



BlueCross BlueShield of South Carolina
BlueChoice HealthPlan of South Carolina

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W-2 Reporting Guidance

Early this summer, the IRS issued guidance (Notice 2011-28) regarding W-2 requirements under the Patient Protection and Affordable Care Act (PPACA), which requires employers to report the aggregate cost of employer-sponsored health coverage on employees' W-2 forms.

The guidance generally applies to W-2 forms for 2012 that employers must give to employees in January 2013. You can review this guidance in its entirety at <http://www.irs.gov/pub/irs-drop/n-11-28.pdf>. We have summarized a few key points below.

- **Transition relief for small employers** — Certain tribal governments and employers that file ***fewer than 250 W-2 forms in 2011*** are exempt from the 2012 W-2 reporting requirement until further guidance is issued.
- Employer-provided health care coverage will remain non-taxable to employees. The new W-2 reporting requirement is for employees' information only, to give them information about the cost of their health care coverage.
- The amount reported on the W-2 must include both the employer and employee-paid portions of health care coverage. Employers may exclude the value of health reimbursement accounts (HRAs) and separate vision and dental plans from the W-2 reporting until the IRS issues further guidance.
- An employer is not required to report the value of health care coverage to its retirees or their surviving dependents, or other former employees to whom the employer is not otherwise required to issue a W-2.

The guidance contains much more detailed information about how to calculate and report aggregate health care costs on W-2 forms. We encourage employer groups to review this latest IRS notice with their tax advisers to make sure they are ready to fulfill their employer responsibilities regarding W-2 reporting requirements under PPACA.

This bulletin is part of a series of bulletins we are publishing as we gather information about the health care reform law enacted March 23, 2010. To access all of the bulletins released so far, please visit our websites (SouthCarolinaBlues.com or BlueChoiceSC.com). Click on the appropriate tab (Members, Agents, Benefits Coordinators/Group Administrators or Providers); then click on the "Health Care Reform" link to view the list of the bulletins.

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