



Benefits Administration Letter

Number: 12-303

Date: January 2012

Subject: Interim IRS Guidance on Informational Reporting to Employees of the Cost of Their Group Health Insurance Coverage - Mandatory for 2012 Forms W-2

Background

On January 3, 2012, the Internal Revenue Service (IRS) issued Notice 2012-9, "Interim Guidance on Informational Reporting to Employees of the Cost of Their Group Health Insurance Coverage", ("Notice"), which provides interim guidance to employers regarding the new Form W-2 requirement to report the cost of coverage under an employer-sponsored group health plan. Notice 2012-9, restates and amends the guidance provided in Notice 2011-28, including the information on how to report, what coverage to include and how to determine the cost of the coverage. This requirement was added to the Internal Revenue Code ("Code") by the Affordable Care Act, Public Law No. 111-148.

Informational Reporting Requirement By Agencies

The Notice requires employers to report the aggregate cost of applicable employer-provided health care coverage on Form W-2, Wage and Tax Statement. This generally includes coverage under any group health plan, including the Federal Employees Health Benefits (FEHB) Program. The reporting to employees, via Form W-2, is for their information only. The reported amount is intended to inform employees of the cost of their health coverage. The amount reported does not affect the employee's tax liability, as the value of the employer contribution to health coverage continues to be excludable from an employee's income, and it is not taxable.

The Notice is applicable beginning with 2012 Forms W-2 (i.e., forms required for the calendar year 2012 that employers are generally required to furnish to employees by the end of January 2013), and Forms W-2 for later years. The reporting requirement was optional for 2011 Forms W-2 (i.e., Form W-2s provided to employees in January 2012).

For Further Information

Agencies should review the Notice as it provides interim guidance that generally is applicable beginning with 2012 Forms W-2. This interim guidance is applicable until further guidance is issued. The link to the IRS Notice is: <http://www.irs.gov/pub/irs-drop/n-12-09.pdf>. If you have any questions about this requirement, please refer to the instructions in the IRS Notice.

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