN WOULD I HAVE TO CANCEL MY AEA COVERAGE?

If circumstances caused your AEA to no longer meet the criteria required for AEA coverage, you must remove that person from your benefits within 30 days of their loss of eligibility. Failure to do so may result in charges to you for claims and premiums costs incurred by the ineligible AEA. Removing the AEA under this section will allow them to qualify for COBRA. This continuation information will be sent to your former AEA. To remove an AEA, an Affidavit of Termination of Additional Eligible Adult (**Attachment B**) is required. This form is available on the Human Resources website.

3. CAN I REMOVE MY AEA FROM MY BENEFITS FOR REASONS OTHER THAN THE FAILURE TO MEET THE ELIGIBILITY CRITERIA?

For most benefits, you can remove your AEA for any reason. Removing an AEA under this category does not qualify for COBRA continuation of a benefit.

4. CAN I COVER MY ADDITIONAL ELIGIBLE ADULT'S CHILDREN?

No, this coverage is not included under EMU's plan.

5. WHAT WILL IT COST ME TO COVER MY ADDITIONAL ELIGIBLE ADULT?

Depending on which plan you are currently enrolled in, you may have an additional amount to pay.

6. ARE THERE TAX IMPLICATIONS WHEN I ADD AN AEA?

Unfortunately, the answer to this question is yes. IRS regulations require the University to tax the amount the University pays for your AEA's benefits. Taxes affect health and dental insurance. **Attachment C shows examples of how the University would report taxes on benefits.**

7. IS THERE ANY WAY FOR ME TO AVOID PAYING TAXES?

No. If you add an AEA, you will be required to pay taxes as stated in question # 6.

8. A FINAL WORD

You should always contact the Benefits Office for any questions regarding your benefits. You must contact the Benefits Office if you wish to add an additional eligible adult. The information listed in this informational packet is based on current University policy, Federal regulations and insurance company policy, and is subject to change.

ATTACHMENT A

AFFIDAVIT FOR ADDITIONAL ELIGIBLE ADULT BENEFITS

I wish to enroll the following Additional Eligible Adult (AEA):

Name of AEA: _____

AEA Birth Date: _____ AEA Social Security #: _____

Employee Name: _____ (please print)

Social Security #: _____ E-Class: _____

Banner EID#: _____

Certification and Signature:

Under penalty of law, I certify that the required criteria for adding an additional eligible adult to my health care and/or dental coverage has been met. I understand that my misrepresentation of these statements may result in consequences that could include discipline or appropriate legal action. I further understand that I will be responsible for paying any taxes associated with enrolling an AEA.

Employee Signature: _____

Date: _____

ATTACHMENT B

AFFIDAVIT OF TERMINATION OF ADDITIONAL ELIGIBLE ADULT

I, _____, affirm the health and/or dental coverage for my Additional Eligible Adult described in my “Affidavit for Additional Eligible Adult Benefits” (Attachment A) dated _____, for adding an Additional Eligible Adult, should be terminated as of _____.

Termination of coverage for the Additional Eligible Adult is due to:

- _____ Additional Eligible Adult no longer meets the required eligibility criteria
- _____ Death of additional eligible adult
- _____ Coverage no longer needed by the AEA (obtained other coverage)

I hereby agree to mail a copy of this Affidavit to my surviving former additional eligible adult.

EMPLOYEE SIGNATURE

DATE

ATTACHMENT C

AEA – 2008 Taxation Examples

Only the portion of the premium attributable to the AEA is taxable. “Total Premium” means the entire cost for the benefit. “Taxable Amount” means the amount that will be added to the employee’s taxable income under “AEA Insurance.” Please note that health and dental coverage for the employee’s dependent children will not be taxed.

PPO Option 1 (AC/AP/CC/FA/FM/PT)

Monthly Premium

Two Person	\$ 929.22	Family	\$1,115.05
Single	<u>412.98</u>	Two Person	<u>929.22</u>
Taxable Health	\$ 516.24	Taxable Health	\$ 185.83

PPO Option 2 (AC/AP/CC/FA/FM/PT)

Monthly Premium

Two Person	\$1,042.73	Family	\$1,251.24
Single	<u>463.43</u>	Two Person	<u>1,042.73</u>
Taxable Health	\$ 579.30	Taxable Health	\$ 208.51

PPO Option 1 (CP/LE)

Monthly Premium

Two Person	\$ 927.27	Family	\$1,112.73
Single	<u>412.12</u>	Two Person	<u>927.27</u>
Taxable Health	\$ 515.15	Taxable Health	\$ 185.46

PPO Option 2 (CP/LE)

Monthly Premium

Two Person	\$1,040.78	Family	\$1,248.92
Single	<u>462.57</u>	Two Person	<u>1,040.78</u>
Taxable Health	\$ 578.21	Taxable Health	\$ 208.14

PPO (CS/PS)

Monthly Premium

Two Person	\$1,054.15	Family	\$1,264.96
Single	<u>468.51</u>	Two Person	<u>1,054.15</u>
Taxable Health	\$ 585.64	Taxable Health	\$ 210.81

BC/BS Traditional (FA)

Monthly Premium

Two Person	\$1,473.94	Family	\$1,768.69
Single	<u>655.06</u>	Two Person	<u>1,473.94</u>
Taxable Health	\$ 818.88	Taxable Health	\$ 294.75

Priority Health (FA)

Monthly Premium

Two Person	\$1,141.58	Family	\$1,308.02
Single	<u>496.37</u>	Two Person	<u>1,141.58</u>
Taxable Health	\$ 645.21	Taxable Health	\$ 166.44

Delta Dental (ALL)

Monthly Premium

Two Person	\$ 65.05	Family	\$ 113.70
Single	<u>34.59</u>	Two Person	<u>65.05</u>
Taxable Health	\$ 30.46	Taxable Health	\$ 48.65

This information is only an example. Consult your tax advisor for tax information.

To calculate the taxes, add up the portion of premiums that are taxable and add this to the taxable gross income. This increases the employee's taxes but not actual take home pay.