



PPACA Advisor



What Employers Need to Know Right Now
About Health Care Reform

HIGHLIGHTS OF W-2 REPORTING REQUIREMENT

- Must include the value of "employer-sponsored group health coverage" on W-2s beginning with the 2012 W-2 (to be issued in January 2013)
- Except that, do not need to include this information if the employer issued fewer than 250 W-2s for the prior calendar year*
 - This means the number of W-2's issued in 2011 determines whether health care cost reporting is needed on the 2012 W-2s (issued in January 2013)
 - This exemption for smaller employers could change for 2014 and later years
 - Do not need to look at the whole controlled group when counting the number of W-2's issued
- Reportable "group health coverage" includes:
 - Medical (PPO, HDHP, HMO, etc.)
 - Dental and vision if bundled with medical
 - Onsite medical clinics, EAP and wellness if a COBRA premium is charged
 - Hospital indemnity or specified illness if paid with pre-tax dollars
 - Employer-provided flex credits or flex dollars
- Reportable "group health coverage" does not include:
 - Stand-alone dental and vision* (stand-alone means these benefits are elected separately from medical and have discrete premiums)
 - Life insurance
 - Short- and long-term disability and accident insurance
 - Long-term care
 - Employee salary reduction contributions to health FSAs
 - Hospital indemnity or specified illness paid with after-tax dollars
 - Onsite clinics, EAP and wellness, for which a separate COBRA premium is not charged*
 - Health reimbursement arrangements (HRAs)*
 - Health savings accounts (HSAs)
 - Multi-employer plans*
 - Workers' compensation
- Must report the total cost of coverage (employer and employee contributions, whether paid pre-tax or after-tax) for all coverage provided to the employee and any covered family members
 - To determine cost, generally use the premium for insured benefits and the COBRA

Our access to PPACA Advisor resources can help you clear up PPACA questions and help you shape your company's benefit strategy.



This information is general and is provided for educational purposes only. It reflects UBA's understanding of the available guidance as of the date shown and is subject to change. It is not intended to provide legal advice. You should not act on this information without consulting legal counsel or other knowledgeable advisors.

- contribution (excluding the 2 percent administrative charge) for self-funded plans
- If employee adds or discontinues coverage during year, must report based on periods (e.g. months) actually covered
- If employee changes coverage level during year (e.g., from single to family), the reportable value is the sum of periods of single coverage and periods of family coverage
- If premium increased or decreased during year, must reflect that in reported total cost
- If employee terminates during year and elects COBRA, may report value of COBRA or not, as employer chooses (must report for all terminating employees the same way)
- If any income is imputed (e.g., for domestic partners or dependent children over age 26), include that amount
- Informational reporting only (i.e., reporting does not make benefit taxable)
- Report in Box 12, using code DD
- Do not need to issue a W-2 simply to report value of group medical (so reporting may not be needed for retirees or certain COBRA beneficiaries)
- Do not include on W-3
- Requirement applies to all types of employers -- private, government, church, not-for-profit
- Requirement applies to grandfathered plans

Action Needed:

- Determine if requirement applies - did employer issue more than 250 W-2s in 2011?
- If requirement applies:
 - Verify can determine the value of health coverage provided to each employee during 2012
 - Verify payroll system/payroll vendor/W-2 provider is prepared to include this information on the W-2 beginning January 2013
 - Determine how the cost of coverage information will be provided to and accepted by the entity creating W-2s
 - Consider informing employees that this information will be reported on their W-2
 - Opportunity to remind employees of value of the coverage
 - Emphasize that reporting is informational, and does not mean employees are being taxed on the coverage
- Timely issue W-2s with the required information in Box 12

Additional information is available at:

<http://wn.ubabenefits.com/Download.aspx?ResourceID=8841>

<http://www.irs.gov/newsroom/article/0..id=237894.00.html>

<http://www.irs.gov/newsroom/article/0..id=254321.00.html>

* - Employer may report this if it wishes to