

OTHER ELIGIBLE PERSON (“OEP”) PILOT PROGRAM

Wayne State University will implement a pilot program effective January 1, 2008 that changes the eligibility criteria for enrollment in its benefits plan(s). The University will review the program annually to determine if it will be continued for the next plan year. The pilot program is scheduled to end at the conclusion of the 2010 plan year. Individuals are strongly encouraged not to forego health and/or dental coverage that may be available to them from other sources. The University reserves the right at its sole discretion at any time during the program to change, modify or suspend this program and the means by which eligibility for benefits under this program is determined and verified.

Eligibility:

Under this program a non-represented WSU employee, or upon agreement by the applicable union, a represented employee, who does not already enroll a spouse for medical, dental and/or tuition benefits may enroll one other eligible person (“OEP”), if ALL of the following eligibility criteria are met:

- The OEP is an adult, age 26 or older;
- The OEP currently resides in the same residence as the employee and has done so for the 18 continuous months prior to the individual’s enrollment, other than as a tenant;
- The OEP is not a “dependent” of the employee as defined by the IRS; and
- The OEP is not related by blood or by marriage.

Children who are qualified as WSU-defined dependents by an employee’s OEP are also eligible for benefits.

Eligibility to continue coverage for the OEP ceases at the end of the month in which the above criteria are not met. Employees must immediately notify Wayne State University’s Department of Total Compensation and Wellness of a change in eligibility status. Upon termination of coverage due to ineligibility as the OEP, COBRA continuation coverage for the individual will not be available.

Taxability of Benefits:

The employer cost of providing benefits of the type described above is considered ordinary income and is, therefore, subject to taxes, including FICA, FICA Medicare, federal, state and city taxes. The cost to the employee of obtaining benefits for the OEP under this program is more than just the cost of the medical premium. If another individual is added to an already established family medical and/or dental policy or takes advantage of reduced tuition benefits, the employee will be taxed on the difference between the University cost of providing single coverage, even though there may be no change in the actual cost of the insurance for the employee.

Ineligibility:

The following individuals **do not** fall within the eligibility criteria for this pilot program:

Spouse, children, grandchildren, parents, grandparents, siblings, nieces, nephews, aunts, uncles, cousins, landlords, renters, boarders and tenants of employees