Legally Domiciled Adult – Frequently Asked Questions

Who qualifies for coverage as a Legally Domiciled Adult?

A Legally Domiciled Adult is an individual over 18 who shares the same principal residence as the associate, remains a member of the associate’s household throughout the coverage period, and meets one of the following definitions:

- **Category A LDA (LDA A)** – (1) has lived with the associate continuously for at least 12 months, (2) has an on-going, exclusive and committed relationship with the associate similar to marriage (e.g., is not a casual roommate or tenant), (3) shares basic living expenses and is financially interdependent with the associate, and (4) is neither legally married to (or legally separated from) or in a civil union with anyone else, nor legally related to the associate by blood in any way that would prohibit marriage in the state of his or her residence.

- **Category B LDA (LDA B)** – (1) is the associate’s adult child, sibling or parent by blood, adoption, or marriage (e.g., a step-child), (2) the associate claimed the individual as a dependent on his or her federal income tax return for the preceding year, (3) has lived with the associate continuously for at least 6 months, and (4) for purposes of electing medical plan coverage, is not eligible for other coverage under another employer’s group health plan or under Medicare (unless the individual has Medicare based on disability).

What coverage is available for my Legally Domiciled Adult (LDA)?

Both Category A and Category B LDAs may participate in SCL Health’s medical, dental and/or vision plans, provided you elect coverage for yourself. Category A LDAs are also eligible for the supplemental life insurance plan.

Can I enroll myself, my spouse, and an LDA under the medical, dental and/or vision plans?

No. You can elect coverage for a maximum of two adults, including yourself, in addition to any eligible dependent children. If you are legally married, you can elect to cover yourself, plus either your spouse or an LDA B, but not both.

Are children of an LDA A eligible for coverage?

Yes, if the LDA A is the birth parent, legally adoptive parent, or legal guardian of the child. (Children of an LDA B are not eligible for coverage under the plans.)

Can I cover my grandchild as an LDA B if he/she is my federal tax dependent?

Yes, you may cover your grandchild over age 18 if you claim him or her as a dependent on your federal income tax return. If you have two grandchildren who meet the LDA B requirements, however, you will only be able to cover one of them because you may only cover a maximum of
two adults, including yourself. (Note that your grandchild under age 18 may be eligible for coverage as your dependent child if you have legal guardianship.)

**Can I enroll my mother as an LDA B if she is my federal tax dependent, but we do not live together?**

No. In order to qualify as an LDA B, an individual must meet all of the applicable eligibility requirements. One of these requirements is that the LDA B live with you during the entire coverage period. This requirement also applies to an LDA A.

**When can I enroll an LDA for coverage?**

You can enroll an LDA in medical, dental, vision or, if applicable, supplemental life insurance coverage during new hire enrollment or open enrollment.

**How do I add my LDA to my benefits?**

In addition to normal enrollment procedures, you will also need to submit a notarized Legally Domiciled Adult Affidavit to the HR Service Center and documentation evidencing that your LDA meets the eligibility requirements to HMS (as explained in the next section), the third party who assists us in verifying eligibility.

Completed Affidavits can be submitted to the HR Service Center by fax at 303-813-5240 or by email at SO-HRSupport@sclhealth.org. The Affidavit is available at [www.sclhealthbenefits.org](http://www.sclhealthbenefits.org) or by calling the HR Service Center at 855-412-3701 or 303-813-5250.

- **Open Enrollment**: For those adding an LDA during open enrollment, the notarized Affidavit must be submitted by the end of the open enrollment period.
- **New Hires / Newly Eligible**: For those associates who become eligible mid-year and wish to cover their LDA, the notarized Affidavit must be submitted to the HR Service Center within your initial 31 day enrollment period.

**What supporting documentation is needed to add my LDA to my benefits?**

You will be contacted by HMS within approximately 10 business days following your enrollment and you will be required to provide the following documentation, as applicable:
If you are adding an LDA A, you will need to provide the following:

1. An account statement addressed to the LDA at your shared residence dated at least 12 months prior to enrollment; and
2. A current account statement (no more than 60 days old) addressed to the LDA at your shared residence.

