

ROBERTS, MCKENZIE, MANGAN & CUMMINGS, PC

NEWS NOTES

Employer-Provided Health Insurance Coverage Reporting

One of the important provisions and a big topic of concern in payroll departments is reporting of employer-provided health coverage as mandated by the Patient Protection and Affordable Care Act of 2010. These provisions, originally scheduled to go into effect for 2011, are now required for most employers beginning January 1, 2012. This note explains some of these provisions.

Reportable vs Taxable

It's important to remember that the reporting of health insurance coverage is for informational purposes only. It doesn't mean that the coverage is taxable. Under current law, as in the past, the value of employer provided health insurance coverage to employees is excluded from the employee's income. The purpose of this law is to provide employees with useful information on the cost of their health coverage.

How to Report

The cost of health insurance coverage is reported in Box 12 of the W-2 using code DD. The entire cost of the employee's health coverage paid during the year is included in this amount.

Who Must Report

All employers are required to report this information for calendar year 2012 unless they are eligible for transitional relief. For 2012 transitional relief is available to employers that file less than 250 W-2's for 2011. These small employers are not required to include the cost of health insurance on their 2012 W-2 filings due in January 2013. It's important to remember that this is only temporary and may not be available for calendar year 2013 and beyond. Additionally, if an employer who has an employee who terminates employment before the end of the calendar year and requests their Form W-2 before the end of the year the health insurance does not need to be reported.

Please keep in mind that this is only a summary of these changes. If you would like to discuss this matter further, please do not hesitate to call.

