

**TAXATION OF OTHER ELIGIBLE ADULT INDIVIDUAL (OEAI) BENEFITS  
FOR CALENDAR YEAR 2023**

*The purpose of this document is for estimating taxes associated with adding an OEAI. Your taxation may vary as this is only a rough estimate. If you have questions about the tax implications of enrolling in OEAI benefits, you should contact an accountant or attorney for specific guidance.*

In accordance with IRS regulations, State of Michigan employees are responsible for paying taxes associated with the fair-market value of enrolling an OEAI and the OEAI’s dependents. Fair-market value means what you would have to pay for an individual policy for your OEAI and their dependents in the open market.

Use the charts below to determine the **approximate** taxable amount you will pay as a result of adding an OEAI to your health coverage. This amount will be added to your taxable gross income and associated taxes will be withheld through payroll on a bi-weekly basis.

Federal Tax Bracket	Plus State Tax Rate	Plus FICA Tax Rate <sup>1</sup>	Total Tax Rate <sup>2</sup>
10%	4.25%	7.65%	22%
12%	4.25%	7.65%	24%
22%	4.25%	7.65%	34%
24%	4.25%	7.65%	36%
32%	4.25%	7.65%	44%
35%	4.25%	7.65%	47%
37%	4.25%	7.65%	49%

To estimate the increase in your taxable income and the resulting increase in tax withholdings, please follow the instructions below.

Determine the Bi-weekly Taxable Amounts for health insurance based on the chart below. This will give you the **approximate** increase to your taxable gross income.

Health Plans	OEAI	OEAI & Dependents
State Health Plan PPO <sup>3</sup>	\$367.36	\$631.85
Blue Care Network	\$415.96	\$712.85
Health Alliance Plan	\$441.55	\$755.51
McLaren Health Plan	\$416.11	\$713.11
Physicians Health Plan	\$457.91	\$782.87

Multiply your estimated Total Tax Rate by the Bi-weekly Taxable Amount to determine the approximate bi-weekly tax you will pay for health benefits for your OEAI.

**Example 1:** If you are an employee with State Health Plan PPO health coverage, are in a 24% Federal tax bracket, and are adding an OEAI, the following estimated tax would apply:

Health Plan Bi-Weekly Taxable Amount:	\$ 367.36
Total Tax Rate:	x .36
Amount of Bi-Weekly Tax Withholding Increase	\$ 132.25

**Example 2:** If you are an employee with State Health Plan PPO health coverage, are in a 12% Federal tax bracket, and are adding an OEAI and at least one OEAI dependent, who is not otherwise your dependent, the following estimated tax would apply:

Health Plan Bi-Weekly Taxable Amount:	\$ 631.85
Total Tax Rate:	x .24
Amount of Bi-Weekly Tax Withholding Increase	\$ 151.64

MSPTA-represented (T01) employees: see [CY23 MSPTA OEAI Taxation Information](#).

<sup>1</sup> The FICA Tax Rate is comprised of 6.20% for social security and 1.45% for Medicare.

<sup>2</sup> If you live in a municipality with a local tax (e.g., Lansing), you will also need to consider that tax in your calculation.

<sup>3</sup> If enrolled in the State Health Plan PPO, and the employee has Medicare, the approximate bi-weekly taxable amount that should be used in the calculation is \$293.89 for Employee & OEAI coverage or \$514.30 for Employee, OEAI & Dependent coverage.

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