

NEW STATE LAW

Dependent Insurance Coverage Issue

In the State of Minnesota, the definition of dependent has been amended to include unmarried children under age 25. Under the old definition a child between the ages of 19 and 23 had to be a full-time student.

What's the Catch?

The definition of dependent was amended in state insurance law for coverage purposes; however, the definition of dependent was not amended in state or federal tax law. Hence, you may be able to cover these dependents but, you can not cover them on a tax-free basis.

Who Can Be Covered – Definition of Dependent (State Law)

Minnesota Statutes, Section 62L.02, subd. 11. **Dependent.** "Dependent" means an eligible employee's spouse, unmarried child who is under the age of 25 years, dependent child of any age who is disabled and who meets the eligibility criteria in section [62A.14, subdivision 2](#), or any other person whom state or federal law requires to be treated as a dependent for purposes of health plans. For the purpose of this definition, a child includes a child for whom the employee or the employee's spouse has been appointed legal guardian and an adoptive child as provided in section [62A.27](#).

Who Can Be Covered on a Tax-Free Basis (Federal Law)

Dependent Child. Resides with taxpayer 50% of the year; is either under age 19, or a full-time student ages 19-23; and has not provided greater than 50% of the child's own support for the calendar year in which the taxpayer's taxable year begins. A child is no longer qualified during the year in which the child turns age 24.

Dependent Relative. Bears a special relationship to the taxpayer (blood relation or an individual who resides in the household); receives greater than 50% of their support from the taxpayer; and is not a qualifying child for any taxpayer for the corresponding tax year.

Medical Flexible Spending Account Implications

Do not flex out-of-pocket medical, dental or vision expenses for dependents that don't meet the tax definition of dependent.

Outside Health Insurance Flexible Spending Account Implications.

Do not flex the premium cost of insurance coverage for dependents that don't meet the Federal/State tax definition of dependent.

It is important for participants to check in with their specific health care provider to determine eligibility. Some health care providers are sending out a form by which the employee "certifies" the tax status of the dependent receiving health coverage.