
OSWALD COMPANIES COMPLIANCE ADVISORY

The Patient Protection and Affordable Care Act (PPACA)

2012 Form W-2 Reporting Requirements

Aggregate Data Reporting of the Cost of Employer-Sponsored Health Plan Coverage

Regulatory Guidance

January 3, 2012

- ❖ The IRS issued clarifying guidance, **Notice 2012-9**, for employers to report the aggregate cost of Group Health Plan coverage within Forms W-2 issued beginning January 2013. Notice 2012-9 clarifies guidance issued in March 2011 (Notice 2011-28).
- ❖ Notice 2012-9 reiterates that the collection of aggregate data is for **reporting purposes only**, and **NOT** tax purposes.
- ❖ Notice 2012-9 remains **transitional**, and applies only until further guidance is issued. Future guidance, as issued, will not apply prior to January 1 of the calendar year beginning 6 months from the future guidance issue date.

Reminder

- ❖ Payroll administrators and employers must calculate the aggregate cost of group health plan coverage to report within Form W-2: **Box 12, Code DD**.
- ❖ Employers filing **fewer** than 250 Forms W-2 for the 2011 calendar year are **NOT** required to report the cost of health coverage on Forms W-2.
- ❖ This transitional relief is in effect until further guidance is issued.

Reporting Requirements Include

- ❖ Medical Plan Coverage
- ❖ Medicare Supplemental Coverage
- ❖ On-site Medical Clinic Coverage
- ❖ Employer-sponsored flex credits contributed to a health Flexible Spending Account (FSA)
- ❖ **Optional**: COBRA coverage received by an employee terminating employment during the calendar year, provided such coverage is consistently reported for all terminations in the prior year

Note: Form W-2 Reporting Requirements do **NOT** apply to retirees receiving coverage, but not earning a salary (i.e., not required for those who would not otherwise receive a Form W-2).

[IRS Notice 2012-9 & Q/A is available at the following link:](http://www.irs.gov/pub/irs-drop/n-12-09.pdf)

<http://www.irs.gov/pub/irs-drop/n-12-09.pdf>

Robert J. Klonek, President
216.367.4946
rklonek@oswaldcompanies.com

Andrea Esselstein, J.D.
216.658.5012
aesselstein@oswaldcompanies.com

oswald
companies

Reporting Requirements do **NOT** Include:

- ❖ Limited scope dental and vision coverage, as defined under HIPAA excepted benefits
- ❖ Salary reduction contributions to a Flexible Spending Account; however, certain employer contributions may be subject to reporting
- ❖ Health Reimbursement Arrangement (HRA) Coverage
- ❖ Employee Assistance Programs (EAPs) and Wellness Programs, unless coverage is considered within an ERISA Group Health Plan
- ❖ Self-insured Coverage that is not subject to federal continuation requirements (COBRA)
- ❖ Archer MSA Coverage & Health Savings Account (HSA) Coverage
- ❖ Multiple Employer Plan Coverage
- ❖ Long-term Care Coverage
- ❖ Workers' Compensation
- ❖ Accident or Disability Income Insurance
- ❖ Liability Insurance (e.g., General Liability & Automobile Liability)
- ❖ **Note:** Independent, non-coordinated coverage for a specified disease or illness (e.g., cancer coverage) is not included in reporting requirements

Calculations

- ❖ **Internal Revenue Bulletin 2014-4** is to be issued on **January 23, 2012**, to provide further guidance in calculating the reportable cost. Reportable costs include pre-tax and after tax amounts paid by both the employer and the employees.
- ❖ **Insured Plans:** The coverage cost will equal the premium charged by the insurer for an employee and his or her dependents, including covered domestic partners.
- ❖ **Self-Insured Plans:** The coverage cost will generally equal the COBRA premium
- ❖ **Note:** If using a composite rate for active employee premiums, yet not for COBRA continuation coverage, employers may use either the composite rate or the COBRA premium for reporting if the method is used consistently.

Next Steps

- ❖ Ensure necessary preparatory and administrative steps are in place with payroll vendors to calculate appropriate costs for each line of coverage
- ❖ Please contact your representative at Oswald Companies with any questions, or

Andrea Esselstein, J.D.
Corporate Compliance
aesselstein@oswaldcompanies.com
216.658.5012

Disclaimer: Materials are solely for informational purposes. Please contact legal counsel to obtain advice with respect to any specific issue. Use of materials, including additional advisories and links contained within The James B. Oswald Company Website, does not create an attorney-client relationship between The James B. Oswald Company and the user or browser