

# New Year's Resolution: Be Prepared For 2012 W-2 Reporting Of Cost Of Employee Group Health Coverage

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The IRS has issued a New Year's gift in the form of new and improved guidance for employers preparing to gather 2012 data on the cost of employer-sponsored group health coverage for its employees. Most employers will be required to report the cost of group health plan coverage on 2012 Forms W-2 to be issued in January of 2013. Employers may choose to provide this information on a voluntary basis for 2011 reporting. There are some exemptions from this reporting requirement, most notably for employers filing fewer than 250 Forms W-2 in the previous year.

Now is the time to ensure that payroll systems are properly coded to gather the correct information for reporting. This new guidance, IRS Notice 2012-9 (which supersedes IRS Notice 2011-28) clarifies a few points with revisions to Q&As in the previous notice and the addition of new Q&As. Employers should carefully review Notice 2012-9 for information on who must comply, how to comply and clarification of the details of reporting on Form W-2.

### Highlights of What's New

An employer is required to report the cost of an employee's group medical coverage on Form W-2. Revised Q&A-19 clarifies that this W-2 reporting requirement does not apply to the cost of coverage under a health flexible spending arrangement if contributions come only from employee salary reduction elections. Revised Q&A-20 clarifies that if a dental or vision plan satisfies the requirements for being excepted benefits for purposes of HIPAA, then its costs are not required to be included in the reported amount.

Eight new Q&As (#32 through 39) were added in Notice 2012-9. The new Q&As provide, among other things, guidance regarding the cost of coverage for wellness programs, employee assistance programs and on-site medical clinics; guidance for reporting the cost of coverage for a payroll period that includes December 31 but continues into the next year; and guidance regarding inclusion of the cost of coverage for a hospital indemnity or other fixed indemnity insurance, or the cost of coverage for a specific disease.

The new guidance should help resolve a few issues, but as is often the case, it might not answer all of your questions. Please contact any member of Holland & Hart's Benefits Law Group for questions regarding this, or any other benefits issue. Happy New Year!

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