
THE GROUP BENEFIT NEWS BULLETIN

IRS Guidance Outlines W-2 Reporting Requirements for Group Health Costs

Following the release of the 2011 notice (Notice 2011-28), initially revealing interim guidelines for PPACA-compliant W-2 reporting of employer-sponsored health plans, are new guidelines for reporting costs of group health coverage found in Notice 2012-9. The purpose is to inform employees of the true cost of their health coverage. These new guidelines will be “generally applicable” to W-2s beginning in the 2012 tax year.

These guidelines address the requirements pertaining to all health plan options made available to the employee by the employer, whereby the employee faces no tax burden. The IRS places emphasis on reporting costs that both the employer and the employee face, such as each party’s portions of major medical premiums. Employer costs that must appear on form W-2 are:

- * Health, HMO & Prescription Plans
- * Employer Contributions to Health FSAs
- * Limited Medical Plans/Mini-Meds
- * Employee Assistance Plans (EAP) if providing medical care
- * Wellness Programs
- * Dental/Vision Plans (integrated with medical)
- * Medicare Supplements
- * Executive Medical Reimbursement Plans
- * On-Site Medical Clinics (providing more than *de minimus* care)
- * Pre-tax specialized coverage (Coordinated Fixed Indemnity Plans)
- * Telephonic/Video Conference Health Plans

Excluded from the requirements are HSA/Archer MSA contributions and health reimbursement arrangements (HRA), as well as employee contributions to flexible spending accounts (FSA). Also excluded are long term care costs, stand-alone dental and vision plans, government-provided plans, HIPAA excepted benefits, and self-funded (ERISA) plans. Employer-offered fixed indemnity insurance plans are also mentioned, however if these are non-coordinated benefits arranged on an after-tax basis, they do not have to be reported.

PPACA Update: Affordability Safe Harbor for Employer Shared Responsibility

Beginning in 2014, employers with at least 50 full-time employees must provide affordable health care to all full-time staff. If such coverage is not provided, the employer may be required to make shared-responsibility payments under PPACA. The primary concern facing employers will be the ability to determine affordability based on household income, as it will include variables typically unknown by the employer. The IRS will likely propose a safe harbor to address employer concerns and provide a better option to determine affordability. The effort will be in order to ease administration, allow for flexibility and minimize the burden of responsibility. More specific details about this provision will follow the expected 2012 release of the safe harbor guidelines.

As always, TBPG will continue to monitor all updates and keep you informed of any pertinent information. If you have any questions, please contact your TBPG representative.



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