

## **UAHuntsville Sponsored Dependent Policy**

The University of Alabama in Huntsville offers benefit eligible faculty and staff the opportunity to cover a Sponsored Adult and/or Child Dependent under various benefit programs as long as they meet the guidelines that have been established within each benefit plan.

### **Minimum Eligibility Requirements**

A Sponsored Adult Dependent may be covered if they meet the following criteria:

- Must share primary residence with covered UAHuntsville employee, and must have lived with UAHuntsville employee at least twelve continuous months, other than as a tenant/renter, prior to effective date of coverage.
- Is at least age 19 (current age of majority in the State of Alabama) or legally emancipated.
- Is not a relative. Definition of relatives: parents, children, husbands, wives, brothers, sisters, brothers- and sisters-in law, mothers- and fathers-in law, uncles, aunts, cousins, nieces, great nieces, nephews, great nephews, grandmothers, grandfathers, great grandmothers, great grandfathers, sons- and daughters-in law and half- or step-relatives of the same relationships. *Note: \*Dependent children for whom the employee has legal guardianship continue to be eligible for current benefits as a dependent child of the employee.*
- Is not employed by the UAHuntsville employee
- Does not already have a spouse enrolled in the benefit plan(s)
- Is not married.

\*Dependent Children of a Sponsored Adult Dependent may be covered under any of the eligible benefit plans if they meet the following guidelines:

- Is the natural born child of Sponsored Adult Dependent
- Is a legally adopted child of the Sponsored Dependent (includes a child placed for adoption)
- Is a child in the permanent legal custody or legal guardianship of the Sponsored Adult Dependent

\*A Sponsored Dependent Child up to age 26 can be covered under the benefit plan(s) only if on you and/or your Sponsored Adult Dependent for more than 50% of their support, or is otherwise not able to support him or herself due to physical or mental impairment.

If you choose to cover dependent children, you must supply the Employee Benefits Office with copies of the appropriate paperwork, e.g., birth certificates, adoption paperwork, divorce decrees, etc., as requested.

The above is not intended to be a comprehensive list of eligibility criteria. Please refer to the applicable updated Summary Plan Descriptions and Certificates of Coverage for complete definitions of eligibility for coverage.

### **Current Coverage Eligibility**

- Medical
- Dental
- Vision

### **Enrollment Process for Eligible Sponsored Adult and/or Sponsored Child Dependent(s)**

Generally, there are four times when an employee can add an eligible Sponsored Adult and/or Sponsored Child Dependent to his or her UAHuntsville benefits:

1. As a newly hired or newly eligible faculty or staff member.
2. After experiencing an enrollment event consistent with benefit plan rules.
3. During the annual Open Enrollment period.
4. Within 30 days of meeting the 12 month residency requirement.

In order to cover an eligible Sponsored Adult and/or Sponsored Child Dependent(s), you must complete and submit the following to the UAHuntsville Benefits Office:

- Enrollment form for each benefit
- Documentation of twelve continuous months or more of residency of the Sponsored Dependent with the UAHuntsville employee.
- Signed affidavit by the UAHuntsville employee verifying he or she has met the eligibility requirements for Sponsored Dependents.

**IMPORTANT NOTIFICATION REQUIREMENT:** It is your responsibility to notify the UAHuntsville Benefits Office within 30 days if a Sponsored Dependent becomes eligible or ineligible for coverage or if the Sponsored Dependent obtains or loses coverage from another employer.

### **Tax Implications**

Employees may pay their premiums on employer-provided group health, dental and vision insurance plans with “pre-tax” deductions. However, the IRS requires that the value of the benefits (the fair market value) provided for a person who is not the employee’s dependent for federal income tax purposes be considered a taxable employer provided benefit to the employee. This added “employer provided benefit” is called imputed income and taxed as additional compensation. All applicable taxes apply.

If your sponsored dependent(s) qualifies as your dependent as defined by the IRS under §152, the imputed income may not apply. This is not intended as tax advice but rather to alert employees of potential tax ramifications. You are strongly encouraged to

consult with a CPA, attorney, or tax advisor before declaring that a Sponsored Adult Dependent or child of a Sponsored Adult Dependent satisfies the requirements to be considered a qualifying §152 dependent as defined by the IRS.

### **Continuation of Coverage for Sponsored Dependent (Adult and/or Child)**

A Sponsored Adult or Sponsored Child Dependent is not recognized under COBRA. However, the University will provide continuation benefits to Sponsored Dependents on the same terms and conditions as if they were qualified beneficiaries under COBRA.

Possible situations involving Sponsored Dependents and COBRA issues include:

- If your Sponsored Dependent's insurance is cancelled as a result of termination of your employment, or the Sponsored Dependent no longer qualifies as a dependent, the individual who loses the coverage will be eligible to continue the insurance voluntarily for a period of 18 to 36 months, depending upon the reason for the loss of coverage.
- If an employee with a covered Sponsored Dependent terminates employment and chooses COBRA coverage for 18 months, the employee may continue coverage for his or her Sponsored Dependent for that same 18 month period.
- If the employee does not elect COBRA coverage, the covered Sponsored Dependent may not make a separate election to continue his or her coverage.
- An employee on COBRA may add a Sponsored Dependent in the same manner as is permitted for active employees with spouses. However, should the employee die or should the Sponsored Dependent cease to meet the eligibility requirements, the Sponsored Dependent may not make an election under COBRA as a second qualifying event.

Questions related to COBRA and notification of qualifying events should be directed to the Employee Benefits Office, located in Shelbie King Hall Room 102. Written notification of COBRA qualifying events (such as loss of eligibility) must be provided within 60 days or COBRA will not be available.