

POLICY TITLE: ADOPTION AND SURROGACY ASSISTANCE**Former Policy Title:****POLICY PURPOSE:**

The purpose of this policy is to describe the requirements and procedure to be followed to grant reimbursement of qualified adoption or surrogacy expenses to eligible employees of Penn Medicine Lancaster General Health Adoption and Surrogacy Assistance Plan (the "Plan").

POLICY STATEMENT:

Penn Medicine Lancaster General Health (LG Health) will provide financial assistance in the form of monetary reimbursement for qualified adoption or surrogacy expenses to eligible employees in an effort to assist them in building a family.

APPLICABILITY/SCOPE/EXCLUSION:

This policy applies to all regular full-time employees who have completed their first year of employment with LG Health.

An eligible employee must be actively employed or on an approved leave of absence when assuming legal responsibility of the adopted child or the date that your child is born via surrogate AND must be employed on the date that the covered expenses were incurred. Time as a temporary or part-time worker is not counted toward this one-year of employment requirement.

DEFINITIONS: N/A**RESPONSIBILITY FOR IMPLEMENTATION:**

Implementation of and compliance with this policy are the responsibility of Senior Leadership, Department Directors/Business Administrators, Managers and Supervisors.

PROCEDURES:**A. ADOPTIONS COVERED**

Adoptions are eligible for reimbursement when the following conditions are met:

- In the case of a domestic or non-domestic adoption, the adoption has been finalized.

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- In the case of an adoption of a child who is a citizen or resident of the United States, the adoption proceedings have been finalized or formally terminated.
- The reimbursement request is submitted within one year of the adoption's finalization (domestic or non-domestic adoptions) or formal termination (domestic adoptions only).
- The expenses meet the definition of "qualified adoption expenses" as described in Section B.
- The child is an "eligible child" as described in Section C.

Surrogacy is eligible for reimbursement when the following conditions are met:

- Expenses are eligible for reimbursement once your child has been born via surrogate
- Expenses must be submitted within 12 months of your child's date of birth via surrogate.
- All expenses and required documentation for the event must be submitted at the same time and will be considered incurred on the date of the service or expense was incurred, regardless of when the expenses were billed or paid for.
- A birth certificate must be submitted as part of your submission, showing your child's name and birth date.

B. QUALIFIED EXPENSES FOR REIMBURSEMENT

Adoption

The Plan provides reimbursement only for the "qualified adoption expenses" of an eligible child as defined in Section C, which are reasonable and necessary expenses that the employee incurs in the form of:

- Court costs
- Attorney's fees
- Traveling expenses, including the amount spent for lodging and meals while away from home.
- Other expenses directly related to, and whose principal purpose is for, the legal adoption of an eligible child.

Surrogacy

The Plan provides reimbursement for expenses that are reasonable and necessary directly related to surrogacy. Eligible expenses include:

- Court costs and attorney's fees
- Surrogate agency fees
- Egg/sperm donation agency fees
- Gestational carrier and egg or sperm donor screening costs, egg or sperm retrieval fees, IVF and medical costs (only if not covered by another source)
- Gestational carrier and egg or sperm donor compensation
- Egg or sperm donation shipping and transport fees
- IVF costs related to surrogacy or egg/sperm donation not covered by insurance
- Adoption expenses related to a surrogacy event.

The following expenses are not eligible for reimbursement under the Plan:

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- Expenses incurred in violation of local, state or federal law
- Expenses incurred while not employed by LG Health
- Fees paid to a surrogate who doesn't reside in the United States during the term of the surrogacy
- Voluntary donations or contributions
- Insurance copays, coinsurance and cost sharing for medically related expenses
- Long-term (more than 30 days) storage of blood, umbilical cord, reproductive materials or other materials

C. DEFINITION OF ELIGIBLE CHILD UNDER THE PLAN

In general, the term "eligible child" means any child who has not attained age 18, or is 18 years of age or older and who is physically or mentally incapable of self-care, and who is not the child of the employee's domestic partner.

