

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

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

**Insight — January 9, 2012**

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!

---

*Subscribe to get our Insights delivered to your inbox.*

*This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP. Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.*