

**Department of Personnel Administration  
Memorandum**

**TO: Personnel Management Liaisons (PML)**

<b>SUBJECT:</b> SB 54, Chapter 625 and Special Dental Open Enrollment Period	<b>REFERENCE NUMBER:</b> 2009-046
<b>DATE ISSUED:</b> 12/21/09	<b>SUPERSEDES:</b>

This memorandum should be forwarded to:

**Personnel Officers  
Personnel Transactions Supervisors  
Personnel Transactions Staff**

**FROM:** Department of Personnel Administration  
Benefits Division

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SB 54, Chapter 625, provides that for two persons of the same-sex who contracted a marriage outside of the State of California prior to November 5, 2008, the marriage is considered valid in California. Further, it requires that for two people of the same-sex whose marriage was valid in the jurisdiction in which it was contracted on or after November 5, 2008, will be afforded the same rights, protections, and benefits of marriage in California, but may not be designated as "married". Effective January 1, 2010, departments will be required to accept any valid same-sex marriage certificate issued under the provisions of SB 54. The purpose of this memo is to provide departments with information regarding the special dental open enrollment period that will be conducted to allow employees an opportunity to add their same-sex spouse under the provisions of SB 54.

**SPECIAL DENTAL OPEN ENROLLMENT PERIOD**

The special dental open enrollment will be held from January 4, 2010 through February 4, 2010. All forms processed to add a same-sex spouse during this period are effective February 1, 2010. During this special dental open enrollment period, employees may add their same-sex spouse to their dental plan by completing a Dental Plan Enrollment Authorization Form (STD. 692) and provide a copy of their valid marriage certificate to their personnel office. If impacted employees do not enroll their same-sex spouse to their dental plan during the special open enrollment period, then the next opportunity to enroll will be during the next annual open enrollment period.

### **Completing the Dental Plan Enrollment Authorization Form (STD. 692)**

Use the following information to complete STD. 692:

Effective Date: 2/1/2010 (all forms processed during this special open enrollment will be processed with an effective date of 2/1/2010)

Permitting Event Codes: 17a If same-sex spouse is added to a one-party enrollment

21a If same-sex spouse is added to a two-party enrollment

Party Codes: "A" (for party code 2) or "B" (for party code 3)

Note: If an employee is already enrolled with a party code 3, then the party code must be changed to B, unless the DPA 680 is on file.

Permitting Event Date: 1/4/2010

Deadlines:

2/4/10 Last date for employees to sign and submit STD. 692 to Personnel Offices.

3/10/10 Last date for receipt by the State Controller's Office (SCO) of all special open enrollment forms sent from Personnel Offices.

### **FEDERAL IMPUTED TAXATION**

Because the federal government does not recognize same-sex marriages for tax purposes, the value of the additional benefits received by a same-sex marriage is required to be added to an employee's taxable gross income. The tax liability is an "imputed value" based on the difference between the one and two-party dental premiums (party rate one premium is used as the baseline and the spouse in a same-sex marriage is treated as the first addition to the employee's coverage). However, if the spouse in a same-sex marriage qualifies as a dependent for tax reporting requirements under the Internal Revenue Code, the value of the additional benefits will be exempt from the imputed tax upon certification from the employee.

Note: The Personnel Offices should ensure that employees who add their same-sex spouse to state-sponsored benefits are made aware of the federal imputed taxation requirement.

### **Stop Imputed Taxation**

A new STD. 692 will need to be completed and sent to the SCO Benefits Unit with the following information:

1. Use Party Code 2 or Party Code 3. Indicate "Economic Dependent Same-Sex Spouse – DPA 680 on file" in the remarks section. Maintain the DPA 680 in the employee's personnel file. Do not send the DPA 680 to SCO, CalPERS, or DPA.
2. SCO Benefits Unit will establish Party Code 2 or Party Code 3 and stop the imputed taxation.

Note: The current "Affidavit for Domestic Partners Being Claimed as Economic Dependents - DPA 680 (Revision 12-2002) is being revised to include language to declare economic dependent status for a same-sex spouse. The revised form will be available prior to the start of the special open enrollment period. Look for it on the "Forms" page of DPA's website.

### **Affidavit for Employees – Gender Verification of Married Persons and Notice of Imputed Tax (DPA 880)**

Employees who elect to add their same-sex spouse to dental benefits during this special dental open enrollment will not be required to complete the DPA 880 Form. The imputed taxation will be applied when the STD. 692 is processed by SCO.

### **FLEXELECT PROGRAM**

Under the State's FlexElect Medical Reimbursement Account (also known as a Flexible Spending Account (FSA)), current federal tax law does not include a spouse in a same-sex marriage in the definition of a dependent. This means that employees who enroll in a medical reimbursement account are unable to claim reimbursement of medical expenses for a spouse in a same-sex marriage, unless the spouse otherwise qualifies as a dependent under Internal Revenue Code Section 152. SB 54 does not amend or modify federal law.

### **VISION PROGRAM**

The premium paid for active employees vision coverage is fully paid by the State. State employees' vision coverage is automatically established and no form is required to enroll, add, or delete dependents during this special open enrollment period. Therefore, employees need to continue to ensure that only eligible dependents are provided services under their state-sponsored vision plan.

## **PERSONNEL OFFICES**

Your assistance in the following areas will be appreciated and will help make this special dental open enrollment period successful:

1. Notify all employees of this special dental open enrollment period;
2. Assist employees in completing dental forms, review, and submit forms by the due dates listed in this memo; and
3. Send completed dental forms to the SCO Benefits Unit.

Please help your employees who have questions regarding the special dental open enrollment period and SB 54. If you need assistance to answer your employees' questions, please call Bryan Bruno, Staff Personnel Program Analyst, at (916) 445-9841.

/s/Greg Beatty

Greg Beatty, Chief  
Benefits Division