D. APPLICATION PROCEDURES FOR REIMBURSEMENT

To obtain reimbursement, an eligible employee must submit all of the following:

- A completed Adoption/Surrogacy Assistance Plan Reimbursement Request Form.
- Documentation of all fees, costs and other expenses incurred in connection with the surrogacy or adoption of an eligible child (including detailed receipts, invoices, canceled checks, etc.).
- Documentation of all expenses must be submitted at the time you submit the reimbursement request. Additional expenses submitted afterwards will not be reimbursed.
- For the adoption of an eligible child who is not a citizen or resident of the United States: 1) a final decree of adoption by a competent authority of the domestic or non-domestic-sending country establishing a parent-child relationship under the laws of the domestic or non-domestic-sending country, as well as 2) evidence that the child has been issued the appropriate visa from the State Department of the United States.
- For the adoption of an eligible child who is a citizen or resident of the United States: a final decree of adoption or documentation of the termination of the adoption proceedings.

Submitting Documents

Employees of LG Health should submit the reimbursement request form and substantiating documents to the Human Resources/Benefits Department. The Benefits Team email address is LGH-Benefits@pennteam.upenn.edu

E. REIMBURSEMENT LIMITS

LG Health will reimburse an eligible employee up to a maximum of \$15,000

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which can be any combination of "qualified adoption expenses" for the adoption of an eligible child or children or qualified expenses in connection with the birth of your child via surrogate.

F. REIMBURSEMENT PROCESS

Requests will be reviewed for reimbursement and to determine if the costs qualify for reimbursement up to the reimbursement limits. After all questions have been resolved about the costs and accompanying documentation (i.e., whether the expenses are eligible, appropriate documentation confirms that the adoption has been finalized, etc.), the reimbursement request will be processed through the payroll system and the reimbursement amount will be added to the employee's pay check in accordance with standard payroll practices.

G. POSSIBLE TAX IMPLICATIONS

The federal tax laws addressing adoption assistance plans are found in section 137 of the Internal Revenue Code of 1986, as amended, except in the case of benefits relating to the adoption of the eligible Employee's spouse's child. These benefits may be exempt from federal income taxes, and LG Health will not withhold federal income taxes. However, tax exemption may not be available (or may be less than expected) for LG Health employees with personal or joint income levels above certain dollar amounts. Notwithstanding the foregoing, any adoption assistance provided in connection with the adoption of a child of the eligible employee's spouse will be fully taxable to the eligible employee and subject to all applicable income and employment taxes.

In addition, federal law provides a tax credit for qualified adoption expenses that are not reimbursed by an employer or paid under a state or federal grant program. Because individuals must elect between the tax credit and reimbursement under this Plan for the same expenses, and because the credit might produce a lower overall tax liability for some taxpayers, **LG Health recommends that employees seek tax advice regarding the tax implications of this adoption assistance benefit.**

Benefits under this policy are not exempt from FICA, State, and city taxes.

Reimbursements made under the Surrogacy benefit are fully taxable at the time of the reimbursement.

Any questions regarding this policy should be referred to an employee's Human Resources Business Partner.

ROLES/RESPONSIBILITIES: As stated above.

APPENDICES: N/A

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FORMS: Attached to this policy.

REFERENCES: N/A

**Adoption/Surrogacy Assistance
Reimbursement Request Form**

INCOMPLETE FORMS WILL BE RETURNED TO THE REQUESTING EMPLOYEE

Employee Name (Print): _____ Last 4 digits SSN: _____

Original Hire Date: _____

Home Address: _____

City, State and Zip: _____

Home / Work Phone: _____

Supervisor: _____ Supervisor Phone: _____

Have you previously utilized the Penn Medicine LG Health Adoption/Surrogacy Assistance Benefit?
Yes ___ No ___

If yes, please complete the following: Year(s) of use: _____
Amount of total reimbursement: _____

Child's Birth Name: _____ Date of Birth: _____

Relationship to child: (none/spouse's child/niece/surrogacy child) _____

Original Country of Birth or Residence: _____

Does this adoption / surrogacy birth involve more than one child? Yes: _____ No: _____
Child #2 Birth Name: _____ Date of Birth: _____

For adoption of an eligible child(ren) that is/are a U.S. Citizen or Resident:

Date adoption was finalized: _____ OR

Date adoption proceedings were terminated: _____

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In connection with the adoption of a child who IS a citizen or resident of the U.S., you must provide a final decree of adoption or documentation of the termination of the adoption proceedings.

