

# Corporate & Financial Weekly Digest

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## **Begin Preparing for W-2 Reporting of Employer-Sponsored Health Coverage**

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One of the many changes brought by health care reform requires employers to report the value of employer-sponsored health coverage on employees' W-2s. For many employers, this change will first take effect with respect to health coverage provided to employees during 2012. This means the W-2 sent to an employee in January 2013 will include information regarding employer-sponsored health coverage provided for that employee during 2012. Addressing this change now allows employers to proactively prepare their systems to track the requisite data that will be needed to issue accurate W-2s in 2013.

Earlier this year, the IRS provided guidance on this new W-2 reporting obligation in Notice 2011-28. Highlights from this notice include the following:

- This requirement is informational only; it does not alter the tax treatment of employer-sponsored health coverage.
- Employers who filed fewer than 250 W-2s for the preceding year do not have to report the value of employer-sponsored health coverage in the W-2s for their employees.
- This requirement does not create a W-2 filing obligation with respect to an individual if an employer would not otherwise be required to issue a W-2 for that individual (e.g., a retiree).
- Employers can select from multiple methods of valuing employer-sponsored health coverage, including using the COBRA premium or, for insured plans, the amount of the applicable insurance premium.

- Certain types of coverage are not included in determining the amount of employer-sponsored health coverage, including health flexible spending accounts and standalone dental and vision plans.
- The value of the employer-sponsored health coverage is reported in box 12 of the W-2 with the code DD.

IRS Notice 2011-28 can be found [here](#).

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