

Determining Dependent Tax Status

Complete and return the enclosed *Declaration of Tax Status* form to your employer (employees) or the PEBB Program (all others) to declare whether your family member qualifies as an Internal Revenue Code Section 152 dependent. You may use the *Worksheet for Determining Dependent Status* to help you find out whether your dependent qualifies.

Do **not** return this worksheet; keep for your own tax records.

Worksheet for Determining Dependent Status

This worksheet is modeled on the worksheet in IRS Publication 17 and requests historical information. However, it is necessary that you determine whether your dependent will qualify for the calendar year the dependent is enrolling (the "enrollment year"). Complete this worksheet using the income and expenses you anticipate during the enrollment year.

You can use this worksheet to determine whether your dependent(s) also qualify as dependents under Internal Revenue Code (IRC) Section 152 (in general, the dependent must receive more than half of his or her support from you).

Be sure to also submit a completed PEBB enrollment form.

Income

1. Did the dependent you supported receive any income such as wages, interest dividends, pensions, rents, social security, or welfare?
 Yes (Answer questions 2, 3, 4, and 5.) No (Skip to question 6.)
2. Total annual income received \$ _____
3. Amount of income used for your dependent's support \$ _____
4. Amount of income used for purposes other than support \$ _____
5. Amount of income either saved or not used for lines 3 or 4 \$ _____

The total of lines 3, 4, and 5 should equal line 2.

Yearly household expenses where you and your dependent lived

6. Lodging (*Complete either a or b*):
 - a. Rent paid \$ _____
 - b. If not rented, show fair rental value of your home \$ _____
If your dependent owned the home, include this amount on line 20.
7. Food \$ _____
8. Utilities (heat, light, water, etc. not included in line 6a or 6b) \$ _____
9. Repairs that were not included in line 6a or 6b \$ _____
10. Other (i.e., furniture). Do not include expenses of maintaining home (i.e., mortgage interest, real estate taxes, and insurance). \$ _____
11. Add lines 6a or 6b through 10 \$ _____
12. Total number of persons who lived in household \$ _____

Yearly expenses for your dependent

13. Divide line 11 by line 12 to determine each person's part of household expenses

$$\text{\$ } \frac{\text{line 11}}{\text{line 12}} = \text{\$ } \text{line 13}$$
14. Clothing \$ _____
15. Education \$ _____
16. Medical and dental expenses not paid for or reimbursed by insurance \$ _____
17. Travel and recreation \$ _____
18. Other (please specify) _____ \$ _____
19. Total amount for your dependent's yearly support (Add lines 13 through 18.) \$ _____
20. Amount your dependent provided for his or her own support
 - Line 3 \$ _____
 - Line 6b (include if your dependent owned the home) \$ _____

Add lines 3 and 6b, if each is applicable \$ _____
line 20

(continued on back)

21. Amount that others added to your dependent's support. Include amounts provided by state, local, and other welfare societies or agencies. Do not include any amounts included on line 2. \$ _____

22. Amount **you** provided for your dependent's support:

$$\text{\$ } \underline{\hspace{2cm}} \text{ line 20} + \text{\$ } \underline{\hspace{2cm}} \text{ line 21} - \text{\$ } \underline{\hspace{2cm}} \text{ line 19} = \text{\$ } \underline{\hspace{2cm}} \text{ line 22}$$

23. 50% of line 19 \$ _____

If line 22 is more than line 23, your dependent qualifies as an IRC Section 152 dependent. Check "Yes" on the *Declaration of Tax Status* form.

If line 22 is **not** more than line 23, check "No" on the *Declaration of Tax Status* form and consult with your payroll office regarding changes to your taxable income. As a result, the amount **your employer will contribute** for your dependent and/or his or her child(ren) is considered taxable by the IRS.

State and higher-education employees: The tables below show the amount that will be added to your total gross income and calculated into your withholding tax. This will be reflected on your pay stub, as well as your Wage and Tax Statement (your W-2). The monthly amounts below are rounded to the nearest dollar, consistent with IRS tax reporting.

Employees of K-12 school districts, educational service districts (ESDs), and local government employer groups (cities, counties, municipalities, ports, water districts, etc.): Contact your payroll office for employer contribution amounts.

Active state and higher-education employees

2010 State Contribution for Medical and Dental Coverage for:			
Medical Plan	Partner	Subscriber's or Partner's Child(ren)	Partner and Child(ren)
All medical plans	\$428	\$340	\$768
2010 State Contribution for Dental Coverage (Without Medical Coverage) for:			
Dental Plan	Partner	Subscriber's or Partner's Child(ren)	Partner and Child(ren)
All dental plans	\$45	\$45	\$90

Retirees who cover a Medicare-enrolled qualified/Washington State-registered domestic partner will receive a 1099 form from the HCA reflecting the state's contribution toward the domestic partner's medical coverage for the year. The amounts below are rounded to the nearest dollar, consistent with IRS tax reporting.

