

Special ONLINE-ONLY Addition to the Source

Please note the below information was added to the ONLINE edition of the 2007 Open Enrollment Source Newsletter after the paper version was mailed. If you have questions about this information, please contact Patrick Cusick or Renee Rivard in MSU Human Resources Benefits at 517-353-4434 or 1-800-353-4434.

Special Notice Regarding “Other Eligible Individual” Designation

Due to a recent Michigan Court of Appeals decision, Michigan State University is currently prohibited from providing health benefits based on domestic partner agreements to employee groups not covered by the Health Care Agreement between MSU and the Coalition of Labor Organizations. For that reason, you will no longer find benefits options related to “MSU-recognized same-sex domestic partner” in 2007-2008 benefits open enrollment materials. There is now a reference to “Other Eligible Individuals” (OEI). What “Other Eligible Individuals” means for purposes of benefits eligibility varies by employee category, as follows:

What OEI means if you are a union/association-represented MSU employee covered by the Health Care Agreement between MSU and the Coalition of Labor Organizations (CLO):

Employees in this category include those represented by AFSCME, Local 999; AFSCME, Local 1585; Administrative Professional Association, MEA/NEA; Administrative Professional Supervisors Association; Clerical Technical Union; Fraternal Order of Police Sergeant’s Division, Lodge 141; Fraternal Order of Police Non-Supervisory Division, Lodge 141; IATSE, Local 274; and Operating Engineers, Local 547. If you filed a domestic partner agreement with MSU Human Resources and enrolled an MSU-recognized same-sex domestic partner for health and dental benefits, you can continue to cover that individual through the end of the CLO Health Care Agreement on Dec. 31, 2009, which provides benefits through the end of the 2009-10 plan year.

What OEI means if you are a non-represented MSU employee (including faculty, academic staff and executive management) not covered by the Health Care Agreement between MSU and the CLO:

MSU intends to implement a pilot program effective July 1, 2007 that changes the eligibility criteria for enrollment in its health/dental plan(s). If implemented, this temporary program will be reviewed at least annually to determine if it will be continued for the next plan year. The pilot program is scheduled to end at the conclusion of the 2009-2010 plan year. Individuals are strongly encouraged not to forego health and/or dental coverage that may be available to them from other sources. The University reserves the right to suspend this pilot program and to determine how the below-listed eligibility criteria will be applied during the pilot program.

Under the pilot program a non-represented MSU employee who does not already enroll a spouse for health and/or dental benefits may enroll one (1) individual for health and/or dental coverage (“OEI” or “other eligible individual”), but only if ALL of the following eligibility criteria are met:

- The OEI currently resides in the same residence as the employee and has done so for the last 18 continuous months, other than as a tenant;
- The OEI is not a “dependent” of the employee as defined by the IRS; and
- The OEI is not eligible to inherit from the employee under the laws of intestate succession in the State of Michigan (see below).

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Children who are qualified and claimed as IRS-defined dependents by an employee’s OEI are also eligible for health and dental benefits if they are members of the employee’s household or a full-time student and they are unmarried and under the age of 19 (up to age 23 if an IRS-defined dependent).

Eligibility to continue coverage for an OEI ceases at the end of the month in which the above criteria are not met. Employees must immediately notify MSU Human Resources Benefits of a change in eligibility status.

The following individuals do not fall within the eligibility criteria for this pilot program:

- Spouse
- Children and their descendants (i.e., children, grandchildren)
- Parents
- Parents’ descendants (i.e., siblings, nieces, nephews)
- Grandparents and their descendants (i.e., aunts, uncles, cousins)
- Renters, boarders, tenants, etc.

What OEI means if you are a current MSU Retiree:

MSU Human Resources has communicated directly with the retirees impacted by this issue. If you are a retiree and you have a question about domestic partner coverage or the Other Eligible Individual (OEI) designation, please contact the MSU Benefits office at 517-353-4434.

Tax Implications of covering an OEI under your benefits:

IRS regulations require the University to tax the fair market value of University-provided health and dental benefits for Other Eligible Individuals. The IRS defines fair market value of a fringe benefit as the amount that an individual would have to pay for the particular fringe benefit in an arm’s length transaction. This means what you would have to pay for an individual policy for your Other Eligible Individual in the open market. Contact MSU Benefits at 517-353-4434 for a chart that can help you determine the taxable amount.

Questions?

If you have questions about this e-mail or domestic partner benefits, please contact Patrick Cusick or Renee Rivard in the MSU Human Resources Benefits Office at 517-353-4434 or 1-800-353-4434.