

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Office of Labor Relations

May 1, 2012

General Notice No. 2012-03

TO: Labor Relations Designees

**SUBJECT: Dependents under State Sponsored Health Insurance Plan –
Divorce, Legal Separations and Guardians
Audit by Comptroller's Office**

You should be aware that the Office of the State Comptroller will be conducting an audit of members' covered dependents under the State's Group Health Insurance Plan. The audit will occur after July 1, 2012.

As there was some confusion over who could legally be covered in the event of legal separation and divorce, the State and SEBAC have entered into an agreement which clarifies the allowable coverage, as well as coverage by Guardians of their former wards.

The following main points of the agreement are summarized here. The Agreement is attached and in the case of conflict, the Agreement controls.

- 1. Legal Separations approved by the Court on or before July 1, 2012.** Members may continue to cover their spouse for up to three (3) years or until their marital status changes, whichever comes first. The cost of single coverage shall be imputed to the income of the member for this benefit (for IRS purposes).
- 2. Legal Separations approved by the Court after July 1, 2012.** Members may continue to cover their spouse for up to three (3) years or until their marital status changes, whichever comes first. The member must pay the FULL cost of this benefit by paying the rate for a single employee. The FULL cost means the State's plus the employee's share of the total cost. This is in addition to the member's present contribution.
- 3. Divorces before July 1, 2012 where the decree or state of residence (generally Massachusetts) requires the member to provide health insurance coverage to their ex-spouse.** Members may continue to cover their ex-spouse until the earlier of June 30, 2015 and date of remarriage. The member must pay the FULL cost of this benefit by paying the rate for a single employee. The FULL cost means the State's plus the employee's share of the total cost. This is in addition to the member's present contribution.

4. **Divorces on or after July 1, 2012 where the decree or state of residence (generally Massachusetts) requires the member to provide health insurance coverage to their ex-spouse.** Members may cover their ex-spouse for three (3) years following their divorce or the date of remarriage, whichever occurs first. The member must pay the FULL cost of this benefit by paying the rate for a single employee. The FULL cost means the State's plus the employee's share of the total cost. This is in addition to the member's present contribution.
5. **Guardians.** The Agreement is interpreted to cover as dependents, former wards of the member who were covered as dependents immediately prior to reaching age 18. The coverage may be continued up to age 26. The cost of single coverage shall be imputed to the income of the member for this benefit.

Divorces at any time where the decree does not require spousal coverage: These individuals will be responsible for the higher of either the claims incurred or the single employee rate for the time the ex-spouse was covered. Additionally, any such individual that intentionally continued this coverage will be subject to disciplinary action up to and including discharge.

Remarriage: Means remarriage by either spouse.

Reporting requirements: The Member must report to their agency and/or the Healthcare Policy & Benefit Services Division of the Office of the State Comptroller if they are legally separated or divorced. If a member is divorced or legally separated or will be prior to July 1, 2012, that information must be provided in advance of such date. In the future, a Member must report such event within thirty (30) days of such divorce or legal separation. A certified copy of the divorce decree or legal separation agreement must also be provided.

Open Enrollment: Members should be encouraged to ensure that their information is correct during the open enrollment process. They should review their current information and make necessary corrections.

Labor Relations Designees with questions concerning this matter should contact the Office of Labor Relations at (860) 418-6447 or the Healthcare Policy & Benefit Services Division of the State Comptroller at (860) 702-3486. All others should contact their Central Personnel Office.

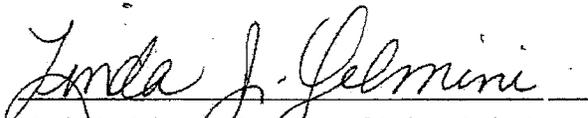
Linda J. Yelmini

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Director of Labor Relations

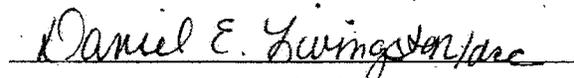
Agreement with Respect to Clarifying Class Coverage and A Coverage Audit

- (1) The Agreement will be interpreted to cover as dependents, children for whom the state employee was the legal guardian, after the age of 18 and up to the age of 26, provided that the information necessary to determine proof of continued dependency upon the employee is provided to the Healthcare Policy & Benefit Services Division. The employee will be responsible for paying taxes on the attributed income pursuant to IRS rules.
- (2) Because the rules governing married but legally separated couples have not been clearly explained to members and those members may have made decisions in reliance on a misunderstanding about those rules, members who were covering their legally separated spouses on or prior to July 1, 2012 shall be permitted to continue to cover those spouses. The members will be responsible for the attributed income pursuant to IRS rules. In order to be eligible for such coverage, the member must report his or her legal separation to their employing agency no later than July 1, 2012. Such a member shall then be permitted to continue to cover his or her spouse for an additional three years unless his or her marital status changes.
- (3) Members who become legally separated on or after July 1, 2012 shall be permitted to cover their legally separated spouse at their own expense as if they were divorced as outlined in paragraph 4 below. Each such member shall be required to report their legal separation immediately to their employing agency.
- (4) Members who are legally required to provide health insurance coverage for their ex-spouse as a result of the law of their home state, or required by their divorce decree to provide such coverage, shall be permitted to do so at their own expense at the rate of the full cost for a single employee for a period of 3 years, or until they remarry, whichever comes first. Each member shall be required to report their divorce immediately to their employing agency.
- (5) Because the rules governing divorced employees who were legally required by the law in their home state or by divorce decree in Connecticut were not previously made fully clear, divorced employees who reside in such states or whose divorce decrees contain this requirement who were divorced on or before June 30, 2012 shall be allowed to cover their ex-spouse until June 30, 2015 or until they remarry, whichever comes first.

- (6) The parties have learned that the Healthcare Policy & Benefit Services Division intends to conduct an audit of the class of coverage of employees on or after July 1, 2012. That audit will be based solely upon the class of coverage reported by the employee as of July 1, 2012. The rule clarifications set forth in this agreement will be clearly set forth by the Healthcare Policy & Benefit Services Division in connection with the upcoming open enrollment.
- (7) "Attributed income" shall be the cost of single coverage in the particular plan and from the particular vendor providing insurance to the employee and his or her dependents.


Linda J. Yelmini, Director of Labor Relations
State of Connecticut

Date: 4/20/2012


Daniel E. Livingston, Chief Negotiator
State Employees Bargaining Agent Coalition

Date: 4/20/2012