

## WHAT IS IT?

Domestic partner benefits extend traditional healthcare benefits to an employee's domestic partner. A domestic partnership is generally defined as a committed relationship between two unrelated individuals who reside together and share financial responsibilities, but are neither joined by marriage or civil union. The terminology for such unions is still evolving, and the level of benefits conferred by a domestic partnership can vary widely by city, state, and employer.

## WHY OFFER IT?

- Commitment to fair and equitable treatment of all employees.
- Appeals to a diverse workforce.
- May be a requirement for entering into business agreements with certain government entities.
- May be required under certain state laws.
- To attract and retain employees.
- Demonstrates support of a progressive culture.

## WHAT TYPES OF EMPLOYERS OFFER IT?

All types of employers offer domestic partner benefits though the benefits are more commonly provided among large employers, colleges and universities. According to a recent survey done by the Human Rights Campaign, 95% of employers surveyed offered domestic partner insurance and 87% offer COBRA or COBRA like continuation coverage<sup>1</sup>. There are currently 18 U.S. states that have also passed legislation extending benefits to domestic partnerships. These states include California, Colorado, Connecticut, District of Columbia, Hawaii, Iowa, Maryland, Maine, Nebraska, New Hampshire, New Jersey, New Mexico, Oregon, Pennsylvania, Rhode Island, Vermont, Washington and West Virginia<sup>2</sup>.

## WHAT SIZE EMPLOYERS OFFER IT?

Any size employer can offer domestic partner benefits with insurance carrier approval. In California, all insurance policies must include coverage for registered domestic partners that are equal to the benefits provided to a spouse.

## WHAT ARE THE CRITICAL UNDERWRITING OR PARTICIPATION REQUIREMENTS?

- Employers must establish a domestic partner policy which is approved by the insurer.
- Employers must decide whether to extend coverage only to same sex domestic partners or to both same sex and opposite sex domestic partners. For all contracts written in California, coverage must be provided to all domestic partners registered with the State of California. [Click here](#) to view the requirements for a registered domestic partnership.

<sup>1</sup> Human Rights Campaign, *Corporate Equality Index 2011*

<sup>2</sup> Council for Affordable Health Insurance, *Health Insurance Mandates in the States 2010*

- Insurers must agree to underwrite.
- Medical insurers will require that domestic partner coverage be added to all of an employer's group medical plans.

## HOW MUCH DOES IT COST?

Health care premiums are the same regardless of the enrolled dependent. According to a 2005 Hewitt Associates Study "the majority of employers (64%) experience a total financial impact of less than 1 percent of total benefits cost, while 88% experience financial impacts of 2 percent or less." Domestic partnerships registered with the Secretary of the State of California are eligible for the same state tax advantages for health care costs available to legal spouses and dependents. Imputed income is not subject to California state income tax.

## PROS AND CONS:

### PROS

- Communicates commitment to diversity
- Little or no additional premium cost
- Part of a competitive benefits package

### CONS

- Increased administration and communication.
- Imputed income on any employer paid coverage.
- Post tax employee contributions on employee paid coverage.

## INFORMATIONAL LINK(S)

- [Domestic Partner Taxation](#) (ArlenGroup)
- [California Domestic Partners Registry](#) (Secretary of State of California)
- [Domestic Partner Benefits \(Human Rights Campaign\)](#)
- [Domestic Partner Benefits: Facts and Background \(Employee Benefit Research Institute\)](#)

## NOTES

- States that recognize common law marriages provide couples who have that status, tax favorable treatment in an employment based plan for domestic partner coverage.<sup>3</sup>
- Domestic partners are generally not eligible for COBRA benefits, although an employer may voluntarily (and with carrier approval) elect to extend COBRA-like benefits to domestic partners.

<sup>3</sup> Employee Benefit Research Institute, *Domestic Partner Benefits: Facts and Backgrounds*

- Actuarial studies have revealed no disproportionate cost increases following the addition of same-sex partners to an employers' health care plan.
- Companies with \$100,000 or more in contracts with the State of California are required to extend benefits to an employee's spouse or registered domestic partner.<sup>4</sup>



*This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization.*

---

<sup>4</sup> California Assembly Bill 17, 2007 (AB 17)