

## **Domestic Partner Insurance Coverage for Non-Represented Employees**

### **I. Purpose, Values and Outcomes**

The City of Lynnwood seeks to create a work environment that both recognizes and promotes diversity and serves as a retention tool for professional, well-qualified, capable employees.

### **II. Policy**

In light of the above-stated goals and values, the City will provide for its non-represented employees health insurance benefits to eligible domestic partners and their dependents at the same level provided to spouses and dependents of legally married employees, effective April 1, 2009. For purposes of this policy, "domestic partners" are defined as unmarried couples of the same gender or of the opposite gender, who share the same household.

### **III. Eligibility**

Employees who are engaged in a domestic partnership must meet each of the following criteria as a condition to enrolling their domestic partners and their domestic partner's dependents in the City's health insurance programs:

The employee and his/her domestic partner must:

- ◆ Share the same regular and permanent residence;
- ◆ Have a close, personal and exclusive relationship, similar in nature to that of a marriage;
- ◆ Be jointly responsible for "basic living expenses," as defined below;
- ◆ Not be married to anyone;
- ◆ Each be eighteen (18) years of age or older;
- ◆ Not be related by blood closer than would bar marriage in the State of Washington;
- ◆ Have been mentally competent to consent to contract when the domestic partnership began;
- ◆ Be responsible for each other's common welfare.

"Basic living expenses" means the cost of basic food and shelter. The individuals need not contribute equally or jointly to the cost of these expenses as long as they agree that both are responsible for the cost.

Dependents of domestic partners may be enrolled as long as they meet one of the following criteria:

- ◆ The dependent is the natural or adopted child, or the court-appointed legal ward of, the domestic partner, is unmarried and is no older than 19 years of age. The natural or adopted child, or court-appointed ward, of a domestic partner may remain on the program up to the age of 23 years, if the dependent is:
  1. A full-time student at an accredited institution (for medical, dental and vision coverage); or
  2. Reliant upon the domestic partner for a majority of his/her support (for medical coverage only).
- ◆ The dependent is the natural or adopted child between ages 23 to 25. In such cases, these dependents may be enrolled entirely at the employee's expense. The City does not pay a portion of the premium for these dependents.
- ◆ Totally incapacitated dependents due to developmental disability or physical handicap are eligible beyond the age limit of the contract, provided the dependent is chiefly dependent on the domestic partner for support and maintenance, and the disability occurred prior to the limiting age.

#### IV. Enrollment and Termination of Enrollment

Domestic partners of non-represented employees may participate in a one-time enrollment period at the time of adoption of this policy. All other domestic partners may only be added at the time of hire of the employee or during the annual open enrollment process. An employee wishing to enroll his/her domestic partner will be required to sign an Affidavit of Domestic Partnership at the time of application.

An employee may terminate a domestic partnership by notifying Human Resources in writing of the termination of the domestic partnership within thirty days of its termination. The employee must then wait six months from the date of the notice before registering another domestic partnership, except in either of the following cases:

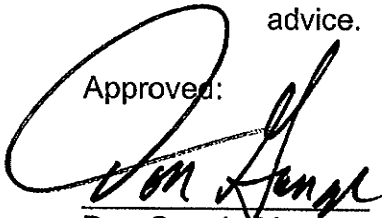
- ◆ The employee is registering the same domestic partnership within thirty days notification of the termination of that domestic partnership, or
- ◆ The employee's former domestic partnership was dissolved through the death of the employee's domestic partner.

Domestic partners and their enrolled dependents receive the same or equivalent benefits as spouses and their enrolled dependents receive for group continuation health coverage through COBRA and/or individual conversion.

V. Tax Consequences of Benefits for Domestic Partners

- A. The tax consequences of a domestic partnership are the responsibility of the employee, not the City of Lynnwood. Under the Internal Revenue Code, an employee is not taxed on the value of benefits provided by an employer to an employee's spouse or dependent. However, the IRS has ruled that a domestic partner does not qualify as a spouse.
- B. The value of benefits provided to an employee's domestic partner (and the domestic partner's eligible dependents, if any) is considered part of the employee's taxable income, unless the employee's domestic partner qualifies as a dependent under Section 125 of the Internal Revenue Code. The City will treat the value of the benefits provided to the employee's domestic partner (and the domestic partner's eligible children, if any) as part of the employee's income and will withhold the taxes on the value of those benefits from employee's paychecks. If the employee's domestic partner qualifies as a dependent under Section 125 of the Internal Revenue Code, the employee may file the proper documentation with the IRS and seek a refund for taxes withheld.
- C. Some courts have recognized non-marriage relationships as the equivalent of marriage for the purpose of establishing and dividing community property. A declaration of common welfare, such as the registration of a domestic partnership for purposes of health benefits, may therefore have legal implications. The City offers no legal advice to employees involved in domestic partnerships, and advises these employees to seek independent legal and/or tax advice.

Approved:

  
Don Gough, Mayor

2-23-09  
Date