

# **Adding Health Insurance Information to W-2s**

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## Background

- The Affordable Care Act required employers to state the cost of coverage of the employer-sponsored group health plan for each employee
- The intent was to provide employees with useful and comparable consumer information on the cost of their health care coverage

## Background

- Cost of employer-sponsored health care coverage
  - Total of employer and employee contributions to premium or cost of coverage
- Box 12 on the W-2 form with the code DD
- Not required for W-3 for the total for all the employer's employees
- An employer would not be required to issue a W-2 solely to provide information on the value of health care
  - Such as for retirees or former employees

## Background

- Requirement is for informational purposes only and does not change tax status of health insurance coverage
  - Employer sponsored health care coverage remains not taxable and value continues to be excludable from the employee's income

## Background

- With Notice 2011-28, the IRS provided transition relief to employers who file fewer than 250 W-2s for the prior year
  - Any guidance that expands the W-2 requirement will apply only to calendar years that start at least six months after the guidance is issued

## Background

- 99% of Vermont's businesses have fewer than 250 employees
- 21 V.S.A. § 2004 requires employers to provide employees with an annual statement:
  - Total monthly premium paid
  - Employer's share and employee's share
  - Any amount the employer contributes towards cost-sharing requirements

## Administration's Proposal

- Have Vermont employers subject to withholding provide same information required by ACA on W-2, regardless of size
  - Cost of employer-sponsored health care coverage
    - Total of employer and employee contributions to premium or cost of coverage

## How It Would Work

- Includes Vermont employers that provide employer-sponsored health care coverage under a group health plan that are required to withhold taxes, including:
  - Businesses
  - Tax-exempt organizations
  - State and local government entities



## How It Would Work

Coverage Type	Included	Not included	Optional
Major medical	X		
Dental or vision			X
FSA funded by salary reduction		X	
HRA contributions			X
HSA contributions		Code W on box 12	
Domestic partner coverage	X		
Multi-employer plans			X

## How It Would Work

- Methods for calculating the value of employer-sponsored health care coverage
  - Total cost of premium for an insurance plan
  - COBRA premiums, without administrative fee
- Some payroll services are doing this already, regardless of size

## Questions?

For more information:

- <http://www.irs.gov/Affordable-Care-Act/Form-W-2-Reporting-of-Employer-Sponsored-Health-Coverage>
- <http://www.irs.gov/pub/irs-drop/n-11-28.pdf>
- <http://www.irs.gov/uac/Employer-Provided-Health-Coverage-Informational-Reporting-Requirements:-Questions-and-Answers>
- [http://www.irsvideos.gov/ReportingEmployerHealthcareCoverage/player/Powerpoint\\_presentation.pdf](http://www.irsvideos.gov/ReportingEmployerHealthcareCoverage/player/Powerpoint_presentation.pdf)
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