Medicare retirees

Medical Plan	2010 State Contribution for Medical Coverage for Partner
Aetna Public Employees Plan	\$183
Group Health Classic	126
Group Health Value	118
Kaiser Permanente Classic	160
Kaiser Permanente Value	129
Medicare Supplement Plan E Retired	66
Medicare Supplement Plan E Disabled	112
Medicare Supplement Plan J Retired with Rx	135
Medicare Supplement Plan J Disabled with Rx	183
Medicare Supplement Plan J Retired without Rx	96
Medicare Supplement Plan J Disabled without Rx	162
SecureHorizons Classic	183
SecureHorizons Value	121
Uniform Medical Plan	156

Declaration of Tax Status

Complete and return this form to declare whether your family member qualifies as an Internal Revenue Code (IRC) Section 152 dependent.

The Public Employees Benefits Board (PEBB) Program offers health coverage to qualified/Washington State-registered domestic partners and their child(ren), as well as children over age 20. To ensure proper tax treatment of the cost of benefits for these family members, your employer or the PEBB Program must know the federal tax status of each family member enrolled. **The tax status of these family members doesn't affect their eligibility for PEBB coverage, but does affect whether you (the subscriber) will be taxed on the value of their health coverage.**

It can be complex to determine whether an individual qualifies as your tax dependent under Internal Revenue Code. We recommend you consult with your tax advisor about your specific circumstances.

Even if your family member meets the requirements below, he or she cannot be considered an IRC Section 152 dependent if the relationship violates local law.

Generally, a domestic partner is considered an IRC Section 152 dependent if he or she meets **all** requirements below:

- He or she lives with you for the full taxable year, except for temporary absences such as vacation, military service, or education.
- He or she is a citizen or legal resident of the United States.
- He or she isn't anyone else's IRC Section 152 qualifying dependent.
- He or she receives more than half of his or her support from you. (The enclosed *Worksheet for Determining Dependent Tax Status* may help you determine this.)

Section 1: Dependent Tax Status Information

List every family member you wish to enroll, and indicate whether they qualify as your federal tax dependent. Use additional forms for more members.

Family member name	Relationship to subscriber	Federal tax status
		<input type="checkbox"/> Yes , this person qualifies as my IRC Section 152 dependent. <input type="checkbox"/> No , this person does not qualify as my IRC Section 152 dependent. I will be taxed on the cost of his or her coverage.
		<input type="checkbox"/> Yes , this person qualifies as my IRC Section 152 dependent. <input type="checkbox"/> No , this person does not qualify as my IRC Section 152 dependent. I will be taxed on the cost of his or her coverage.
		<input type="checkbox"/> Yes , this person qualifies as my IRC Section 152 dependent. <input type="checkbox"/> No , this person does not qualify as my IRC Section 152 dependent. I will be taxed on the cost of his or her coverage.

Section 2: Signature *Required*

I declare that the information I have provided is true, complete and correct. If it isn't, or if I do not update this information within the timelines in PEBB rules, I must repay any claims paid by my health plan(s) or premiums paid on my behalf. My family members and I may also lose PEBB benefits as of the last day of the month we qualified. In addition, I understand that knowingly providing false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company is a crime, and can result in imprisonment, fines, denial of PEBB benefits, and loss of my job.

I understand that:

- This declaration of responsibility may have legal implications under federal and/or state law.
- A civil action may be brought against me for any losses, including reasonable attorney's fees, if I have made a false statement in this declaration.
- I must notify my personnel, payroll, or benefits office (if I am an employee) or the PEBB Program (if I am a retiree, COBRA, or Leave Without Pay member) if there is a change in my domestic partnership or dependent status no later than **60 days** after the change. **Any change in my family status may directly impact the calculation of my taxable income.**

HCA's Privacy Notice: We will keep your information private as allowed by law. To see our Privacy Notice, call 360-923-2822 or go www.hca.wa.gov.

Subscriber's printed name _____ Subscriber's signature _____

Subscriber's social security number _____ Date _____

Employees: Return this completed form to your personnel, payroll, or benefits office.

Retirees, COBRA, and Leave Without Pay members: Return this completed form to: Washington State Health Care Authority
PEBB Program
P.O. Box 42684
Olympia, WA 98504-2684

