QUESTIONS/ANSWERS – INSURANCE BENEFITS FOR ADULT CHILDREN UP TO AGE 27

1. **What is the change and when is it effective?** Pursuant to Wis. Stat. § 632.885, you can request coverage for your adult child as a dependent on your policy when your child is not married and is not eligible for group health insurance through his/her own employer for which his/her premium contribution is less than the additional premium amount you are required to pay to add your adult child to your MATC plan(s). Coverage for your eligible adult child will become effective beginning July 1, 2010 and will continue to the earlier of the end of the month in which he/she turns 27, or otherwise loses eligibility (for example, gets married or becomes eligible for his/her employer's health coverage).

To determine if your adult child is eligible, ask yourself these questions:

a) Is your child married?
   a. If no, continue to the next question.
   b. If yes, STOP. Your child is NOT eligible.

b) Is your child less than 27 years of age?
   a. *If no, STOP. Your child is NOT eligible* under this provision. However, see question 14 for information on eligibility for totally disabled adult children that are 27 years of age and older.
   b. If yes, continue to the next question.

c) Is your child employed?
   a. *If no, your child IS eligible*. See questions 7 and 8 for information on covering your child on your policy.
   b. If yes, a document from his/her employer is required from you to cover the child. See enclosed documents, and continue to the next question.

d) Is your child eligible for health insurance through his/her employer?
   a. *If no, your child IS eligible*. See questions 7 and 8 to see what you must do to cover your adult child on your plan(s)
   b. If yes, continue to the calculation below (e) to determine if your child is eligible.

e) Determine your <u>child's monthly cost for insurance</u> from his/her employer. Compare that to <u>the **additional premium amount** you are required to pay</u> to MATC to add your adult child to your medical and/or dental plan. The table below will assist in that calculation.

TO DETERMINE YOUR ESTIMATED "ADDITIONAL PREMIUM"

	If you currently have:	**Adding an adult child to your MATC coverage today would result in YOUR additional monthly premium is:**
Full-Time/Local 587:	*Family Coverage* under any MATC health plan:	$0
	Single Coverage under the Humana HMO health plan	Currently $32.35; July 1, 2010 contribution amount to be determined.
	Single Coverage under the UMR PPO plan	Currently $34.83; July 1, 2010 contribution amount to be determined.
Full-Time/Non-Rep., Local 212, Local 715:	*Family* Coverage under any MATC health plan:	$0
	Single Coverage under the Humana HMO plan	$32.50
	Single Coverage under the UMR High Level (Low Deductible) PPO plan	$27.50
	Single Coverage under the UMR Low Level (High Deductible) PPO plan	$0
Part-Time/ Local 212:	*Family* Coverage under any MATC health plan:	$0
	Single Coverage under the Humana HMO plan	$1162.50 based on current premium; July 1, 2010 premiums to be determined.
	Single Coverage under the UMR High Level (Low Deductible) PPO plan	$1220.70 based on current premium; July 1, 2010 premiums to be determined.
	Single Coverage under the UMR Low Level (High Deductible) PPO plan	$1084.50 based on current premium; July 1, 2010 premiums to be determined
Part-time/ Local 715:	*Family* Coverage under any MATC health plan:	$0
	Single Coverage under the Humana HMO plan	$930.00 based on current premium; July 1, 2010 premiums to be determined.
	Single Coverage under the UMR High Level (Low Deductible) PPO plan	$976.56 based on current premium; July 1, 2010 premiums to be determined.
	Single Coverage under the UMR Low Level (High Deductible) PPO	$867.60 based on current premium; July 1, 2010 premiums to be determined.

Example 1: You are a full-time MATC employee who currently has single coverage only. Your share of the monthly premium for your MATC medical coverage is $27.50. Adding your adult child will change your plan from single to family coverage, increasing your monthly contribution to $55. In this example, YOUR ADDITIONAL CONTRIBUTION is $27.50 ($55.00 - $27.50). ***If the cost to your child for getting medical insurance from his/her employer is more than $27.50 per month, he/she is eligible for your coverage through MATC.***

Example 2: You are a part-time MATC faculty member. You currently have single coverage only. Your share of the monthly premium for your MATC medical coverage is $282.50. Adding your adult child will change your plan from single to family coverage, increasing your monthly contribution for health insurance to $720. The additional premium amount that you are required to pay for family coverage is $437.50 ($720 - $282.50). ***If the cost to your child for getting medical insurance from his/her employer is more than $437.50 per month, he/she is eligible for your coverage through MATC.***

Example 3: You are a full-time MATC employee who currently has family coverage. Your share of the monthly premium for your MATC medical coverage is $65.00. Adding your adult child to your family coverage does not increase your monthly contribution for health insurance at all. ***So, if there is any cost to your child for getting medical insurance from his/her employer, then he/she is eligible for your coverage through MATC.***

2. **Does this new law apply to all the benefit programs?** This applies to the medical, dental, and routine vision coverage, if any, that you have through MATC. Your child's eligibility for each plan will be determined by the same method as given above in #1.

3. **My adult child is 18 years old and in high school. He/she works part-time. Do I need to check with his/her employer to see if he/she is eligible for health insurance?** No. The maximum age for dependent children under our plan remains at 25. After that, they can be covered on your insurance policy if they meet the eligibility requirements as given in #1 above.

4. **Does this mean I can cover my adult child even if he/she is not a full-time student and/or has a job?** Yes, as long as your adult child is less than 27 years of age, is not married, and is not eligible for group health insurance through his/her employer where the cost for coverage from his/her employer is less than your cost for adding him/her to your MATC plan(s).

