

Other Qualified Dependent (OQD) Benefit Eligibility Guidelines

Other Qualified Dependent Benefits

Western Kentucky University offers employees the opportunity to cover individuals defined as Other Qualified Dependent (OQD) under various benefit programs, including health, vision, dental and life insurance.

Eligibility

Other Qualified Adult Dependent is defined as:

- Age 18 or older and mentally competent to consent, and
- Either not related by blood to the employee, or if a blood relative (or relative by adoption or marriage) is the same or younger generation of the employee, and
- Not legally married to anyone, and
- Not currently eligible for any part of Medicare, and
- Residing in the employee's household and having done so for a period of at least 12 months, and
- Financially interdependent with the employee (for example, have joint checking account or joint utility bills for a period of 12 months or longer,) which can be demonstrated upon request by providing proof of existence of at least one of the following:
 - A joint mortgage or lease or other evidence of common residence such as joint utility bills
 - Durable property or health care power of attorney
 - Joint ownership of a motor vehicle
 - Joint checking account/credit account
 - Designation of each other as the primary beneficiary in a will, life insurance policy, or retirement plan

Children of either the employee or Other Qualified Adult Dependent may be covered under any benefit programs if they meet the guidelines that have been established by the plan. Benefits eligible employees may elect to cover children up to age 26, if they are:

- Your natural children
- Your stepchildren by a legal marriage
- Your children legally placed for an adoption with the employee and legally adopted children of the employee
- Your children for whom legal guardianship has been awarded
- The children of your Other Qualified Adult Dependent who have been residing with you for twelve months.

Things You Need To Know

Employee Pays for Cost of Other Qualified Dependent

An employee has the choice of covering his/her legal spouse OR one Other Qualified Adult Dependent on his/her WKU medical plan, but not both. The employee bears the full cost of covering the Other Qualified Dependent and the Other Qualified Dependent's children, if any.

Must Submit Affidavit Form

In order to cover an Other Qualified Dependent, employees must submit an affidavit to the Department of Human Resources. It is the employee's responsibility to notify the Department of Human Resources if the Other Qualified Dependent is no longer eligible for coverage or if the Other Qualified Dependent obtains coverage from another employer.

Tax Issues

Employees who are considering whether or not to apply for Other Qualified Dependent benefits should be aware that this may have significant tax consequences.

The University benefit program for its faculty and staff is classified as a Section 125 cafeteria benefits plan. The University is prevented from allowing coverage premiums to be paid for on a pre-tax basis. The exception to this rule is if the Other Qualified Dependent meets the Internal Revenue Service dependency guidelines, only then may the Other Qualified Dependent be included under the pre-tax program. These dependency guidelines require that the employee provide more than 50% of the Other Qualified Dependent's financial support and both individuals must share the same household. If you feel that you meet this tax qualification, you must complete the "Declaration of Tax Status form" and return it to the Benefits Office in Wetherby Administration Building in order to qualify for this special program. Otherwise, you and your Sponsored Dependent will be considered separately for the payment of any premiums on a before-tax basis. Medical or dependent care expenses incurred by an Other Qualified Dependent are not eligible for reimbursement under the flexible spending account arrangements due to IRS regulations.

This brief description is not intended as tax or legal advice, but rather to alert employees of the potential tax ramifications. Due to Internal Revenue Code provisions, the "fair market value" of certain benefits will be considered as taxable income to the employee. Under federal law, Other Qualified Dependents do not share the same status and corresponding tax benefits as those of a legal spouse. The University must report the fair market value of certain Other Qualified Dependent benefits as wages to the Internal Revenue Service. Additionally, the University is required to make additional tax withholdings from the employee's paycheck.

Because this area of tax law is still developing, and because the situation of every employee is different the University strongly encourages employees to consult with a tax advisor before applying for Other Qualified Dependent benefits.

Legal Issues

Applying for Other Qualified Dependent benefits may create legal obligations and have legal consequences. For this reason, the University encourages employees to seek legal advice before applying for Other Qualified Dependent benefits.

Further Questions

Questions about Other Qualified Dependent benefits may be directed to the Department of Human Resources, Wetherby Administration Building, G-25, 270-745-5360.