

TERMS OF ELIGIBILITY

LCC employees may enroll one (1) Additional Eligible Adult (AEA) in the LCC-sponsored medical plan, based on meeting all of the following criteria:

- The LCC employee is eligible for and enrolled in the LCC-sponsored medical plan in which the AEA will be enrolled;
- The LCC employee does not have a current or former spouse who is enrolled in any LCC-sponsored medical plan on the basis of any relationship with the LCC employee seeking to designate the AEA;
- The AEA is an adult under Michigan law;
- The AEA currently resides in the same principal residence as the employee and has done so for the past twelve months;
- The AEA is not a tenant of the LCC employee and the LCC employee is not a tenant of the AEA;
- The AEA is not an IRS defined “dependent” of the LCC employee, and the LCC employee is not an IRS defined “dependent” of the AEA;
- The AEA and the LCC employee are not related by blood to a degree that would prevent legal marriage in Michigan;
- The AEA is not eligible to inherit from the LCC employee, or from the employee’s current or former spouse, under the laws of intestate succession in the State of Michigan (this provision does not preclude the LCC employee from naming the AEA in his or her estate plan);
- The AEA is not eligible for coverage through LCC as an employee or retiree;
- The AEA and LCC employee provide satisfactory evidence that at least three (3) of the following four (4) standards are met:
 - The LCC employee and the AEA have common or joint ownership of their primary residence;
OR
 - The LCC employee and the AEA have at least two (2) of the following:
 - Joint ownership or lease of a motor vehicle; or
 - Joint bank account(s); or
 - Joint credit card account(s); or
 - A lease for a residence identifying both the employee and AEA as joint tenants.OR
 - The AEA has been designated as the primary beneficiary for at least two (2) of the following:
 - The LCC employee’s life insurance; or
 - The LCC employee’s will or living trust; or
 - The LCC employee’s retirement account.OR
 - The LCC employee and AEA have mutual durable powers of attorney for both health care and financial management for each other.

Eligibility to continue coverage for an AEA ceases at the end of the month in which any one or more of the eligibility criteria are not met.

Medical Coverage for Additional Eligible Adult

TERMS AND AFFIDAVIT OF ELIGIBILITY

The following individuals are *disqualified* from eligibility *as an AEA* under this program:

- The current or former spouse of the LCC employee¹
- The children (including adopted, step- and foster children) of the LCC employee or of the LCC employee's current or former spouse, and their descendants (e.g., children, grandchildren, etc.)
- The parents (including adopted, step- and foster parents) of the LCC employee or of the LCC employee's current or former spouse, and their descendants (e.g., the LCC employee's siblings, nieces, nephews, in-laws, etc.)
- The grandparents of the LCC employee or of the LCC employee's current or former spouse, and their descendants (e.g., aunts, uncles, cousins, etc.)
- The LCC employee's renters, boarders, tenants, landlord, etc.

Eligibility to continue coverage for an AEA ceases immediately upon an AEA becoming disqualified.

Employees must notify Human Resources in writing of any change in eligibility status or any disqualification, within 30 days after the relevant event.

Enrollment in coverage for your AEA will require completion of insurance enrollment forms, signing the AEA Affidavit of Eligibility (below) and providing documentation to support the eligibility criteria.

AFFIDAVIT OF ELIGIBILITY

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

Name: [Click here to enter text.](#)

Date of Birth: [Click here to enter text.](#)

I certify that the AEA named above currently meets the AEA eligibility criteria for the program and that the AEA is not disqualified from eligibility described above. I understand that I am responsible for immediately notifying LCC in writing if my AEA ceases to satisfy one or more of the eligibility criteria or if my AEA should be disqualified from eligibility under the program. I understand that I am responsible to complete an enrollment form for my AEA, am responsible for payment of any premium deductions attributable to participation of my AEA in the LCC-sponsored medical plan, and I authorize LCC to deduct such premiums from my periodic pay.

Any information falsified on this document may result in discipline up to and including termination from employment.

Employee Signature: _____ **Date:** _____

¹ A former spouse may be eligible as an AEA if after the divorce the former spouse becomes eligible again under the eligibility requirements above. The period of continuous residence must begin again after the divorce.

TAXATION OF ADDITIONAL ELIGIBLE ADULT

LCC employees who are considering applying for Additional Eligible Adult benefits should be aware of the potential tax consequences. IRS regulations require LCC to tax the Fair Market Value (FMV) of college-provided health benefits for a non-tax qualified dependent.

IMPUTED INCOME

If you add a dependent to your medical coverage who does not qualify as a tax dependent under the Internal Revenue Code Section 152, the Fair Market Value (FMV) of the contribution or premium amount toward that coverage is considered a taxable fringe benefit and subject to tax withholding. The calculated fringe benefit is known as 'imputed income'. Your taxable income will be increased by the Fair Market Value (FMV) for Federal, State, City, Social Security, and Medicare. This will increase your payroll tax liability resulting in a lower bi-weekly net pay.

Imputed income reported as taxable income on your bi-weekly pay, will also be included on your annual W-2 form resulting in the appearance of a higher annual salary than appearing in your employment contract and/or bargaining unit agreement.

The Fair Market Value (FMV) of the contribution or premium that is considered imputed income will be calculated by figuring the difference in the employer share of the premium for the plan without the Additional Eligible Adult and the employer share of the premium with the Additional Eligible Adult. Examples:

Insurance Elected	Coverage without Additional Eligible Adult	Coverage Required with Additional Eligible Adult	Employer Share* for Plan Elected	Employer Share* for adding Additional Eligible Adult	Imputed Income
PPO Select	Single	Two Person	\$616.62	\$1,313.25	\$696.63
Flexible Blue HDHP	Two Person	Family	\$1,333.39	\$1,659.19	\$325.80
Versatile 3 PPO	Single	Two Person	\$616.63	\$1,330.04	\$713.41

*Please note that the premium rates displayed in this table are for illustrative purposes only. Current premium rates for available medical plans will be communicated by Human Resources during your eligible enrollment period.

If you have questions regarding Imputed Income, please contact the Payroll Department at FS-Payroll@lcc.edu or (517) 483-1799.