Note that if you reside in a state with a civil partnership law and you and your partner are registered as civil union partners under that law, you may provide proof of your civil union in lieu of the above documents.
If you are adding an LDA B, you will need to provide the following:

1. A copy of the first page of the your prior year federal income tax return which shows that you claimed the LDA as a dependent; and
2. A current account statement (no more than 60 days old) addressed to the LDA at your shared residence.

For this purpose, an “account statement” includes any official mail addressed to the LDA at the shared residence, such as a utility bill, a medical claim billing, bank statement or other financial account statement.

**Will the SCL Health medical plan provide primary coverage if the LDA A is Medicare eligible?**

No. If an LDA A is age 65 or older and covered by Medicare, Medicare will be the primary payor and claims will be processed under the SCL Health medical plan as secondary. (Different rules may apply if the LDA A is covered by Medicare by virtue of disability.)

**How much will my benefit premiums cost?**

Associates who elect LDA coverage will pay the same amount for coverage as those with associate + spouse or family coverage. However, the tax consequences of such coverage may be different, as explained below.

Additionally, if your LDA A is eligible for coverage under another employer’s group health plan, the working spouse surcharge may apply. Adults, including LDA As, who use tobacco or tobacco-like products will also be assessed the tobacco use surcharge.

**What are the tax implications of covering my LDA?**

Federal law provides favorable income taxation only for medical benefits provided to spouses and federal tax dependents of associates. Medical benefits provided to LDAs who are not federal tax dependents are not eligible for favorable taxation.

Because your LDA B is required to be your dependent for federal income tax purposes in order to be eligible for coverage, favorable taxation will apply. This means your contributions toward the LDA's coverage may be made on a pre-tax basis and your employer’s contributions toward the coverage will not be taxable income to you.

If your LDA A and, if applicable, his or her dependent children, are your dependents for federal income tax purposes, the same rules above apply. If your LDA A and, if applicable, his or her dependent children, are not your dependent for federal income tax purposes, then:

- Contributions you make toward the cost of their coverage must be paid on an after-tax basis.
- The amount your employer pays toward the cost of their coverage will be taxable income to you. This is called "imputed income." Imputed income will be added each paycheck.

Also note that you cannot request reimbursement from your Health Care Reimbursement Account for the medical expenses of an LDA or his or her dependent children who are not your federal tax dependents.

Different tax rules may apply under state law. It is recommended that you consult with a tax professional about the tax implications of electing LDA coverage.
Who is my dependent for federal income tax purposes?

"Dependents" for this purpose are defined in Section 152 of the Internal Revenue Code. To find out more about the specifics of Code Section 152, go to www.irs.gov. Given the complexity of the criteria, we recommend that you consult with your attorney or tax professional about the specifics of your particular situation.

When does an LDA cease to be eligible for coverage?

An LDA's eligibility under the medical, dental, vision or life insurance plans generally will end on the earliest of:

- the date the associate's coverage terminates, or
- the end of the month in which the individual no longer satisfies the eligibility criteria for LDA status.

Associates must notify the HR Service Center by phone at 855-412-3701 (toll-free) or 303-813-5250, or by email: SO-HRSupport@sclhealth.org immediately if there are any changes in eligibility status.

When an LDA ceases to be eligible for coverage, is her or she eligible for COBRA benefits?

No. In some circumstances, COBRA permits an individual to continue coverage after he or she would otherwise lose coverage, but COBRA only applies to the associate’s legal spouse and dependent children. Thus, LDAs do not have COBRA coverage rights of their own.

Note, however, that an associate or former associate who is on COBRA coverage has the same enrollment rights as employees. This means that an associate on COBRA may elect to cover his or her LDA while he or she is on COBRA (or may add an LDA during open enrollment while on COBRA in the same manner as is permitted for active associates). However, if the associate’s or former associate’s COBRA coverage ends, the LDA’s coverage also ends.