



HEALTH CARE REFORM – SPECIAL EDITION

Reporting Total Health Care Costs on W-2s: A Short Recap

LEGISLATIVE BRIEF

January 23, 2013

Here is a brief recap of the PPACA requirement that large employers report the total cost of employer-sponsored group health coverage on 2012 W-2s that must be issued by January 31, 2013.

Which Employers Must Report

Employers who issued at least 250 W-2s in 2011 must report on 2012 W-2s. The 250 W-2s include those for all employees, whether you classified them as full-time, part-time, seasonal or temporary employees.

What Data Must be Reported on the W-2

- Employer and Employee contributions for major medical and prescription drug coverage.
- Employer contribution for health flexible spending accounts (HFSAs) (and payments from HFSAs) that exceed the employee's pre-tax HFSA contribution for the year.
- Employee pre-tax contribution for hospital indemnity or specific illness policies (e.g., AFLAC cancer policy).
- Domestic partner coverage included in the employee's gross income.
- Cost of Employee Assistance Plan (EAP), wellness program and onsite medical clinic, *only if* they provide "healthcare" coverage and employer charges a COBRA premium for continued coverage.

Suggestions on where to Find the Data You Need to Report

- *Insured plan sponsors:* Review your 2012 bills from you carrier.
- *Self-insured plan sponsors:* contact your COBRA vendor for a COBRA rate.
- Review each employee's 2012 payroll data (for pre-tax contributions to hospital indemnity or specific illness plans and for imputed income for domestic partner coverage).

Data You Are Not Required to Report on the W-2s

- Dental or vision coverage that gives the choice of declining, or electing and paying an additional premium (but employer can choose to report).
- Dental or vision that is not integrated with a major medical plan (but employer can choose to report).
- Employee pre-tax contributions to a health flexible spending account (HFSA).
- Health Reimbursement Account (HRA) contributions (but employer can choose to report).
- Health Savings Account (HSA) contributions by the employer or employee.
- Hospital indemnity or specific illness policies (e.g., AFLAC cancer policy) paid by the employee on an after-tax basis.

Additional Information

- Report the health care cost information in Box 12 of the W-2, using Code DD.
- The reporting is for informational purposes only. It does not change the taxability of the benefits.

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