

PPACA GUIDANCE
ON
W-2 REPORTING
OF
GROUP HEALTH COVERAGE

[a/k/a]

THE 'EXCEPTION TO THE RULE' RULE



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PPACA GUIDANCE ON W-2 REPORTING OF GROUP HEALTH COVERAGE

The PPACA Rule: The Patient Protection and Affordable Care Act [PPACA] of March 23, 2010 contains some eighteen (18) tax provisions that were to go into effect between the years 2010 and 2014. The list of provisions include:

- Health Insurance Premium Tax Credit
- Small Business Health Care Tax Credit
- FSA Changes
- Health Coverage for Older Children
- Group Health Plan Requirements
- W-2 Reporting of Group Health Coverage

As of today, September 20, 2011, the tax provisions of PPACA have either been delayed, revised, await public comment or are being scrutinized by regulators due to inconsistencies with existing provisions. The PPACA tax provisions can be characterized as a new statutory/regulatory phenomenon:

THE 'EXCEPTION TO THE RULE' RULE

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- The PPACA Rule: Starting in tax year 2011, PPACA requires that employers report the cost of coverage under an employer-sponsored group health plan.
- Why this rule? PPACA states that the purpose of the W-2 Reporting is to provide employees useful and comparable consumer information on the cost of their health care coverage. The IRS solidifies this purpose by designating that W-2 data on group health costs as “informational reporting.”
- Audience Participation Segment = Answer the question and win a prize! WHY?????
- The Exception to the PPACA Rule – IRS Notice 2010-69 “Provides interim relief to employers with respect to reporting the cost of coverage under an employer-sponsored group health plan on form W-2, Wage and Tax StatementSpecifically, this notice provides that reporting the cost of such coverage will not be mandatory for forms W-2 issued for 2011. Will provide employers additional time to make any necessary changes to their payroll systems or procedures in preparation for compliance.”



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- The New PPACA W-2 Reporting Rule – The Exception to the Exception – IRS Notice 2011-28 provides interim guidance that generally applies beginning with 2012 Forms W-2 (the forms required for the calendar year 2012 that employers generally are required to provide employees in January 2013). Employers are not required to report the cost of health coverage on any forms required to be furnished to employees before January 2013.
- However – there is another exception and that is that employers that are subject to the reporting requirement for 2012 W-2 forms may choose to voluntarily comply with the PPACA regulations in 2011. [The cost of employer-sponsored health coverage is to be reported in Box 12 using Code DD.]
- Now we are finally clear – PPACA W-2 reporting requirements require employers to provide the cost of health coverage for all employees definitely in 2012.

WELL!!!!!! THERE ARE SOME EXCEPTIONS
TO THAT STATEMENT



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- The PPACA Rule – Employers - all employers that provide "applicable employer-sponsored coverage" under a group health plan are subject to the reporting requirement. This includes federal, state and local government entities (except with respect to plans maintained primarily for members of the military and their families), churches and other religious organizations, and employers that are not subject to the COBRA continuation coverage requirements, but does not include federally recognized Indian tribal governments.
- The Exception to the PPACA Rule – Employers and applicable coverage - For certain employers and with respect to certain types of coverage, the requirement to report the value of coverage will not apply for the 2012 Forms W-2 (the forms required for the calendar year 2012 that employers generally are required to provide employees in January 2013) and will not apply for future calendar years until the IRS publishes guidance giving at least six months of advance notice of any change to the transition relief.

AND THE EXCEPTIONS ARE !!!!!



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- (1) employers filing fewer than 250 Forms W-2 for the previous calendar year (for example, employers filing fewer than 250 2011 Forms W-2 (meaning Form W-2s for the calendar year 2011, which generally are filed with the SSA in early 2012) will not be required to report the cost of coverage on the 2012 Forms W-2 (which generally are filed with the SSA in early 2013);
- (2) multiemployer plans;
- (3) Health Reimbursement Arrangements;
- (4) dental and vision plans that are not integrated into another group health plan;
- (5) self-insured plans of employers not subject to COBRA continuation coverage or similar requirements; and
- (6) employers furnishing Forms W-2 to employees who terminate before the end of a calendar year and request a Form W-2 before the end of that year.

ARE WE FINISHED WITH THE EXCEPTIONS, ALREADY?

NOPE!!!!



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- The PPACA RULE - The Affordable Care Act requires employers to report the total cost of all “applicable employer-sponsored coverage.”
- The Exception to the PPACA Rule - Certain types of coverage are excluded from the definition of applicable employer-sponsored coverage and are not included in the amount reported. These types of coverage are:
 - (1) coverage for long-term care;
 - (2) coverage for the following HIPAA "excepted benefits":
 - coverage only for accident, or disability income insurance, or any combination of these coverages;
 - supplemental liability insurance;
 - liability insurance (including general liability insurance and automobile liability insurance);
 - workers' compensation or similar insurance;
 - automobile medical payment insurance;
 - credit-only insurance; and
 - other similar insurance coverage specified in regulations, if the benefits for medical care are secondary or incidental to other insurance benefits.



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- (3) any coverage under a separate policy, certificate, or contract of insurance which provides benefits substantially all of which are for treatment of the mouth (including any organ or structure within the mouth) or for treatment of the eye; and
- (4) coverage only for a specified disease or illness and hospital indemnity or other fixed indemnity insurance, if the employee pays the premiums for the coverage on an after-tax basis.
- In addition, employers should not include the following amounts in calculating an employee's total cost of coverage:
 - (1) the amount contributed to any Archer MSA;
 - (2) the amount contributed to any Health Savings Account; and
 - (3) the amount of any salary reduction election to a flexible spending arrangement (FSA).

AND NOW YOU ARE MUTTERING UNDER YOUR BREATH ...

'I AM SICK AND TIRED OF THESE EXCEPTIONS.'

WELL!!!! SO AM I.



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