For adoption of an eligible child(ren) that is/are not citizen or resident of the U.S.:

Date adoption was finalized: _____

In connection with the adoption of a child who IS NOT a citizen or resident of the U.S., you must provide a final decree of adoption by a competent authority of the domestic or non-domestic-sending country establishing a parent-child relationship under the laws of the domestic or non-domestic-sending country as well as evidence that the child has been issued the appropriate visa from the State Department of the United States

Expenses to be submitted for Reimbursement - All expenses must be submitted within **1 year** of the birth of the child through surrogacy or the date the adoption was finalized (or the date terminated, in the case of a domestic or non-domestic adoption that is terminated) and must be documented through detailed receipts, invoices, canceled checks, etc. attached to this form.

Type of Service (please 'x' only one for each line item)	Service Provided By:	Date(s) of Service:	Amount:
<input type="checkbox"/> Legal Costs <input type="checkbox"/> Attorney's Fees <input type="checkbox"/> Adoption Fees <input type="checkbox"/> Travel Costs <input type="checkbox"/> Medical Costs <input type="checkbox"/> Other - Please explain			
<input type="checkbox"/> Legal Costs <input type="checkbox"/> Attorney's Fees <input type="checkbox"/> Adoption Fees <input type="checkbox"/> Travel Costs <input type="checkbox"/> Medical Costs <input type="checkbox"/> Other - Please explain			
<input type="checkbox"/> Legal Costs <input type="checkbox"/> Attorney's Fees <input type="checkbox"/> Adoption Fees <input type="checkbox"/> Travel Costs <input type="checkbox"/> Medical Costs <input type="checkbox"/> Other - Please explain			
<input type="checkbox"/> Legal Costs <input type="checkbox"/> Attorney's Fees <input type="checkbox"/> Adoption Fees <input type="checkbox"/> Travel Costs <input type="checkbox"/> Medical Costs <input type="checkbox"/> Other - Please explain			

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<input type="checkbox"/> Legal Costs	<input type="checkbox"/> Attorney's Fees			
<input type="checkbox"/> Adoption Fees	<input type="checkbox"/> Travel Costs			
<input type="checkbox"/> Medical Costs				
<input type="checkbox"/> Other - Please explain				

Total: \$

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EMPLOYEE STATEMENT OF UNDERSTANDING

I certify that I am eligible to request reimbursement of adoption/surrogacy expenses under the Penn Medicine LG Health Adoption / Surrogacy Assistance Policy.

I certify that the receipts or cancelled checks that I am submitting are qualified expenses under the Penn Medicine LG Health Adoption / Surrogacy Assistance Policy. Qualified expenses mean reasonable and necessary fees, court costs, attorney's fees, and other expenses directly related to, and whose principal purpose is for, the legal adoption of an eligible child under 18 years of age or is physically or mentally incapable of self-care.

I certify that these expenses are not incurred in violation of state or federal law. Furthermore, these expenses have not been nor will they be reimbursed under any plan other than this Adoption/Surrogacy Assistance Policy or from any other source.

I certify that these expenses are within the limits of the Adoption/Surrogacy Assistance policy.

I acknowledge that adoption assistance provided in connection with the adoption of a child of my spouse will be fully taxable to me and will be subject to all applicable income and employment taxes. I acknowledge that the reimbursement of Surrogacy expenses will be fully taxable to me and will be subject to all applicable income and employment taxes.

I further acknowledge that to the extent that any federal income tax exclusion or credit may be available to me, I cannot claim the exclusion and the credit for the same expense. I understand Penn Medicine LG Health does not make any commitment or guarantee that amounts paid to me under the Policy will be excludable from my gross income for federal, state or local income tax purposes, or that any other federal tax treatment will apply to or be available to me. I understand that it is my obligation to determine whether any payment made under the Adoption Assistance Policy is excludable from my gross income for federal income tax purposes.

Employee Signature _____ Date _____