

Spousal Surcharge

The spousal surcharge is an additional premium that will apply when your spouse/domestic partner has access to medical coverage from his/her employer (unless the employer is DSM) and enrolls in DSM's medical plan.

If you cover your spouse/domestic partner under the DSM Medical Plan, you may be charged an additional \$1,200 per year for medical coverage. PLEASE READ THIS INFORMATION TO FIND OUT IF A SPOUSAL SURCHARGE APPLIES TO YOU.

How the spousal surcharge works

If your spouse/domestic partner is eligible for medical coverage through his/her own employer (other than DSM) and you choose to cover him/her under the DSM Medical Plan, you will be required to pay a spousal surcharge of \$1,200 annually, which is in addition to your regular medical contributions. The surcharge applies regardless of whether your spouse/domestic partner enrolls in his/her employer's medical plan if he or she is eligible.

When you enroll for medical coverage on the DSM Benefits Website, if you enroll your spouse or domestic partner, you will be asked on the website whether your spouse/partner is eligible for medical coverage through his or her employer's plan. If you answer "Yes," the surcharge will apply. If you answer "No," the surcharge will not apply.

If the surcharge applies to you, it will appear on the Benefits Summary page on the DSM Benefits Website.

Does spousal surcharge apply in your situation?

- If your spouse/domestic partner is enrolled in the DSM Medical Plan, is eligible for medical coverage through his/her employer but declines the other employer's medical coverage, the spousal surcharge **will** apply.
- If your spouse/domestic partner is enrolled in the DSM Medical Plan, is eligible for medical coverage through his/her employer and also enrolls in the other employer's medical plan, the spousal surcharge **will** apply.
- If your spouse/domestic partner is enrolled in the DSM Medical Plan and is not eligible for medical coverage through his/her employer or that employer does not offer medical benefits, the spousal surcharge **will not** apply.
- If your spouse/domestic partner is enrolled in the DSM Medical Plan and has no other employer-sponsored medical coverage available, the spousal surcharge **will not** apply.
- If your spouse/domestic partner is not enrolled in the DSM Medical Plan but is enrolled in the dental and/or vision plans, the spousal surcharge **will not** apply.

Spousal Surcharge Frequently Asked Questions

Q: What is spousal surcharge?

A: The spousal surcharge is an additional premium that will apply when a spouse or domestic partner is enrolled in the DSM Medical Plan and has access to medical coverage from his/her employer.

Q: Why did DSM institute a spousal surcharge?

A: The spousal surcharge encourages people eligible for other employer-sponsored group insurance to review all medical plan options and choose the plan that's best for their individual situation. The additional premiums collected help reduce DSM's cost of providing medical coverage to spouses who have access to other employer-sponsored medical plans.

Q: If I enroll my spouse/domestic partner in the DSM Medical Plan because his/her company doesn't offer such benefits or he/she is self-employed, does the surcharge apply?

A: No.

Q: If I enroll my spouse/domestic partner in the DSM Medical Plan and he/she does not enroll in his/her employer's medical plan even though that coverage is available, do I have to pay the surcharge?

A: Yes, you will have to pay a surcharge for benefits under the DSM Medical Plan.

Q: If your spouse/domestic partner is enrolled for medical coverage in 2016 and I do not review my benefit elections on the DSM Benefits Website, will the surcharge apply?

A: Yes, DSM will assume that your spouse/domestic partner is eligible for another employer's medical plan and the surcharge will apply.

Q: Does the surcharge apply when a dependent child, not a spouse/domestic partner, has the opportunity to receive group medical coverage through another medical plan?

A: The surcharge does not apply to a dependent child.

Q: What if my spouse/domestic partner quits/loses his/her job but has access to COBRA — does COBRA constitute employer-sponsored coverage?

A: No. The spousal surcharge applies to those who have access to employer-sponsored medical coverage. COBRA coverage would not qualify as an employer-sponsored medical plan for the purpose of the surcharge. If a spouse/domestic partner quits/loses his/her job, this would be a life event that would allow the spouse/domestic partner to enroll in the DSM Medical Plan. In this instance, the spouse/domestic partner no longer qualifies for employer-sponsored medical coverage and would not be subject to the spousal surcharge. You must notify the DSM Benefits Center within 30 days of the event by calling the DSM Benefits Center at **1-866-353-9740** to make the change. If you miss this deadline, you will not be able to make an election change as a result of this event.

Q: What if my spouse/domestic partner has coverage through Medicare and is also enrolled in the DSM Medical Plan?

A: The surcharge will not apply because your spouse/domestic partner has to have access to an active employer-sponsored medical plan.

Q: If I have a life event that results in my spouse/domestic partner who has DSM medical coverage no longer being eligible for other medical coverage, will I be eligible to drop the surcharge?

A: If, for example, your wife/domestic partner is enrolled in the DSM Medical Plan although she is eligible for her employer's coverage, has a baby and quits work to be a stay-at-home mom, you may be eligible to drop the surcharge. You have 30 days from the date your spouse/domestic partner loses coverage to call the DSM Benefits Center at **1-866-353-9740**. A representative will review the circumstances of the life event and remove the surcharge from your future medical contributions if the event is valid.

Q: If I have a life event that results in my spouse/domestic partner becoming eligible for another employer's medical coverage during the year, would the spousal surcharge be applied at that time?

A: Yes, the employee is responsible for reporting the life event (e.g., spouse gains other medical coverage) by calling the DSM Benefits Center at **1-866-353-9740** within 30 days of the event. If you continue to cover your spouse/domestic partner, the surcharge will apply and will be included in your future medical contributions. Alternatively, you can drop medical coverage for your spouse/domestic partner.

Q: Is the spousal surcharge deducted before or after income taxes?

A: The spousal surcharge will be included with your medical deductions, so it is deducted before income taxes.

Q: If I enroll my spouse/domestic partner in the DSM Medical Plan and his or her employer offers medical coverage but does not have open enrollment at the same time as DSM (so he/she cannot enroll in his/her employer's medical plan), does the spousal surcharge apply?

A: No, your spouse/domestic partner doesn't have access to employer-sponsored medical coverage currently. However, if your spouse's/domestic partner's employer has an open enrollment period in the future and you continue to cover him/her in the DSM Medical Plan, the spousal surcharge applies. In this situation, you are responsible for calling the DSM Benefits Center at **1-866-353-9740** within 30 days of your spouse/ domestic partner having access to other employer-sponsored medical coverage through an enrollment period. At that time, you can continue to cover him/her on the DSM Medical Plan and pay the surcharge or you may drop him/her from the DSM Medical Plan since he/she can enroll in the other employer's medical plan.