

July 2021

Introduction

Trends towards extending or eliminating coverage or benefits eligibility for domestic partners have changed drastically over the last decade. While many plans initially covered domestic partners to allow employees to cover same sex partners, the landscape changed in 201

again to increase inclusion. When deciding whether to extend coverage to domestic partners, employers should review the

Similarly, the children of domestic partners (who are not otherwise children) are entitled to receive tax-free health coverage only if they qualify as Code 1 a qualifying relative or as stepchildren under state law. Since one of the relative test is that a qualifying relative cannot be the qualifying child of another person, a child of a domestic partner will frequently fail to satisfy this test because they are not a child of the Domestic Partner. Nonetheless, if an employee is a stepparent

¹ Some self-funded plans have not extended benefits to same sex spouses but this creates legal risk under Title VII.

domestic partner can get Medicare due to his/her age and has group health plan coverage through his/her partner's current employer.

For a detailed discussion of Medicare and Group Health plan interactions and issues see Alliant Insight - [Medicare and Group Health Plan Interaction](#).

Conclusion

Although most employers want to extend coverage to domestic partners out of an interest of increasing inclusion and to ensure that all employees feel like they are valued, there are significant tax