

State Legislative Changes 2007/2008 Extend Dependent and Ex-Spouse Coverage – Eligibility and Taxation

Recent changes to New Hampshire state law have extended dependent child and ex-spouse coverage eligibility for residents of New Hampshire enrolled in the Harvard Pilgrim medical plan.

Dependent children

A dependent child can qualify if they meet all of the following criteria:

1. Are less than 26 years of age
2. Unmarried
3. Are residents of New Hampshire or enrolled at a public or private institution of higher education
4. Not provided coverage as a named subscriber under any other group or individual health plan or entitled to benefits under certain governmental programs

Ex-spouse

An ex-spouse may be eligible to remain on medical coverage for up to 3 years. Please contact either Kristie Camacho 862-0509 or Susan Nolan 862-0504 for more information.

Important: Taxation of benefits when covering non-tax dependents

USNH Policy, USY.V.A.2.5.6 states that the University System must comply with laws regarding taxation of employee benefits. IRS regulations require taxation when adding a non-tax dependent (child or ex-spouse) to coverage.

- If adding a non-tax dependent, medical premium contributions may need to be adjusted to include both a pre-tax and after-tax deduction.
- In addition, the IRS states that the fair market value of medical coverage (imputed income) for non-tax dependents must be included as taxable income to an employee

The USNH Benefits office makes this determination based on current plan selection and additional information provided by the employee. Employees requesting to continue Harvard Pilgrim medical coverage for non-tax dependents (child, ex-spouse) under the new legislation are encouraged to contact their tax advisor for assistance in interpreting any possible tax implications that may be realized.