5. **My adult child has insurance through his/her employer but the benefits are not good. Can I cover him/her on my insurance?** The benefit level of your child's health insurance has no impact on your child's eligibility under this new law. Only your contributions to your insurance plan and your adult child's contributions to his/her insurance plan are considered/compared. Follow the steps on pages 1 and two of this document to determine if your child is eligible.

6. **My adult child is on COBRA continuation coverage right now. Can I cover him on my MATC plan now so that he can discontinue his COBRA coverage?** Yes, as long as your adult child meets all of the criteria explained on pages one and two of this document, he/she can be added to your MATC plan(s) effective July 1, 2010.

7. **What do I need to do to add my eligible adult child to my policy for coverage effective July 1, 2010?** If your eligible adult child is not currently insured on your policy, you must submit all of the attached forms, completed and in the possession of the Compensation & Benefits Department by May 18, 2010. We will review all of the relevant information and documents to confirm that your child is eligible to participate as of July 1, 2010. After July 1, 2010, you can add your adult child only if there is a "qualifying event" (i.e.: loses coverage elsewhere).

8. **If my adult child is currently covered on my policy, do I need to do anything?** Only if you expect that your child would lose your MATC coverage before July 1, 2011 due to reaching the maximum age of 25, or accepting a full-time job, etc. If that is the case, complete and submit all of the attached forms before May 18, 2010.

9. **My adult child is not eligible according to this information. What happens if he/she becomes newly eligible during the year because of losing his/her job, losing employer contribution for health insurance or getting a divorce?** These are all "qualifying events". If your child has a qualifying event that results in him/her becoming newly eligible, you can add the child to your policy by notifying the Compensation & Benefits department within 30 days of the event. Your child's coverage will be effective as of the event date. If you miss the 30-day deadlines, you will have to wait until the next open enrollment period to enroll the dependent. Open enrollment periods generally occur in May of each year.

10. **You did not mention full-time student status in question 9. Can I add my adult child to my health insurance policy if he/she goes back to school full-time?** If he/she meets the criteria under #1 above, you may add your adult child to your health insurance policy effective July 1, 2010. Have all of the attached documents completed and returned to MATC before May 18, 2010.

11. **If I do not add my eligible adult child to my policy for coverage effective July 1, 2010, will I have any opportunities in the future to add him/her without restrictions?** Each year during the annual open enrollment period, you have the opportunity to add eligible dependents with coverage effective the following July 1. In addition, if your adult child has a qualifying event, you can add your newly eligible adult child by notifying Compensation & Benefits and completing an application within 30 days of the event.

12. **If I add my adult child to my family policy, can I later drop him/her from the policy even though he/she is eligible?** You may drop any dependents from your coverage at any time. However, you are only permitted to add dependents during annual open enrollment periods. If you elect to cover your child, your child is covered for the entire upcoming 12-month period or until the child loses eligibility, whichever occurs first. For example, if your insured adult child gets married in June, your child loses eligibility at the end of June. You are required to notify Compensation & Benefits of the change in eligibility so that MATC can meet its COBRA notice requirements. Failure to notify MATC within that 30-day period means that your child will not be offered COBRA continuation privileges.

13. **My 20-year old daughter is eligible for coverage under my MATC plans, according to this information. She has children (my grandchildren). Can I also cover those grandchildren?** No. There is no change to the state's provision for covering grandchildren: they can only be

included in plans if the mother of the children has not yet reached age 18. So, your grandchildren cannot be included in your MATC coverage.

14. **I have an adult child that is 27 years of age or older. Can I cover him/her on my insurance?** Your adult child who is not married is eligible to be covered on your insurance beyond age 27 if he/she is either :

    a) Incapable of self-support because of a physical or mental disability that can be expected to be of long-continued or indefinite duration as determined by the health plan and is dependent on you for at least 50% of support and maintenance as demonstrated by the support test for federal income tax purposes, whether or not the child is claimed. Note that among other criteria, the IRS requires the dependent to be permanently and totally disabled in order to be a "tax dependent", OR

    b) Called to federal active military duty while a full-time student under the age of 27. The child must apply to an institution of higher education as a full-time student within 12 months from the date the child has fulfilled his/her active duty obligation.

15. **Are there any tax consequences to me for adding my adult child to my group insurance?** As of this writing, we know that there could be federal tax consequences to you. Legal experts are still uncertain about tax consequences from the State of Wisconsin. We will advise you as we learn of new guidelines for implementation.

    We have been advised that there will be “imputed income” for federal and state tax purposes on the value of your child’s coverage in the calendar (tax) year in which he/she turns age 27, unless he/she qualifies as a continuing IRS tax dependent beyond that time due to total, permanent disability, etc.

    With imputed income, MATC will add the value of the benefit to your W-2 form as part of your earnings. Taxes that you paid on the value of the benefit will also be reflected there. We will consider the value of your child’s coverage to be whatever the single person premium is for the health/dental/vision plan you are under as of July 1, 2010.

    The <u>current</u> monthly premiums for single insurance coverage are as follows and depend upon the plan selected:

    Health – Range of $549 - $749/month Dental – Range of $24 - $37 per month

    Routine Vision Care (only available to some groups with medical) -- Range of $3 - $17 per month

    We expect these premiums to change effective July 1, 2010, and will notify you of the final figures when we distribute regular open enrollment materials during the first week of May.