

FAQ's – COMMITTED PARTNER (CP)

Disclaimer: The City and the Employee Benefits Department cannot give tax advice. You are encouraged to seek advice from your own personal tax advisor about the taxability of health plan coverage for Committed Partner/Committed Partner child(ren). These questions and answers are for general information purposes only. To the extent that any material contained herein conflicts with the City's Plan Document or Federal/State regulations, the Plan Document and/or Federal/State regulations will prevail.

Q. Definition of a Committed Partner?

A: A Committed Partner is an individual of either gender who has been in a serious and committed relationship for at least twelve (12) months with a City of Mesa employee or City of Mesa retiree, resides with that City employee or City Retiree and otherwise meets the requirements set forth in the Committed Partner Declaration.

Q: What does "CP" and "CP children" stand for?

A: "CP" is the abbreviation used for "Committed Partner" and "CP children" is the abbreviation for "Committed Partner children".

Q. What are the eligibility requirements for a Committed Partner to have Health Plan coverage?

A. The City's Health Plan Document requires that you and your Committed Partner are in a long-term (at least 12-months) exclusive, committed and personal relationship; over the age of 18 years old; able to execute a "Declaration of Committed Partnership"; financially inter-dependent; not married to, legally separated from or a committed partner to any other person(s); and not already eligible for City of Mesa Health Plan coverage (as either an employee/retiree or dependent of an employee/retiree). Refer to the City of Mesa Health Plan Document for more details.

Q: What is a "Declaration of Committed Partnership" form?

A: This form is one of several documents required to establish and verify that you and your CP are in a serious, committed relationship, live together, and are financially inter-dependent. The Declaration must be signed by both the employee or retiree and your CP, in the presence (or electronically if permitted by regulation) of a Notary Public (signature/date/Seal required), as part of the enrollment process for Health Plan coverage.

Q: When may I enroll my CP/CP children?

A: A CP or CP children may be enrolled during a normal Open Enrollment period or during the new hire process. There are no qualifying event occasions where you may enroll a CP.

Q: How do I enroll my CP and CP children?

A: Go online to <https://www.mesaaz.gov/government/employee-benefits/forms> and print a Declaration of Committed Partnership form. Complete the form and obtain all required signatures and Notarization. Submit the form to Employee Benefits Administration (email, fax, mail or deliver) by 6:00 pm on the last day of the annual Open Enrollment period or within 31-days of becoming a new hire to the City of Mesa, along with any required verification documentation.

Q: What verification documentation do I need to submit to enroll my CP and CP children?

A: For CP children you will need birth/adoption/legal guardian/foster documentation (as applicable) that confirms the child/children's relationship to your CP. For CP and yourself, you will need two documents that verify both your committed partnership duration and financial inter-dependence (one of the documents **must** be effective at least 12 months prior to the enrollment effective date):

- Joint ownership or lease of primary residence (mortgage, deed, or lease agreement)
- Joint bank or credit card accounts (redacted bank/credit statement or blank voided check with both names printed on the check or redacted statement of account)
- Life Insurance Beneficiary designation or Last Will and Testament naming each other as primary beneficiary
- Designation of you and your CP to act on each other's behalf for all purposes under a Power of Attorney
- Joint utility billing notice(s), showing both parties, same address/location
- Other documentation that verifies financial inter-dependence and Committed Partnership

Q: What is a non-qualified tax dependent for health plan coverage purposes?

A: A non-qualified tax dependent cannot receive employer provided health care coverage on a tax-free basis (under Federal regulations) if the employer is contributing to that coverage cost. Generally, CP/CP children are non-qualified tax dependents and the City's Health Plan will automatically default your CP/CP children to this status for purposes of enrollment, premium deductions, and taxability of the value of the coverage received. You will need to check with your personal tax advisor about the requirements for qualified tax dependent status and, if needed, make appropriate adjustments in your federal and state tax returns.

Q: Why do I pay my premiums for CP coverage on a post-tax or after-tax basis?

A: The City's health plan is administered under an IRS Section 125 "cafeteria-like" plan. This Federal regulation only allows a health plan to deduct premiums on a pre-tax basis for employees and qualified tax dependents. CP/CP children are generally not qualified tax dependents and are automatically classified as such under the eligibility provisions of the City's Health Plan. Family coverage premiums for CP/CP children must be deducted on a post-tax basis.

Q: What is Imputed Income for CP/CP Children health insurance coverage?

A: Federal regulations require the City to calculate a value of City provided health coverage for CP/CP children coverage and assign or "add" that amount to you as Imputed Income in your paycheck. This Imputed Income is not paid to you but rather included in your paycheck for the purposes of calculating both the City's and your payroll tax liability and your potential lowered net take home pay.

Q. How much Imputed Income will be added to me, if I am an active employee and I enroll my CP/CP children in City Health Plan coverage?

A: The charts below is a summary of the “value” of the Imputed Income amounts that will be added to pay checks in **2023** for CP/CP children family coverage in City plans for full-time and part-time benefit eligible employees:

Full-time Employee:

A. Plans Basic Choice Co-pay	B. City’s Contribution on a family plan	C. City’s Contribution on a single plan	D. Monthly Imputed Income (B minus C)	E. Per Pay Period Imputed Income (D /2)	F. Annual Imputed Income (E x 24)	G. 25%* Tax Bracket – Annual/Pay Period Tax Liability
Medical /RX	\$1332.00	\$599.00	\$773.00	\$366.50	\$8796.00	\$2199.00/\$91.63
Dental	\$136.00	\$85.50	\$50.50	\$25.25	\$606.00	\$151.50/\$6.32
Vision Care	\$8.15	\$4.90	\$3.25	\$1.63	\$39.12	\$9.78/\$0.41

* Tax Bracket assumes Federal 15% + State 2.35% + FICA 7.65% = 25% (your individual tax bracket may be different)

Part-time Benefit Eligible Employee:

A. Plans	B. Employer Family Contribution	C. Employer Single Contribution	D. Monthly Imputed Income (B minus C)	E. Per Pay Period Imputed Income (D /2)	F. Annual Imputed Income (E x 24)	G. 25%* Tax Bracket – Annual/Pay Period Tax Liability
Medical /RX - Basic	\$1104.00	\$496.00	\$608.00	\$304.00	\$7296.00	\$1824.00/\$76.00
Medical /Rx - Choice & Copay	\$833.00	\$374.00	\$459.00	\$229.50	\$5508.00	\$1377.00/\$57.38
Dental	\$85.00	\$47.50	\$37.50	\$18.75	\$450.00	\$112.50/\$4.69
Vision Care	\$8.15	\$4.90	\$3.25	\$1.63	\$39.12	\$9.78/\$0.41

* Tax Bracket assumes Federal 15% + State 2.35% + FICA 7.65% = 25% (your individual tax bracket may be different)

Q. *If I have Imputed Income applied to me, do I have any additional tax liability when/if benefits (claims) are actually paid for my CP/CP children under the City plans?*

A. No, under current Federal regulations there is no additional tax liability over and above the Imputed Income tax liability, when benefits (claims) are paid for CP/CP children under City plans. These benefits (claims) are paid in the same way as benefits are paid for other eligible City employees/retirees and their family members.

Q: *If I am an active employee, how much Life Insurance coverage can I buy for my CP and CP children?*

A: CP Life Insurance coverage is available in increments of \$10,000 up to \$300,000 with \$30,000 guaranteed issue. Evidence of Insurability (EOI) is required for coverage amounts above \$30,000 or

for any CP amount requested as a late entrant. CP children coverage can be: \$2,500, \$5,000, \$7,500 or \$10,000 (all eligible children covered for the selected amount/rate per coverage level).

Q: Are my CP or CP children's medical or childcare expenses reimbursable under my Flexible Spending Account (FSA) accounts?

A: No, expenses for non-qualified tax dependents (generally CP and CP children) are not reimbursable under an FSA account.

Q: What are the medical, dental and vision rates for CP/CP children coverage?

A: Family rates for active employees are the same for CP/CP children family coverage as for non-CP/CP children family coverage, except CP family rates are deducted on a post-tax basis. See employee benefits website www.mesaaz.gov/benefits for rate information.

Q: If I am a new hire or if I work for the City in a non-benefit eligible position and I am hired, transferred, or promoted to a benefit eligible position, can I enroll my CP and CP children in the City's Health Plan at that time?

A: Yes, newly eligible employees can enroll a CP and CP children when they enroll for newly eligible coverage or during a subsequent Open Enrollment period, providing enrollment processes are completed and the CP and CP children are otherwise eligible for coverage.

Q: Can I drop my CP coverage at any time?

A: Yes, voluntary drops can be processed at any time with an effective date as of the last day of the month. Remember, however, that if your CP is no longer your CP, or becomes ineligible for some other reason, you must notify the City and drop their coverage immediately.

Q: If my CP/CP children are dropped from coverage, can they get COBRA continuation coverage?

A: No, CP and CP children are not eligible for COBRA continuation coverage.